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HOUSE FILE 535

BY COMMITTEE ON EDUCATION

Place On Calendar

(SUCCESSOR TO HSB 217.1)

Passed House, Date 3-21-89 (p.916) Passed Senate, Date 4/4/89 (P.1173)  
 Vote: Ayes 64 Nays 29 Vote: Ayes 45 Nays 4  
 Approved Item Voted 5/5/89  
 Motion to Reconsider - Withdrawn 3-23-89 (p.918)  
3-21-89 (p.916)

A BILL FOR

3338-1 An Act relating to the financing of education programs of school  
 2 districts and area education agencies including the  
 3 establishment of a school foundation formula, the provision of  
 4 property tax levies, allocation of educational excellence  
 5 program moneys, provision for payment of programs for certain  
 6 at-risk children, making appropriations, and providing  
 7 effective dates.

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

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H F 535

*3416 Amend all*  
*3338 Amend all-*

1 Section 1. NEW SECTION. 257.1 STATE SCHOOL FOUNDATION  
2 PROGRAM -- STATE AID.

3 1. PROGRAM ESTABLISHED. A state school foundation program  
*3345*-4 is established for the school year commencing July 1, 1991,  
5 and succeeding school years.

6 2. STATE SCHOOL FOUNDATION AID -- FOUNDATION BASE. For a  
7 budget year, each school district in the state is entitled to  
8 receive foundation aid, in an amount per pupil equal to the  
9 difference between the amount per pupil of foundation property  
10 tax in the district, and the combined foundation base per  
11 pupil or the combined district cost per pupil, whichever is  
*3351*12 less.

*3363*13 For the budget year commencing July 1, 1991, the regular  
14 program foundation base per pupil is eighty-three and twenty-  
15 five hundredths percent of the regular program state cost per  
16 pupil. For each succeeding budget year, the regular program  
17 foundation base shall increase twenty-five hundredths percent  
18 per year until the foundation base reaches eighty-five percent  
19 of the regular program state cost per pupil. For the budget  
20 year commencing July 1, 1991, the special education support  
21 services foundation base is eighty-three and twenty-five  
22 hundredths percent of the special education support services  
23 state cost per pupil. It shall increase at the same rate as  
24 the regular program foundation base. The combined foundation  
25 base is the sum of the regular program foundation base and the  
26 special education support services foundation base.

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

33 Sec. 2. NEW SECTION. 257.2 DEFINITIONS.

34 As used in this chapter:

35 1. "Combined state cost per pupil" is a per pupil amount

3351-1 determined by adding together the regular program state cost  
 2 per pupil for a year and the special education support  
 3 services state cost per pupil for that year calculated under  
 4 section 257.9.

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

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

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

14 5. "School district" means a school corporation organized  
 15 under chapter 274.

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

19 a. Foundation aid.

20 b. Revenue obtained from the foundation property tax.

21 c. Revenue obtained from the additional property tax.

22 7. "Expenditures" means the total amounts paid from the  
 23 general fund of a school district.

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

3347-25 1. AMOUNT OF TAX. Except as provided in subsection 2, a  
 26 school district shall cause to be levied each year, for the  
 27 school general fund, a foundation property tax equal to five  
 28 dollars and forty cents per thousand dollars of assessed  
 29 valuation. The county auditor shall spread the foundation  
 30 levy over all taxable property in the district.

3347, 3348  
 3351, 3351 31 2. AMOUNT FOR REORGANIZED AND DISSOLVED DISTRICTS. For  
 32 purposes of this subsection, a reorganized school district is  
 33 one which absorbed at least thirty percent of the enrollment  
 34 of the school district affected by a reorganization or  
 35 dissolved during a dissolution and in which the reorganization

1 was approved in an election pursuant to sections 275.18 and  
2 275.20 or dissolution was approved pursuant to section 275.55,  
3 and the reorganization or dissolution takes effect on or after  
4 July 1, 1991. In the budget year following a reorganization  
5 or dissolution, a reorganized school district, as defined in  
6 this subsection, shall cause a foundation property tax of four  
7 dollars and forty cents per thousand dollars of assessed  
8 valuation to be levied on the taxable property which, in the  
9 school year preceding a reorganization, was within a school  
10 district affected by the reorganization as defined in section  
11 275.1, or in the school year preceding a dissolution was a  
12 part of a school district that dissolved. In the school year  
13 preceding the reorganization or dissolution, the school  
14 district affected by the reorganization or the school district  
15 that dissolved must have had an actual enrollment of fewer  
16 than six hundred in order for the four-dollar-and-forty-cent  
17 levy to apply. In succeeding school years, the foundation  
18 property tax levy on that portion shall be increased twenty  
19 cents per year until it reaches the rate of five dollars and  
20 forty cents per thousand dollars of assessed valuation.

21 The property tax rates of those districts that met the  
22 requirements of section 442.2, subsection 1, Code 1989, prior  
33B-23 to July 1, 1991, shall have the reduced levies that they would  
24 have had under section 442.2, subsection 1, Code 1989, and  
25 those levies shall continue to increase twenty cents per year  
35D-26 as provided in this subsection.

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

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

33 1. COMPUTATION OF TAX. A school district shall cause to  
34 be levied each year, an additional property tax levy. The  
35 rate of the additional property tax levy in a school district



1 shall be determined by the department of management and shall  
2 be calculated to raise the difference between the combined  
3 district cost for the budget year and the sum of the products  
4 of the regular program foundation base per pupil times the  
5 weighted enrollment in the district and the special education  
6 support services foundation base per pupil times the special  
7 education support services weighted enrollment in the  
8 district.

9     2. APPLICATION OF TAX. No later than May 1 of each year,  
10 the department of management shall notify the county auditor  
11 of each county the amount, in dollars and cents per thousand  
12 dollars of assessed value, of the additional property tax levy  
13 in each school district in the county. A county auditor shall  
14 spread the additional property tax levy for each school  
15 district in the county over all taxable property in the dis-  
16 trict.

17     Sec. 5. NEW SECTION. 257.5 SUPPLEMENTAL AID.

18     For purposes of this section, a reorganized school district  
19 is one in which reorganization was approved in an election  
20 pursuant to sections 275.18 and 275.20 and took effect on or  
3351-21 after July 1, 1986.

3351-22     Notwithstanding section 257.4, if the rate of the  
23 additional property tax levy determined under section 257.4  
24 for a budget year for a reorganized school district is higher  
25 than the rate of the additional property tax levy determined  
26 under section 257.4, or section 442.9, Code 1987 or 1989, for  
27 the year previous to the reorganization for a school district  
28 that had a certified enrollment of less than six hundred and  
29 that was a school district affected by the reorganization as  
30 defined in section 275.1, the department of management shall  
31 reduce the rate of the additional property tax levy in the  
32 portion of the reorganized district where the new rate is  
33 higher, to the rate that was levied in that portion of the  
34 district during the year preceding the reorganization, for the  
35 five-year period provided in this section. The department of

1 management shall pay to each reorganized school district  
2 during each of the first five years of existence of the  
335/3 reorganized district, as supplemental aid, moneys equal to the  
4 difference in revenues that would have been collected under  
5 the additional property tax levy calculated under section  
6 257.4 and the rate for the year previous to the  
7 reorganization.

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

13 For the purpose of the department of management's  
14 determination of the portion of a school district's budget  
15 that was property tax and the portion that was state aid under  
16 section 257.25, supplemental aid shall be considered property  
17 tax.

335/18 A reorganized school district receiving supplemental aid  
335/19 prior to July 1, 1991, under section 442.9, Code 1989, shall  
20 continue to receive supplemental aid in the same amount under  
21 this section until the expiration of the five-year period  
22 specified in section 442.9, Code 1989.

23 Sec. 6. NEW SECTION. 257.6 ENROLLMENT.

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

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

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

34 c. Shared-time and part-time pupils of school age enrolled  
35 in public schools within the district, irrespective of the

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

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10 d. Eleventh and twelfth grade nonresident pupils who were  
11 residents of the district during the preceding school year and  
12 are enrolled in the district until the pupils graduate.  
13 Tuition for those pupils shall not be charged by the district  
14 in which the pupils are enrolled.

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

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

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

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

1 management.

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

8 4. BUDGET ENROLLMENT. Budget enrollment for the budget  
 9 year shall be calculated for each school district by the  
 10 department of management in the manner provided in this  
 11 subsection. If the basic enrollment of a school district has  
 12 declined from one year to the next during any of the five  
 13 years prior to the base year, the district may be eligible for  
 14 an enrollment adjustment based upon the percent of the  
 15 enrollment decline and the number of years that have elapsed  
 16 since the decline occurred. The budget enrollment for the  
 17 budget year shall be calculated by adding together the  
 18 following percents of enrollment decline in the district's  
 19 basic enrollment from one base year to the preceding base year  
 20 for each of the five preceding base years, commencing with the  
 21 percent of change between the basic enrollment for the budget  
 22 year and the basic enrollment for the base year, adding the  
 23 sum of the percents to one hundred and multiplying the total  
 24 by the basic enrollment for the budget year:

25	Years between the Base Year				
26	and the Year of Decline				
27 <u>Percent of Decline</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
28 Less than 1	0	0	0	0	0
29 1.0 through 2.9	2	2	1	1	0
30 3.0 through 4.9	4	3	2	2	1
31 5.0 through 6.9	6	5	4	3	2
32 7.0 and over	8	7	5	4	3

33 However, if a district's actual enrollment for a budget  
 34 year is greater than its budget enrollment, the district is  
 35 eligible for an advance for increasing enrollment as provided

1 in section 257.13.

3345-2 5. BUDGET ENROLLMENT FOR 1991-1992. Notwithstanding  
3 subsections 2 and 4, for the budget year commencing July 1,  
4 1991, a school district's budget enrollment is the larger of  
5 the following:

3345-6 a. The sum of five percent of the basic enrollment for the  
7 budget year beginning July 1, 1986, calculated under chapter  
8 442, Code 1987, and ninety-five percent of the larger of the  
9 basic enrollment for the base year or the basic enrollment for  
10 the budget year.

11 b. The basic enrollment for the budget year.

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

3345-16 6. BUDGET ENROLLMENT FOR 1992-1993. Notwithstanding  
17 subsections 2 and 4, for the budget year commencing July 1,  
18 1992, a school district's budget enrollment is the larger of  
19 the following:

3345-20 a. The sum of five percent of the basic enrollment for the  
21 budget year beginning July 1, 1988, calculated under chapter  
22 442, Code 1989, and ninety-five percent of the larger of the  
23 basic enrollment for the base year or the basic enrollment for  
24 the budget year.

25 b. The basic enrollment for the budget year.

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

30 7. WEIGHTED ENROLLMENT. Weighted enrollment is the budget  
31 enrollment plus the district's additional enrollment because  
32 of special education calculated on December 1 of the base year  
33 plus additional pupils added due to the application of the  
34 supplementary weighting.

35 Weighted enrollment for special education support services

1 costs is equal to the weighted enrollment minus the additional  
2 pupils added due to the application of the supplementary  
3 weighting.

4 Sec. 7. NEW SECTION. 257.7 AUTHORIZED EXPENDITURES.

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

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

18 Sec. 8. NEW SECTION. 257.8 STATE PERCENT OF GROWTH --

19 ALLOWABLE GROWTH.

20 1. CALCULATION BY DEPARTMENT OF MANAGEMENT. On or before  
21 September 15, 1990, the department of management shall compute  
22 a state percent of growth for the budget year beginning July  
23 1, 1991, and a state percent of growth for the year next  
24 following the budget year.

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

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

34 a. The difference in the percents of change in receipts of  
35 state general fund revenues, computed or estimated by the

1 state revenue estimating conference created in section 8.22A  
2 as follows:

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

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

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

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

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

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

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

30 a. The difference in the percents of change in receipts of  
31 state general fund revenues computed or estimated by the state  
32 revenue estimating conference created in section 8.22A as fol-  
33 lows:

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

1 received during the base year.

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

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

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

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

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

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

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

32 6. RECOMPUTATION. On or before September 15 of the base  
33 year the department of management shall recompute the state  
34 percent of growth for the previous year using adjusted  
35 estimates and the actual figures available. The difference



1 between the recomputed state percent of growth for the  
2 previous year and the original computation shall be added to  
3 or subtracted from the state percent of growth for the budget  
4 year next following the budget year, as applicable. However,  
3345-5 on or before September 15, 1990, the department of management  
6 shall recompute the state percent of growth for the previous  
7 year in the manner provided in section 442.7, Code 1989.

8 With regard to values of gross national product implicit  
9 price deflators, the recomputation of the state percent of  
10 growth for the previous year shall be made only with respect  
11 to the value of the deflator for the year which occurred  
12 subsequent to the calculation of the state percent of growth  
13 for the previous year. If subsection 4 is used in the  
14 calculation of the state percent of growth for the previous  
15 year, the calculation made in subsection 3, paragraph "b",  
16 shall not be used in the recomputation of the state percent of  
17 growth for the previous year.

18 7. ALLOWABLE GROWTH CALCULATION. The department of  
19 management shall calculate the regular program allowable  
20 growth for a budget year by multiplying the state percent of  
21 growth for the budget year by the regular program state cost  
22 per pupil for the base year and shall calculate the special  
23 education support services allowable growth for the budget  
24 year by multiplying the state percent of growth for the budget  
25 year by the special education support services state cost per  
26 pupil for the base year.

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

32 a. By the school budget review committee under section  
33 257.21.

34 b. By the department of management under section 257.30.

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

334-1 1. REGULAR PROGRAM STATE COST PER PUPIL FOR 1991-1992.  
2 For the budget year beginning July 1, 1991, for the regular  
3 program state cost per pupil, the department of management  
4 shall add together the state total of the district costs of  
5 all school districts for the base year, as district cost is  
6 defined in section 442.9, Code 1989, plus the total of the  
7 amounts added to the district cost of school districts  
8 pursuant to section 442.21, Code 1989, plus the amount  
9 included in the districts' budgets in the state for the fiscal  
10 year beginning July 1, 1986, for the additional portion of the  
11 livestock tax credit pursuant to section 442.2, subsection 2,  
12 as it appeared in the 1987 Code and plus the difference  
13 between the following amounts:

14 a. The general allocation of the school district as  
15 determined under section 405A.2, Code 1989.

16 b. The foundation property tax rate multiplied by the  
17 total actual value of all personal property assessed for  
18 valuation in the school district as of January 1, 1973,  
19 excluding livestock.

20 2. CALCULATION. The total calculated under subsection 1  
21 shall be divided by the total enrollment of all school  
22 districts calculated separately for each using twenty percent  
23 of the basic enrollment for the budget year beginning July 1,  
24 1981, and eighty percent of the higher of the basic enrollment  
25 for the budget year beginning July 1, 1989, or the basic  
26 enrollment for the budget year beginning July 1, 1990, except  
27 as otherwise provided in this subsection. For the purpose of  
28 this subsection, "basic enrollment" means basic enrollment as  
29 defined in section 442.4, Code 1989. The regular program  
30 state cost per pupil for the budget year beginning July 1,  
31 1991, is the amount calculated by the department of management  
32 under this subsection plus an allowable growth amount that is  
33 equal to the state percent of growth for the budget year  
34 multiplied by the amount calculated by the department of  
35 management under this subsection, plus fifteen dollars and the

1 total of twenty dollars times one hundred percent plus the  
2 state percent of growth for the budget year for the cost of  
3 providing programs for gifted and talented pupils.

4 If the enrollment calculated in this subsection for a  
5 school district is less than the basic enrollment for the  
6 budget year for that school district, the basic enrollment for  
7 the budget year for that school district shall be used.

3345\_8 3. REGULAR PROGRAM STATE COST PER PUPIL FOR 1992-1993.

9 For the budget year beginning July 1, 1992, for the regular  
10 program state cost per pupil, the department of management  
11 shall add together the state total of the district costs of  
12 all school districts for the base year, calculated under  
13 section 257.10, subsections 1 and 2, and divide that total by  
14 the total enrollment of all school districts calculated  
15 separately and totaled, using five percent of the basic  
16 enrollment for the budget year beginning July 1, 1986, and  
17 ninety-five percent of the higher of the basic enrollment for  
18 the budget year beginning July 1, 1989, or the basic  
19 enrollment for the budget year beginning July 1, 1990, except  
20 as otherwise provided in this section. The regular program  
21 state cost per pupil for the budget year is the amount  
22 calculated by the department of management under this  
23 subsection plus the sum of the state percent of growth for the  
24 budget year multiplied by an allowable growth amount that is  
25 equal to the amount calculated by the department of management  
26 under this subsection plus forty-five dollars.

27 For the purposes of this subsection, basic enrollment for  
28 the base year means basic enrollment as defined in section  
29 257.6 and basic enrollment for the year preceding the base  
30 year means basic enrollment as defined in section 442.4, Code  
31 1989.

32 If the enrollment calculated in this subsection for a  
33 school district is less than the basic enrollment for the  
34 budget year for that school district, the department of  
35 management shall use the basic enrollment for the budget year

1 for that school district.

3345-2 4. REGULAR PROGRAM STATE COST PER PUPIL, FOR 1993-1994.  
3 For the budget year beginning July 1, 1993, for the regular  
4 program state cost per pupil, the department of management  
5 shall add together the state total of the district costs of  
6 all school districts for the base year, calculated under  
7 section 257.10, and divide that total by the total of the  
8 budget enrollments of all school districts for the budget year  
9 beginning July 1, 1991, calculated under section 257.6, sub-  
10 section 4, if section 257.6, subsection 4, had been in effect  
11 for that budget year. The regular program state cost per  
12 pupil for the budget year is the amount calculated by the  
13 department of management under this subsection plus an  
14 allowable growth amount that is equal to the state percent of  
15 growth for the budget year multiplied by the amount calculated  
16 by the department of management under this subsection plus  
17 thirty dollars.

3346-18 5. REGULAR PROGRAM STATE COST PER PUPIL FOR 1994-1995 AND  
19 SUCCEEDING YEARS. For the budget year beginning July 1, 1994,  
20 and succeeding budget years, the regular program state cost  
21 per pupil for a budget year is the regular program state cost  
22 per pupil for the base year plus the regular program allowable  
23 growth for the budget year.

3346-24 6. SPECIAL EDUCATION SUPPORT SERVICES STATE COST PER PUPIL  
25 FOR 1991-1992. For the budget year beginning July 1, 1991,  
26 for the special education support services state cost per  
27 pupil, the department of management shall divide the total of  
28 the approved budgets of the area education agencies for  
29 special education support services for that year approved by  
30 the state board of education under section 273.3, subsection  
31 12, by the total of the weighted enrollment for special educa-  
32 tion support services in the state for the budget year. The  
33 special education support services state cost per pupil for  
34 the budget year is the amount calculated by the department of  
35 management under this subsection.

1 7. SPECIAL EDUCATION SUPPORT SERVICES STATE COST PER PUPIL  
3345-2 FOR 1992-1993. For the budget year beginning July 1, 1992,  
3 for the special education support services state cost per  
4 pupil, the department of management shall divide the total of  
5 the approved budgets of the area education agencies for  
6 special education support services for that year approved by  
7 the state board of education under section 273.3, subsection  
8 12, by the total of the weighted enrollment for special educa-  
9 tion support services in the state for the budget year. The  
10 special education support services state cost per pupil for  
11 the budget year is the amount calculated by the department of  
12 management under this subsection.

13 8. SPECIAL EDUCATION SUPPORT SERVICES STATE COST PER PUPIL  
3345-14 FOR 1993-1994. For the budget year beginning July 1, 1993,  
15 for the special education support services state cost per  
16 pupil, the department of management shall divide the total of  
17 the approved budgets of the area education agencies for  
18 special education support services for that year approved by  
19 the state board of education under section 273.3, subsection  
20 12, by the total of the weighted enrollment for special educa-  
21 tion support services in the state for the budget year. The  
22 special education support services state cost per pupil for  
23 the budget year is the amount calculated by the department of  
24 management under this subsection.

3345-25 9. SPECIAL EDUCATION SUPPORT SERVICES STATE COST PER PUPIL  
26 FOR 1994-1995 AND SUCCEEDING YEARS. For the budget year  
27 beginning July 1, 1994, and succeeding budget years, the  
28 special education support services state cost per pupil for  
29 the budget year is the special education support services  
30 state cost per pupil for the base year plus the special  
31 education support services allowable growth for the budget  
32 year.

33 10. COMBINED STATE COST PER PUPIL. The combined state  
34 cost per pupil is the sum of the regular program state cost  
35 per pupil and the special education support services state

1 cost per pupil.

2 Sec. 10. NEW SECTION. 257.10 DISTRICT COST PER PUPIL --

3 DISTRICT COST.

3915 - 4 1. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR 1991-1992.  
5 For the budget year beginning July 1, 1991, in order to  
6 determine the regular program district cost per pupil, the de-  
7 partment of management shall divide the regular program  
8 district cost for the base year, as defined in section 442.9,  
9 Code 1989, plus the amount added to district cost pursuant to  
10 section 442.21, Code 1989, for each school district, by the  
11 enrollment of the school district calculated using twenty  
12 percent of the basic enrollment for the budget year beginning  
13 July 1, 1981, and eighty percent of the higher of the basic  
14 enrollment for the budget year beginning July 1, 1989, or the  
15 basic enrollment for the budget year beginning July 1, 1990,  
16 except as otherwise provided in this subsection. Basic  
17 enrollment means basic enrollment as defined in section 442.4,  
18 Code 1989.

19 If the enrollment calculated in this subsection for a  
20 school district is less than the basic enrollment for the  
21 budget year for that school district, the basic enrollment for  
22 the budget year shall be used for that school district  
23 instead.

24 The regular program district cost per pupil for the budget  
3395 25 year beginning July 1, 1991, is the amount calculated by the  
26 department of management under this subsection plus the  
27 allowable growth amount calculated for regular program state  
28 cost per pupil under section 257.9, subsection 2, plus fifteen  
29 dollars, except that if the regular program district cost per  
30 pupil for the budget year calculated under this subsection in  
31 any school district exceeds one hundred ten percent of the  
32 regular program state cost per pupil for the budget year minus  
33 twenty dollars times one hundred percent plus the state  
34 percent of growth, the department of management shall reduce  
35 the regular program district cost of that district to an

1 amount equal to that one hundred ten percent amount and shall  
2 add twenty dollars times one hundred percent plus the state  
3 percent of growth for the budget year for the cost of  
4 providing programs for gifted and talented pupils.

3345-5 2. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR 1992-1993.

6 For the budget year beginning July 1, 1992, in order to  
7 determine the regular program district cost per pupil, the  
8 department of management shall divide the regular program  
9 district cost for the base year by the enrollment of the  
10 school district, calculated using five percent of the basic  
11 enrollment for the budget year beginning July 1, 1986, and  
12 ninety-five percent of the higher of the basic enrollment for  
13 the budget year beginning July 1, 1989, or the basic  
14 enrollment for the budget year beginning July 1, 1990, except  
15 as otherwise provided in this section. The regular program  
16 district cost per pupil for the budget year beginning July 1,  
17 1992, is the amount calculated by the department of management  
18 under this subsection plus the allowable growth amount  
19 calculated for regular program state cost per pupil under  
20 section 257.9, subsection 3, and plus forty-five dollars,  
21 except that if the regular program district cost per pupil for  
22 the budget year calculated under this subsection in any school  
23 district exceeds one hundred ten percent of the regular  
24 program state cost per pupil for the budget year, the  
25 department of management shall reduce the regular program  
26 district cost of that district to an amount equal to one  
27 hundred ten percent of the state cost per pupil.

28 For the purposes of this subsection, basic enrollment for  
29 the base year means basic enrollment as defined in section  
30 257.6 and basic enrollment for the year preceding the base  
31 year means basic enrollment as defined in section 442.4, Code  
32 1989.

33 If the enrollment calculated in this subsection for a  
34 school district is less than the basic enrollment of the  
35 budget year for that school district, the department of

1 management shall use the basic enrollment for the budget year  
2 for that school district instead.

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3 3. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR 1993-1994.  
4 For the budget year beginning July 1, 1993, in order to  
5 determine the regular program district cost per pupil, the  
6 department of management shall divide the regular program  
7 district cost for the base year by the budget enrollment of  
8 the school district for the budget year beginning July 1,  
9 1991, calculated under section 257.6, subsection 4, if section  
10 257.6, subsection 4, had been in effect for that budget year.  
11 The regular program district cost per pupil for the budget  
12 year beginning July 1, 1993, is the amount calculated by the  
13 department of management under this subsection plus the  
14 allowable growth amount calculated for regular program state  
15 cost per pupil under section 257.9, subsection 4, except that  
16 if the regular program district cost per pupil for the budget  
17 year calculated under this subsection in any school district  
18 exceeds one hundred ten percent of the regular program state  
19 cost per pupil for the budget year, the department of  
20 management shall reduce the regular program district cost of  
21 that district to an amount equal to one hundred ten percent of  
22 the state cost per pupil.

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23 4. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR 1994-1995  
24 AND SUCCEEDING YEARS. For the budget year beginning July 1,  
25 1994, and succeeding budget years, the regular program  
26 district cost per pupil for each school district for a budget  
27 year is the regular program district cost per pupil for the  
28 base year plus the regular program allowable growth for the  
29 budget year.

30 However, the regular program district cost per pupil for a  
31 school district for the budget year shall be adjusted by the  
32 department of management in the manner provided in this  
33 subsection. The department of management shall determine the  
34 ratio of the district cost per pupil to the state cost per  
35 pupil. If that ratio is greater than one, the department of



1 management shall multiply the percent by which the ratio  
2 exceeds one by the regular program allowable growth for the  
3 budget year and subtract the result from the district cost per  
4 pupil for that district for the budget year. If that ratio is  
5 less than one, the department of management shall multiply the  
6 percent by which the ratio is less than one by the regular  
7 program allowable growth for the budget year and add the  
8 result to the regular program district cost per pupil for that  
9 district for the budget year.

3345-10 5. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT COST PER  
11 PUPIL FOR 1991-1992. For the budget year beginning July 1,  
12 1991, for the special education support services district cost  
13 per pupil, the department of management shall divide the  
14 approved budget of each area education agency for special  
15 education support services for that year approved by the state  
16 board of education, under section 273.3, subsection 12, by the  
17 total of the weighted enrollment for special education support  
18 services in the area for that budget year.

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

335-23 6. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT COST PER  
24 PUPIL FOR 1992-1993. For the budget year beginning July 1,  
25 1992, for the special education support services district cost  
26 per pupil, the department of management shall divide the  
27 approved budget of each area education agency for special  
28 education support services for that year approved by the state  
29 board of education under section 273.3, subsection 12, by the  
30 total of the weighted enrollment for special education support  
31 services in the area for the budget year.

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

3345-1 7. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT COST PER  
2 PUPIL FOR 1993-1994. For the budget year beginning July 1,  
3 1993, for the special education support services district cost  
4 per pupil, the department of management shall divide the  
5 approved budget of each area education agency for special  
6 education support services for that year approved by the state  
7 board of education under section 273.3, subsection 12, by the  
8 total of the weighted enrollment for special education support  
9 services in the area for the budget year.

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

3345-14 8. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT COST PER  
15 PUPIL FOR 1994-1995 AND SUCCEEDING YEARS. For the budget year  
16 beginning July 1, 1994, and succeeding budget years, the  
17 special education support services district cost per pupil for  
18 the budget year is the special education support services  
19 district cost per pupil for the base year plus the special  
20 education support services allowable growth for the budget  
21 year.

22 9. COMBINED DISTRICT COST PER PUPIL. The combined  
23 district cost per pupil for a school district is the sum of  
24 the regular program district cost per pupil and the special  
25 education support services district cost per pupil. Combined  
26 district cost per pupil does not include additional allowable  
27 growth added for school districts that have a negative balance  
28 of funds raised for special education instruction programs  
29 under section 257.21, additional allowable growth granted by  
30 the school budget review committee for a single school year,  
31 or additional allowable growth added for programs for dropout  
32 prevention.

33 10. REGULAR PROGRAM DISTRICT COST. Regular program  
34 district cost for a school district for a budget year is equal  
35 to the regular program district cost per pupil for the budget

1 year multiplied by the weighted enrollment for the budget  
2 year.

3 11. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT COST.

4 Special education support services district cost for a school  
5 district for a budget year is equal to the special education  
6 support services district cost per pupil for the budget year  
7 multiplied by the special education support services weighted  
8 enrollment for the district for the budget year. If the  
9 special education support services district cost for a school  
10 district for a budget year is less than the special education  
11 support services district cost for that district for the base  
12 year, the department of management shall adjust the special  
13 education support services district cost for that district for  
14 the budget year to equal the special education support  
15 services district cost for the base year.

16 12. COMBINED DISTRICT COST. Combined district cost is the  
17 sum of the regular program district cost and the special  
18 education support services district cost, plus the additional  
19 district cost allocated to the district under section 257.27  
20 to fund media services and educational services provided  
21 through the area education agency.

22 A school district may increase its district cost for the  
23 budget year to the extent that an excess tax levy is  
24 authorized by the school budget review committee under section  
333-25 257.22.

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

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

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

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

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20 3. WHOLE GRADE SHARING. For the budget years beginning  
21 July 1, 1991, through July 1, 1993, in districts that have  
22 executed whole grade sharing agreements under sections 282.10  
23 through 282.12, the school budget review committee shall  
24 assign an additional weighting equal to one plus an additional  
25 portion equal to one times the percent of the pupil's school  
26 day in which a pupil attends classes in another district or an  
27 area school, attends classes taught by a teacher who is  
28 employed jointly under section 280.15, or attends classes  
29 taught by a teacher who is employed by another district. The  
30 additional weighting for whole grade sharing shall be assigned  
31 by the school budget review committee to a district for a  
32 maximum of five years. If the school district reorganizes  
33 between July 1, 1991, and July 1, 1994, the weighting for  
34 whole grade sharing shall be continued in the enrollment of  
35 the reorganized school district so that the total years of

1 weighting for whole grade sharing equals ten.

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

335-5 5. SHARED ADMINISTRATORS. Pupils enrolled in a school  
6 district in which the superintendent is employed jointly under  
7 section 280.15 or under section 273.7A, are assigned a  
8 weighting of one plus an additional portion equal to one for  
9 the superintendent who is jointly employed times the percent  
10 of the superintendent's time in which the superintendent is  
11 employed in the school district. However, the total  
12 additional weighting assigned under this subsection for a  
13 budget year for a school district shall not exceed fifteen and  
14 the total additional weighting added cumulatively to the  
15 enrollment of a school district sharing a superintendent shall  
16 not exceed twenty-five.

17 The additional weighting assigned under this subsection may  
18 be assigned to a district for a maximum of five years and,  
19 thereafter, the additional weighting shall not be assigned to  
20 the same district under this section, but may be assigned  
21 under section 257.12.

22 6. SHARED MATHEMATICS, SCIENCE, AND LANGUAGE COURSES. A  
23 school district receiving additional funds under subsection 2  
24 for its pupils at the ninth grade level and above that are  
25 enrolled in sequential mathematics courses at the advanced  
26 algebra level and above; chemistry, advanced chemistry,  
27 physics or advanced physics courses; or foreign language  
28 courses at the second year level and above shall have an  
29 additional weighting of one pupil added to its total.

335-30 7. CALCULATION OF WEIGHTS. The school budget review  
31 committee shall calculate the weights to be used under  
32 subsections 2 and 3 to the nearest one-hundredth of one and  
33 under subsection 5 to the next highest one-hundredth of one so  
34 that, to the extent possible, the moneys generated by the  
35 weighting will be equivalent to the moneys generated by the

1 one-tenth, five-tenths, and five-hundredths weighting provided  
2 in section 442.39, Code 1989.

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

5 In determining weighted enrollment under section 257.6, a  
6 reorganized school district shall include, for a period of  
7 five years following the effective date of the reorganization,  
8 additional pupils added under section 257.11, subsection 5, in  
9 the year preceding the reorganization. However, the weighting  
10 shall be reduced by the supplementary weighting added for a  
11 pupil whose residency is not within the reorganized district.  
12 For purposes of this section, a reorganized district is one in  
13 which the reorganization was approved in an election pursuant  
14 to sections 275.18 and 275.20 and takes effect on or after  
15 July 1, 1986.

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

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

26 If a district receives an advance under this section for a  
27 budget year, the department of management shall determine the  
28 amount of the advance which would have been generated by local  
29 property tax revenues if the actual enrollment for the budget  
30 year had been used in determining district cost for that  
31 budget year, shall reduce the district's total state school  
32 aids otherwise available under this chapter for the next  
33 following budget year by the amount so determined, and shall  
34 increase the district's additional property tax levy for the  
35 next following budget year by the amount necessary to

1 compensate for the reduction in state aid, so that the local  
2 property tax for the next following year will be increased  
3 only by the amount which it would have been increased in the  
4 budget year if the enrollment calculated in this section could  
5 have been used to establish the levy.

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

335/-11 Sec. 14. NEW SECTION. 257.14 BUDGET ADJUSTMENT.

335-12 For the budget years commencing July 1, 1991, July 1, 1992,  
13 and July 1, 1993, if the department of management determines  
14 that the regular program district cost of a school district  
15 for a budget year is less than the total of the regular  
16 program district cost plus any adjustment added under this  
17 section for the base year for that school district, the  
18 department of management shall provide a budget adjustment for  
19 that district for that budget year that is equal to the  
20 difference.

335-21 For the budget year beginning July 1, 1991, the department  
22 of management shall use the regular program district cost for  
23 that budget year of a school district calculated pursuant to  
24 chapter 442, Code 1989, plus the amount added to district cost  
25 pursuant to section 442.21, Code 1989, as the district's base  
26 year regular program district cost. For the budget year  
27 beginning July 1, 1991, in calculating the district's regular  
28 program district cost, the department of management shall  
29 subtract from the district's district cost per pupil the  
30 twenty dollars times one hundred percent plus the state  
31 percent of growth for the budget year added under section  
32 257.10, subsection 1.

3345, 334/-33 Sec. 15. NEW SECTION. 257.15 PROPERTY TAX ADJUSTMENT.

34 1. PROPERTY TAX ADJUSTMENTS FOR 1991-1992, 1992-1993, AND  
35 1993-1994. For each of the budget years beginning July 1,

3346-1 1991, July 1, 1992, and July 1, 1993, the department of  
2 management shall calculate for each district the difference  
3 between the sum of the revenues generated by the foundation  
4 property tax and the additional property tax in the district  
5 calculated under this chapter and the revenues that would have  
6 been generated by the foundation property tax and the  
7 additional property tax in that district for that budget year  
8 calculated under chapter 442, Code 1989, if chapter 442 were  
9 in effect, except that the revenues that would have been  
10 generated by the additional property tax levy under chapter  
11 442 shall not include revenues generated for gifted and  
12 talented children programs and for the school improvement  
13 program. If the property tax revenues for a district  
14 calculated under this chapter, excluding the amount generated  
15 pursuant to section 257.18, exceed the property tax revenues  
16 for that district calculated under chapter 442, Code 1989, the  
17 department of management shall reduce the revenues raised by  
18 the additional property tax levy in that district under this  
19 chapter by that difference and the department of education  
20 shall pay property tax adjustment aid to the district equal to  
21 that difference.

3345-22 2. PROPERTY TAX ADJUSTMENT AID FOR 1994-1995 AND  
23 SUCCEEDING YEARS. For the budget year beginning July 1, 1994,  
24 and succeeding budget years, the department of education shall  
25 pay property tax adjustment aid to a school district equal to  
26 the amount paid to the district for the base year less an  
27 amount equal to the product of the percent by which the  
28 taxable valuation in the district increased, if the taxable  
29 valuation increased, from January 1 of the year prior to the  
30 base year to January 1 of the base year and the property tax  
31 adjustment aid. The department of management shall adjust the  
32 rate of the additional property tax accordingly and notify the  
33 department of education of the amount of aid to be paid to  
34 each district.

3347-35 3. PROPERTY TAX ADJUSTMENT AID APPROPRIATION. There is



1 appropriated from the general fund of the state to the  
2 department of education, for each fiscal year, an amount  
3 necessary to pay property tax adjustment aid to school  
4 districts under this section. Property tax adjustment aid  
5 shall be paid to school districts in the manner provided in  
6 section 257.16 for foundation aid.

7 Sec. 16. NEW SECTION. 257.16 APPROPRIATIONS.

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

10 All state aids paid under this chapter, unless otherwise  
11 stated, shall be paid in monthly installments beginning on  
12 September 15 of a budget year and ending on June 15 of the  
13 budget year and the installments shall be as nearly equal as  
14 possible as determined by the department of management, taking  
15 into consideration the relative budget and cash position of  
16 the state resources. However, the state aid paid to school  
17 districts under section 257.13 shall be paid in monthly  
18 installments beginning on December 15 and ending on June 15 of  
19 a budget year.

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

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

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

3341 Sec. 18. NEW SECTION. 257.18 INSTRUCTIONAL SUPPORT  
2 PROGRAM.

3343 For the budget year beginning July 1, 1991, and succeeding  
4 budget years, the board of directors may elect by resolution  
5 to receive additional funding for an instructional support  
3346-6 program for a period not exceeding five years. The additional  
7 funding for the program is limited to an amount not exceeding  
8 ten percent of the total of regular program district cost and  
9 moneys received under section 257.14 as a budget adjustment  
10 for the budget year. Moneys received by a district for the  
11 instructional support program are miscellaneous income and may  
12 be used for any general fund purpose.

3347  
3348-13 Certification of a board's intent to participate in the  
14 instructional support program for a budget year shall be made  
15 to the department of management not later than March 15 of the  
16 base year. The department of management shall calculate the  
17 rate of the instructional support property tax and the amount  
18 of instructional support state aid in the manner provided in  
19 this section.

3349, 3350  
3351-20 In order to determine the instructional support property  
21 tax for a district, the department of management shall divide  
22 the total assessed valuation in the state by the total budget  
23 enrollment for the budget year in the state to determine a  
24 state assessed valuation per pupil and shall divide the  
25 assessed valuation in each district by the district's budget  
26 enrollment for the budget year to determine the district  
27 valuation per pupil. The department of management shall  
28 multiply the ratio of the state's valuation per pupil to the  
29 district's valuation per pupil by twenty-five hundredths and  
30 subtract that result from one to determine the portion of the  
31 instructional support budget that is funded by instructional  
32 support property tax. The remainder of the budget of the  
33 instructional support program shall be funded by instructional  
34 support state aid.

3355 If a school district has approved the use of the

1 instructional support program for a budget year, the district  
2 cannot also collect moneys under the additional enrichment  
3 amount approved by the voters under chapter 442 for that  
4 budget year.

5 There is appropriated for each fiscal year from the general  
6 fund of the state to the department of education, an amount  
7 necessary to pay instructional support state aid as provided  
8 in this section and section 257.19. Instructional support  
9 state aid shall be paid at the same time and in the same  
10 manner as foundation aid is paid under section 257.16.

336-11 The instructional support property tax shall be levied in  
12 the manner provided for the additional property tax under  
355-13 section 257.4.  
336-14

14 Sec. 19. NEW SECTION. 257.19 CONTINUATION OF  
15 INSTRUCTIONAL SUPPORT PROGRAM.

334,333-16 The board of directors may call an election to extend the  
17 instructional support program beyond the five-year period  
18 provided in section 257.18 for a period not exceeding five  
19 years. The initial election to extend the instructional  
20 support program shall be held not later than July 1, 1993.  
21 The board of directors shall direct the county commissioner of  
22 elections to submit the question of whether to participate in  
23 the instructional support program to the qualified electors  
24 residing in the district at a regular school election or  
25 special election. If a majority of those voting on the  
26 question favors participating in the instructional support  
27 program, the board shall certify the budget for the program to  
28 the department of management.

29 If the voters do not approve participation in the  
30 instructional support program, the board may resubmit the  
31 proposition to the electors no sooner than sixty days  
32 following the date of the election at which approval was not  
33 given.

34 At the expiration of the five-year period for which the  
35 approval at the election was given, the board may reestablish

1 its participation in the program in the manner provided in  
33X: -2 this section.

3 Sec. 20. NEW SECTION. 257.20 SCHOOL BUDGET REVIEW  
4 COMMITTEE.

5 A school budget review committee is established in the  
6 department of education and consists of the director of the  
7 department of education, the director of the department of  
8 management, and three members appointed by the governor to  
9 represent the public and to serve three-year staggered terms.  
10 The committee shall meet and hold hearings each year and shall  
11 continue in session until it has reviewed budgets of school  
12 districts, as provided in section 257.21. It may call in  
13 school board members and employees as necessary for the  
14 hearings. Legislators shall be notified of hearings  
15 concerning school districts in their constituencies.

16 The committee shall adopt its own rules of procedure under  
17 chapter 17A. The director of the department of education  
18 shall serve as chairperson, and the director of the department  
19 of management shall serve as secretary. The committee members  
20 representing the public are entitled to receive their  
21 necessary expenses while engaged in their official duties.  
22 Members may also be eligible to receive compensation as  
23 provided in section 7E.6. Expense payments shall be made from  
24 appropriations to the department of education.

25 Sec. 21. NEW SECTION. 257.21 DUTIES OF THE COMMITTEE.

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

35 2. The committee shall report to each session of the

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

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

334-13 4. Not later than January 1, 1992, the committee shall  
14 adopt recommendations relating to the implementation by school  
15 districts and area education agencies of procedures pertaining  
16 to the preparation of financial reports in conformity with  
17 generally accepted accounting principles and submit those  
18 recommendations to the state board of education. The state  
19 board shall consider the recommendations and adopt rules under  
20 section 256.7 specifying procedures and requiring the school  
21 districts and area education agencies to conform to generally  
22 accepted accounting principles commencing with the school year  
23 beginning July 1, 1996.

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

- 33 a. Any unusual increase or decrease in enrollment.
- 34 b. Unusual natural disasters.
- 35 c. Unusual initial staffing problems.

1 d. The closing of a nonpublic school, wholly or in part.

2 e. Substantial reduction in miscellaneous income due to  
3 circumstances beyond the control of the district.

4 f. Unusual necessity for additional funds to permit  
5 continuance of a course or program which provides substantial  
6 benefit to pupils.

7 g. Unusual need for a new course or program which will  
8 provide substantial benefit to pupils, if the district  
9 establishes such need and the amount of necessary increased  
10 cost.

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

13 i. Year-round or substantially year-round attendance  
14 programs which apply toward graduation requirements, including  
15 but not limited to trimester or four-quarter programs.

16 Enrollment in such programs shall be adjusted to reflect  
17 equivalency to normal school year attendance.

3351-18 j. Any unique problems of districts.

3340-19 6. The committee shall establish a modified allowable  
3351-20 growth for a district by increasing its allowable growth when  
21 the district submits evidence that it requires additional  
22 funding for removal, management, or abatement of environmental  
23 hazards due to a state or federal requirement. Environmental  
24 hazards shall include but are not limited to the presence of  
25 asbestos, radon, or the presence of any other hazardous  
26 material dangerous to health and safety.

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

342, 354-34 7. The committee may grant supplemental aid or establish a  
35 modified allowable growth, or both, for the purpose of

1 providing additional funds to school districts which have  
2 unique demographic characteristics that cause the district to  
3 have higher costs for logistics. The committee shall  
4 establish criteria for districts to meet in order to receive  
5 supplemental aid or modified allowable growth.

6 There is appropriated from the general fund of the state to  
7 the department of education for the use of the school budget  
8 review committee, for each fiscal year, the amount of two  
9 million dollars, or as much thereof as may be necessary, to  
10 pay supplemental aid under this subsection.

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

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

18 b. The costs associated with the demolition of an unused  
19 school building, or the conversion of an unused school  
20 building for community use, in a school district involved in a  
21 dissolution or reorganization under chapter 275, if the costs  
22 are incurred within three years of the dissolution or  
23 reorganization.

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

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

1 10. When the committee makes a decision under subsections  
2 3 through 9, it shall make all necessary changes in the  
3 district cost, budget, and tax levy. It shall give written  
4 notice of its decision, including all such changes, to the  
5 school board through the department of education.

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

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

24 13. The committee shall review the recommendations of the  
25 director of the department of education relating to the  
26 special education weighting plan, and shall establish a  
27 weighting plan for each school year pursuant to section 281.9,  
28 and report the plan to the director of the department of  
29 education.

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

35 15. As soon as possible following June 30 of the base



1 year, the school budget review committee shall determine for  
2 each school district the balance of funds, whether positive or  
3 negative, raised for special education instruction programs  
4 under the special education weighting plan established in  
5 section 281.9. The committee shall certify the balance of  
6 funds for each school district to the director of the  
7 department of management.

8 In determining the balance of funds of a school district  
9 under this subsection, the committee shall subtract the amount  
10 of any reduction in state aid that occurred as a result of a  
11 reduction in allotments made by the governor under section  
12 8.31.

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

31 b. If the amount certified for a school district to the  
32 director of the department of management under this subsection  
33 for the base year is negative, the director of the department  
34 of management shall determine the amount of the deficit that  
35 would have been state aid and the amount that would have been

1 property taxes for each eligible school district.

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

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

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

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

12 17. The committee shall perform the duties assigned to it  
13 under chapter 286A.

3318- 14 Sec. 22. NEW SECTION. 257.22 PRIOR ENRICHMENT APPROVAL.

15 If the electors of a school district approved the use of  
16 the additional enrichment amount prior to July 1, 1991, under  
17 chapter 442, Code 1989, or section 279.43, Code 1989, the  
18 approval for use of the enrichment amount shall continue in  
19 effect until the expiration of the period for which it was  
20 approved.

21 Sec. 23. NEW SECTION. 257.23 CASH RESERVE INFORMATION.

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

30 Sec. 24. NEW SECTION. 257.24 AREA EDUCATION AGENCY  
31 PAYMENTS.

32 The department of management shall deduct the amounts  
33 calculated for special education support services, media  
34 services, and educational services for each school district  
35 from the state aid due to the district pursuant to this

1 chapter and shall pay the amounts to the respective area  
2 education agencies on a monthly basis from September 15  
3 through June 15 during each school year. The department of  
4 management shall notify each school district of the amount of  
5 state aid deducted for these purposes and the balance of state  
6 aid shall be paid to the district. If a district does not  
7 qualify for state aid under this chapter in an amount  
8 sufficient to cover its amount due to the area education  
9 agency as calculated by the department of management, the  
10 school district shall pay the deficiency to the area education  
11 agency from other moneys received by the district, on a  
12 quarterly basis during each school year.

13 Sec. 25. NEW SECTION. 257.25 SPECIAL EDUCATION SUPPORT  
14 SERVICES BALANCES.

15 Notwithstanding chapters 273 and 281 and sections of this  
16 chapter relating to the moneys available to area education  
17 agencies for special education support services, for each  
18 school year, the department of education may direct the  
19 department of management to deduct amounts from the portions  
20 of school district budgets that fund special education support  
21 services in an area education agency. The total amount  
22 deducted in an area shall be based upon excess special  
23 education support services unreserved and undesignated fund  
24 balances in that area education agency for a school year. The  
25 department of management shall determine the amount deducted  
26 from each school district in an area education agency on a  
27 proportional basis. The department of management shall  
28 determine from the amounts deducted from the portions of  
29 school district budgets that fund area education agency  
30 special education support services the amount that would have  
31 been local property taxes and the amount that would have been  
32 state aid and for the next following budget year shall  
33 increase the district's total state school aid available under  
34 this chapter for area education agency special education  
35 support services and reduce the district's property tax levy

1 for area education agency special education support services  
2 by the amount necessary for the property tax portion of the  
3 deductions made under this section during the budget year.

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

8 Sec. 26. NEW SECTION. 257.26 FUNDING MEDIA AND  
9 EDUCATIONAL SERVICES.

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

335 14 1. The total amount funded in each area for media services  
15 in the budget year shall be computed as provided in this  
3345 16 subsection. For the budget year beginning July 1, 1990, the  
17 state media services cost per pupil for the base year and the  
18 area media services cost per pupil for the base year are those  
19 costs calculated under section 442.27, Code 1989. The  
20 department of management shall compute the allowable growth  
21 for media services in the budget year by multiplying the state  
22 media services cost per pupil in the base year times the state  
23 percent of growth for the budget year. The total amount  
24 funded in each area for media services cost for a budget year  
25 equals the sum of the area media services cost per pupil in  
26 the base year, including the cost for media resource material  
27 which shall only be used for the purchase or replacement of  
28 material required in section 273.61, subsection 1, paragraphs  
29 "a", "b", and "c", and the allowable growth for media services  
30 in the budget year times the enrollment served in the area in  
31 the budget year. Funds shall be paid to area education  
32 agencies as provided in section 257.24. The costs shall be  
33 allocated to school districts in the area based upon the  
34 proportion of the enrollment served that resides in the  
35 district.

1     2. The total amount funded in each area for educational  
2 services in the budget year shall be computed as provided in  
33453 this subsection. For the budget year beginning July 1, 1990,  
4 the state educational services cost per pupil for the base  
5 year and the area educational services cost per pupil for the  
6 base year are the state educational services cost per pupil  
7 for the base year and area educational services cost per pupil  
8 for the base year calculated under section 442.27, Code 1989.  
9 The department of management shall compute the allowable  
10 growth for educational services by multiplying the state  
11 educational services cost per pupil in the base year times the  
12 state percent of growth for the budget year. The total amount  
13 funded in each area for educational services for a budget year  
14 equals the sum of the area educational services cost per pupil  
15 for the base year and the allowable growth for educational  
16 services in the budget year times the enrollment served in the  
17 area in the budget year. Funds shall be paid to area  
18 education agencies as provided in section 257.24. The costs  
19 shall be allocated to school districts in an area based upon  
20 the proportion of the enrollment served that resides in the  
21 area.

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

34     4. If an area education agency does not serve nonpublic  
35 school pupils in a manner comparable to services provided

1 public school pupils for media and educational services, as  
2 determined by the state board of education, the state board  
3 shall instruct the department of management to reduce the  
4 funds for media services and educational services one time by  
5 an amount to compensate for such reduced services. The media  
6 services budget shall be reduced by an amount equal to the  
7 product of the cost per pupil in basic enrollment for the  
8 budget year for media services times the difference between  
9 the enrollment served and the basic enrollment recorded for  
10 the area. The educational services budget shall be reduced by  
11 an amount equal to the product of the cost per pupil in basic  
12 enrollment for the budget year for educational services times  
13 the difference between the enrollment served and the basic  
14 enrollment recorded for the area.

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

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

23 Sec. 27. NEW SECTION. 257.27 PROGRAMS FOR RETURNING  
24 DROPOUTS AND DROPOUT PREVENTION.

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

33 1. Program goals, objectives, and activities to meet the  
34 needs of children who may drop out of school.

35 2. Student identification criteria and procedures.

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

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

19 Sec. 28. NEW SECTION. 257.28 DEFINITIONS.

20 As used in this chapter:

- 21 1. "Returning dropouts" are resident pupils who have been
- 22 enrolled in a public or nonpublic school in any of grades
- 23 seven through twelve who withdrew from school for a reason
- 24 other than transfer to another school or school district and
- 25 who subsequently enrolled in a public school in the district.
- 26 2. "Potential dropouts" are resident pupils who are
- 27 enrolled in a public or nonpublic school who demonstrate poor
- 28 school adjustment as indicated by two or more of the
- 29 following:
  - 30 a. High rate of absenteeism, truancy, or frequent
  - 31 tardiness.
  - 32 b. Limited or no extracurricular participation or lack of
  - 33 identification with school, including but not limited to,
  - 34 expressed feelings of not belonging.
  - 35 c. Poor grades, including but not limited to, failing in



1 one or more school subjects or grade levels.

2 d. Low achievement scores in reading or mathematics which  
3 reflect achievement at two years or more below grade level.

4 Sec. 29. NEW SECTION. 257.29 PLANS FOR RETURNING  
5 DROPOUTS AND DROPOUT PREVENTION.

6 The board of directors of a school district requesting to  
7 use additional allowable growth for programs for returning  
8 dropouts and dropout prevention shall submit applications for  
9 approval for the programs to the department not later than  
10 November 1 preceding the budget year during which the program  
11 will be offered. The department shall review the program  
12 plans and shall prior to January 15 either grant approval for  
13 the program or return the request for approval with comments  
14 of the department included. An unapproved request for a  
15 program may be resubmitted with modifications to the  
16 department not later than February 1. Not later than February  
17 15, the department shall notify the department of management  
18 and the school budget review committee of the names of the  
19 school districts for which programs using additional allowable  
20 growth for funding have been approved and the approved budget  
21 of each program listed separately for each school district  
22 having an approved program.

23 Sec. 30. NEW SECTION. 257.30 FUNDING FOR PROGRAMS FOR  
24 RETURNING DROPOUTS AND DROPOUT PREVENTION.

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

1 cost of the school district plus funds received from other  
2 sources.

3 Sec. 31. NEW SECTION. 257.31 FUNDS FOR NEW EDUCATIONAL  
4 STANDARDS.

5 In addition to the funding provided through the district  
6 cost of school districts, there is appropriated from the  
7 general fund of the state for each fiscal year to the  
8 department of education for allocation to school districts for  
9 the costs of implementing educational standards adopted by the  
10 state board of education under section 256.11, the sum of six  
11 million nine hundred thousand dollars, or so much thereof as  
12 is necessary, to be allocated to school districts based upon  
13 each school district's budget enrollment for the budget year.  
14 Moneys received by school districts under this section are  
3390 15 miscellaneous income. Payments under this section shall be  
3379 16 made in the manner provided in section 257.16.

17 Sec. 32. SPECIAL EDUCATION WEIGHTS. For the budget years  
3345 18 beginning July 1, 1991, July 1, 1992, and July 1, 1993, in  
19 making recommendations to the school budget review committee  
20 under section 281.9, subsection 4, the director of the  
21 department of education shall consider the changes in the  
22 value of the state cost per pupil established under section  
23 257.9 from the value of the state cost per pupil for the base  
24 year established under section 442.8, Code 1989, and changes  
25 in the value of the district cost per pupil for school  
26 districts established in section 257.10 from the value of the  
27 district cost per pupil for school districts established in  
28 section 442.9, Code 1989. Notwithstanding section 281.9,  
29 subsection 4, for the budget years commencing July 1, 1990,  
30 July 1, 1991, and July 1, 1992, the increase or decrease in  
31 the weighting assigned to each category of children requiring  
32 special education is not limited to two-tenths of the  
33 weighting assigned to pupils in a regular curriculum.

34 Sec. 33. Section 96.31, Code 1989, is amended to read as  
35 follows:

1     96.31 TAX FOR BENEFITS.

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

7     Sec. 34. Section 111E.4, Code 1989, is amended to read as  
8 follows:

9     111E.4 PAYMENT IN LIEU OF PROPERTY TAXES.

10    As a part of the budget proposal submitted to the general  
11 assembly under section 455A.4, subsection 1, paragraph "c",  
12 the director of the department of natural resources shall  
13 submit a budget request to pay the property taxes for the next  
14 fiscal year on open space property acquired by the department  
15 which would otherwise be subject to the levy of property  
16 taxes. The assessed value of open space property acquired by  
17 the department shall be that determined under section 427.1,  
18 subsection 31, and the director may protest the assessed value  
19 in the manner provided by law for any property owner to  
20 protest an assessment. For the purposes of chapter 447 257,  
21 the assessed value of the open space property acquired by the  
22 department shall be included in the valuation base of the  
23 school district and the payments made pursuant to this section  
24 shall be considered as property tax revenues and not as  
25 miscellaneous income. The county treasurer shall certify  
26 taxes due to the department. The taxes shall be paid annually  
27 from the departmental fund or account from which the open  
28 space property acquisition was funded. If the departmental  
29 fund or account has no moneys or no longer exists, the taxes  
30 shall be paid from funds as otherwise provided by the general  
31 assembly. If the total amount of taxes due certified to the  
32 department exceeds the amount appropriated, the taxes due  
33 shall be reduced proportionately so that the total amount  
34 equals the amount appropriated. This section applies to open  
35 space property acquired by the department on or after January

3367 1 1, 1987.

2 Sec. 35. Section 256.21, unnumbered paragraph 4, Code  
3 1989, is amended to read as follows:

4 A sabbatical grant to a teacher shall be equal to the costs  
5 to the school district of the teacher's regular compensation  
6 as defined in section 294A.2 plus the cost to the district of  
7 the fringe benefits of the teacher. The grant shall be paid  
8 to the school district, and the district shall continue to pay  
9 the teacher's regular compensation as well as the cost to the  
10 district of the substitute teacher. Teachers and boards of  
11 school districts are encouraged to seek funding from other  
12 sources to pay the costs of sabbaticals for teachers. Grant  
13 moneys are miscellaneous income for purposes of chapter 442  
14 257.

3416 15 Sec. 36. Section 265.6, Code 1989, is amended to read as  
16 follows:

17 265.6 STATE AID APPLICABLE.

18 If the state board of regents has established a laboratory  
19 school, it shall receive state aid pursuant to chapters 257  
20 and 281 and-442 for each pupil enrolled in the laboratory  
21 school in the same amount as the public school district in  
22 which the pupil resides would receive aid for that pupil and  
23 shall transmit the amount received to the institution of  
24 higher education at which the laboratory school has been  
25 established. If the board of a school district terminates a  
26 contract with the state board of regents for attendance of  
27 pupils in a laboratory school, the school district shall  
28 inform the ~~state-comptroller~~ department of management of the  
29 number of these pupils who are enrolled in the district on the  
30 ~~second~~ third Friday of the following September. The ~~state~~  
31 ~~comptroller~~ department of management shall pay to the school  
32 district, from funds appropriated in section ~~442-26~~ 257.16, an  
33 amount equal to the amount of state aid paid for each pupil in  
34 that school district for that school year in payments made as  
35 provided in section ~~442-26~~ 257.16. However, payments shall

1 not be made for pupils for which an advance is received by the  
2 district under section ~~442-28~~ 257.13.

3 Sec. 37. Section 273.3, subsections 2 and 12, Code 1989,  
4 is amended to read as follows:

5 2. Be authorized to receive and expend money for providing  
6 programs and services as provided in sections 273.1 to 273.9,  
7 and chapters 257 and 281 and-442. All costs incurred in  
8 providing the programs and services, including administrative  
9 costs, shall be paid from funds received pursuant to sections  
10 273.1 to 273.9 and chapters 257 and 281 and-442.

335/ 11 12. Prepare an annual budget estimating income and  
12 expenditures for programs and services as provided in sections  
13 273.1 to 273.9 and chapter 281 within the limits of funds  
14 provided under section 281.9 and chapter ~~442~~ 257. The board  
15 shall give notice of a public hearing on the proposed budget  
16 by publication in an official county newspaper in each county  
17 in the territory of the area education agency in which the  
18 principal place of business of a school district that is a  
19 part of the area education agency is located. The notice  
20 shall specify the date, which shall be not later than November  
21 10 of each year, the time, and the location of the public  
22 hearing. The proposed budget as approved by the board shall  
23 then be submitted to the state board of education, on forms  
24 provided by the department, no later than December 1 preceding  
25 the next fiscal year for approval. The state board shall  
26 review the proposed budget of each area education agency and  
27 shall ~~prior-to~~ January 1, either grant approval or return the  
28 budget without approval with comments of the state board  
29 included. Any An unapproved budget shall be resubmitted to  
30 the state board for final approval.

31 Sec. 38. Section 273.9, Code 1989, is amended to read as  
32 follows:

33 273.9 FUNDING.

34 1. For the school year beginning July 1, 1975, and each  
35 succeeding school year, school districts shall pay for the

1 programs and services provided through the area education  
2 agency and shall include expenditures for the programs and  
3 services in their budgets, in accordance with ~~the provisions~~  
4 of this section.

5 2. School districts shall pay the costs of special  
6 education instructional programs with the moneys available to  
7 the districts for each child requiring special education, by  
8 application of the special education weighting plan in section  
9 281.9. Special education instructional programs shall be  
10 provided at the local level if practicable, or otherwise by  
11 contractual arrangements with the area education agency board  
12 as provided in section 273.3, subsection 5, but in each case  
13 the total money available through section 281.9 and chapter  
14 ~~442~~ 257 because of weighted enrollment for each child  
15 requiring special education instruction shall be made  
16 available to the district or agency which provides the special  
17 education instructional program to the child, subject to  
18 adjustments for transportation or other costs which may be  
19 paid by the school district in which the child is enrolled.  
20 Each district shall co-operate with its area education agency  
21 to provide an appropriate special education instructional  
22 program for each child who requires special education  
23 instruction, as identified and counted within the  
24 certification by the area director of special education or as  
25 identified by the area director of special education  
26 subsequent to the certification, and shall not provide a  
27 special education instructional program to a child who has not  
28 been so identified and counted within the certification or  
29 identified subsequent to the certification.

30 3. The costs of special education support services  
31 provided through the area education agency shall be funded by  
32 ~~an increase in the allowable growth of each school district,~~  
33 ~~determined as provided in section 442.7~~ chapter 257. Special  
34 education support services shall not be funded until the  
35 program plans submitted by the special education directors of

1 each area education agency as required by section 273.5 are  
2 modified as necessary and approved by the director of the  
3 department of education according to the criteria and  
4 limitations of ~~chapter~~ chapters 257 and 281 and-section-442-7.

5 4. The costs of media services provided through the area  
6 education agency shall be funded as provided in section ~~442-27~~  
7 257.26. Media services shall not be funded until the program  
8 plans submitted by the administrators of each area education  
9 agency as required by section 273.4 are modified as necessary  
10 and approved by the director of the department of education  
11 according to the criteria and limitations of ~~section~~ sections  
12 257.26 and 273.6 and-of-section-442-27.

13 5. The costs of educational services provided through the  
14 area education agency shall be funded within the limitations  
15 in section ~~442-27~~ 257.26.

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

19 Sec. 39. Section 273.12, Code 1989, is amended to read as  
20 follows:

21 273.12 FUNDS -- USE RESTRICTED.

22 Funds generated for educational services under the  
23 ~~provisions-of~~ section ~~442-27~~ 257.26 and subject to approval  
24 under the provisions of section 273.9, subsection 5, shall not  
25 be expended by an area education agency for the purpose of  
26 assisting either a public employer or employee organization in  
27 collective bargaining negotiations under chapter 20 if the  
28 public employer is a school district, or the employee  
29 organization consists of employees of a school district,  
30 located within the boundaries of the area education agency.

31 Sec. 40. Section 273.13, Code 1989, is amended to read as  
32 follows:

33 273.13 ADMINISTRATIVE EXPENDITURES.

34 During the budget year beginning July 1, 1989, and the  
35 three succeeding budget years, the board of directors of an

1 area education agency in which the administrative expenditures  
2 as a percent of the area education agency's operating fund for  
3 a base year exceed five percent shall reduce its  
4 administrative expenditures to five percent of the area  
5 education agency's operating fund. During each of the four  
6 years, the board of directors shall reduce administrative  
7 expenditures by twenty-five percent of the reduction in  
8 administrative expenditure required by this section.

9 Thereafter, the administrative expenditures shall not exceed  
10 five percent of the operating fund. Annually, the board of  
11 directors shall certify to the department of education the  
12 amounts of the area education agency's expenditures and its  
13 operating fund. For the purposes of this section, "base year"  
14 and "budget year" mean the same as defined in section 442.6,  
15 Code 1989, and section 257.2, and "administrative  
16 expenditures" means expenditures for executive administration.

3592-17 Sec. 41. Section 274.37, unnumbered paragraph 2, Code  
18 1987, is amended to read as follows:

19 The boards in the respective districts, the boundaries of  
20 which have been changed under this section, complete in all  
21 respects, except for the passage of time prior to the  
22 effective date of the change, and when ~~at~~ the right of appeal  
23 of the change has expired, may enter into joint contracts for  
24 the construction of buildings for the benefit of the  
25 corporations whose boundaries have been changed, using funds  
26 accumulated under ~~section-278-17-subsection-7~~ the physical  
27 plant and equipment levy in section 298.2. The district in  
28 which the building is to be located may use any funds  
29 authorized in accordance with chapter 75. ~~Nothing-in-this~~  
30 ~~section-shall-be-construed-to~~ This section does not permit the  
31 changed districts to expend any funds jointly which they are  
32 not entitled to expend acting individually.

33 Sec. 42. Section 275.12, subsection 5, Code 1989, is  
34 amended to read as follows:

35 5. The petition may also include a provision that the



33701 schoolhouse-tax voter-approved physical plant and equipment  
2 levy provided in section ~~278.17~~-subsection-7 298.2, will be  
3 voted upon at the election conducted under section 275.18.

4 Sec. 43. Section 275.14, Code 1989, is amended to read as  
5 follows:

6 275.14 OBJECTION -- TIME OF FILING -- NOTICE.

7 Within ten days after the petition is filed, the area  
8 education agency administrator shall fix a final date for  
9 filing objections to the petition which shall be not more than  
10 sixty days after the petition is filed and shall fix the date  
11 for a hearing on the objections to the petition. Objections  
12 shall be filed in the office of the administrator who shall  
13 give notice at least ten days prior to the final day for  
14 filing objections, by one publication in a newspaper published  
15 within the territory described in the petition, or if none is  
16 published ~~therein~~ in the territory, in a newspaper published  
17 in the county where the petition is filed, and of general  
18 circulation in the territory described. The notice shall also  
19 list the date, time, and location for the hearing on the  
20 petition as provided in section 275.15. The cost of  
21 publication shall be assessed to each district whose territory  
22 is involved in the ratio that the number of pupils in basic  
23 enrollment for the budget year, as defined in section ~~442.4~~  
24 257.6 in each district bears to the total number of pupils in  
25 basic enrollment for the budget year in the total area  
26 involved. Objections shall be in writing in the form of an  
27 affidavit and may be made by any person residing or owning  
28 land within the territory described in the petition, or who  
29 would be injuriously affected by the change petitioned for and  
30 shall be on file not later than twelve o'clock noon of the  
31 final day fixed for filing objections.

32 Objection forms shall be prescribed by the department of  
33 education and may be obtained from the area education agency  
34 administrator. Objection forms that request that property be  
35 removed from a proposed district shall include the correct

1 legal description of the property to be removed.

3340-2 Sec. 44. Section 275.20, Code 1989, is amended to read as  
3 follows:

4 275.20 SEPARATE VOTE IN EXISTING DISTRICTS.

3370-5 The voters shall vote separately in each existing school  
6 district affected and voters residing in the entire existing  
7 district are eligible to vote both upon the proposition to  
8 create a new school corporation and the proposition to levy  
9 the ~~schoolhouse-tax-under-section-278.17-subsection-7 voter-~~  
10 approved physical plant and equipment levy under section  
11 298.2, if the petition included a provision for a vote to  
12 authorize the levy the-schoolhouse-tax. If a proposition  
13 receives a majority of the votes cast in each of at least  
14 seventy-five percent of the districts, and also a majority of  
15 the total number of votes cast in all of the districts, the  
16 proposition is carried.

3351-  
3348-17 Sec. 45. Section 275.33, subsection 2, unnumbered  
18 paragraph 1, Code 1989, is amended to read as follows:

19 The collective bargaining agreement of the district with  
20 the largest basic enrollment, as defined in section 442.4  
21 257.6, in the new district shall serve as the base agreement  
22 and the employees of the other districts involved in the  
23 formation of the new district shall automatically be accreted  
24 to the bargaining unit of that collective bargaining agreement  
25 for purposes of negotiating the contracts for the following  
26 years without further action by the public employment  
27 relations board. If only one collective bargaining agreement  
28 is in effect among the districts which are party to the  
29 reorganization, then that agreement shall serve as the base  
30 agreement, and the employees of the other districts involved  
31 in the formation of the new district shall automatically be  
32 accreted to the bargaining unit of that collective bargaining  
33 agreement for purposes of negotiating the contracts for the  
34 following years without further action by the public  
35 employment relations board. The board of the newly formed

1 district, using the base agreement as its existing contract,  
2 shall bargain with the combined employees of the existing  
3 districts for the school year beginning with the effective  
4 date of the reorganization. The bargaining shall be completed  
5 by March 15 prior to the school year in which the  
6 reorganization becomes effective or within one hundred eighty  
7 days after the organization of the new board, whichever is  
8 later. If a bargaining agreement was already concluded by the  
9 board and employees of the existing district with the contract  
10 serving as the base agreement for the school year beginning  
11 with the effective date of the reorganization, that agreement  
12 shall be void. However, if the base agreement contains  
13 multiyear provisions affecting school years subsequent to the  
14 effective date of the reorganization, the base agreement shall  
15 remain in effect as specified in the agreement.

16 Sec. 46. Section 275.55, unnumbered paragraph 4, Code  
17 1989, is amended to read as follows:

18 The attachment is effective July 1 following its approval.  
19 If the dissolution proposal is for the dissolution of a school  
20 district with a certified enrollment of fewer than six  
21 hundred, the territory located in the school district that  
22 dissolved is eligible, if approved by the director of the  
23 department of education, for a reduction in the uniform  
24 foundation property tax levy under section ~~442-2~~ 257.3,  
25 subsection 1. If the director approves a reduction in the  
26 uniform foundation property tax levy as provided in this  
27 section, the director shall notify the director of the  
28 department of management of the reduction.

29 Sec. 47. Section 276.11, Code 1989, is amended by striking  
30 the section and inserting in lieu thereof the following:

31 276.11 FUNDING OF COMMUNITY EDUCATION.

32 The costs of community education shall be paid from moneys  
33 in the general fund of the school district.

34 Sec. 48. Section 277.2, Code 1989, is amended to read as  
35 follows:

1 277.2 SPECIAL ELECTION.

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

11 Sec. 49. Section 278.1, subsection 7, Code 1989, is  
12 amended by striking the subsection.

13 Sec. 50. Section 278.1, unnumbered paragraph 4, Code 1989,  
14 is amended by striking the unnumbered paragraph.

15 Sec. 51. Section 279.26, Code 1989, is amended to read as  
16 follows:

17 279.26 LEASE ARRANGEMENTS.

18 The board of directors of a local school district for which  
19 a ~~schoolhouse-tax~~ voter-approved physical plant and equipment  
20 levy has been voted pursuant to section ~~278.17-subsection-7~~  
21 298.2, may enter into a rental or lease arrangement,  
22 consistent with the purposes for which the ~~schoolhouse-tax~~  
23 voter-approved physical plant and equipment levy has been  
24 voted, for a period not exceeding ten years and not exceeding  
25 the period for which the ~~schoolhouse-tax~~ voter-approved  
26 physical plant and equipment levy has been authorized by the  
27 voters.

28 Sec. 52. Section 279.45, Code 1989, is amended to read as  
29 follows:

30 279.45 ADMINISTRATIVE EXPENDITURES.

31 For the budget year beginning July 1, 1989, and each of the  
32 following three budget years, the board of directors of a  
33 school district in which the administrative expenditures as a  
34 percent of the school district's operating fund for a base  
35 year exceed five percent, shall reduce its administrative

1 expenditures so that they are one-half percent less as a  
2 percent of the school district's operating fund than they were  
3 for the base year. However, a school district is not required  
4 to reduce its administrative expenditures below five percent  
5 of its operating fund. Thereafter, a school district shall  
6 not increase the percent of its administrative expenditures  
7 compared to its operating fund. Annually, the board of  
8 directors shall certify to the department of education the  
9 amounts of the school district's administrative expenditures  
10 and its operating fund. For the purposes of this section,  
11 "base year" and "budget year" mean the same as defined in  
12 section 442.6, Code 1989, and section 257.2, and  
13 "administrative expenditures" means expenditures for executive  
14 administration.

15 Sec. 53. Section 279.46, Code 1989, is amended to read as  
16 follows:

17 279.46 RETIREMENT INCENTIVES -- TAX.

18 The board of directors of a school district may adopt a  
19 program for payment of a monetary bonus, continuation of  
20 health or medical insurance coverage, or other incentives for  
21 encouraging its employees to retire before the normal  
22 retirement date as defined in chapter 97B. The program is  
23 available only to employees between fifty-nine and sixty-five  
24 years of age who notify the board of directors prior to March  
25 1 of the fiscal year that they intend to retire not later than  
26 the next following June 30. An employee retiring under this  
27 section shall apply for a retirement allowance under chapter  
28 97B or chapter 294. If the total estimated accumulated cost  
29 to a school district of the bonus or other incentives for  
30 employees who retire under this section does not exceed the  
31 estimated savings in salaries and benefits for employees who  
32 replace the employees who retire under the program, the board  
33 may ~~certify-for~~ include in the district management levy a tax  
34 on all taxable property in the school district an amount to  
35 pay the costs of the program provided in this section. The

1 levy-certified-under-this-section-is-in-addition-to-any-other  
2 levy-authorized-for-that-school-district-by-law-and-is-not  
3 subject-to-budget-limitations-otherwise-provided-by-law--A  
4 board-may-amend-its-certified-budget-during-a-fiscal-year-to  
5 provide-for-payments-required-under-this-section--Moneys  
6 received-from-the-levy-imposed-under-this-section-are  
7 miscellaneous-income-for-purposes-of-chapter-442-

3469,  
3446-

8 Sec. 54. NEW SECTION. 279.51 PROGRAMS FOR AT-RISK  
9 CHILDREN.

34810 1. School districts providing innovative in-school  
11 programming for at-risk children in grades kindergarten  
12 through three, in addition to the regular school curricula for  
13 children participating in the programs are eligible for  
14 funding provided in this section. Grants approved shall be  
15 for programs in schools with a high percentage of at-risk  
16 children. Preference shall be given to programs which  
17 integrate at-risk children with the rest of the school  
18 population, which will limit class size and pupil-teacher  
19 ratios, which include parental involvement and teachers with  
20 an early childhood endorsement, and which cooperate with other  
21 health and community agencies.

22 2. The state board of education shall adopt rules under  
23 chapter 17A to implement this section, using the criteria for  
24 identification of and operation of programs for at-risk  
25 children adopted by the child development coordinating  
26 council. The state board shall require that school districts  
34827 submit program plans and proposed budgets for each program.

28 3. There is appropriated from the general fund of the  
29 state for each fiscal year to the department of education the  
34830 sum of ten million dollars, or as much thereof as is  
31 necessary, to make the payments for approved programs for at-  
32 risk children under this section and to make payments to area  
33 education agencies. Two hundred seventy-five thousand dollars  
34 of the funds appropriated in this subsection shall be  
35 allocated to the area education agencies to assist school

1 districts in developing program plans and proposed budgets.

2 4. Payments shall be made to school districts by the  
3 department of education in the same manner as foundation aid  
4 under section 257.16.

5 Sec. 55. NEW SECTION. 279.52 OPTIONAL FUNDING OF  
6 ASBESTOS PROJECTS.

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

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

21 Sec. 56. NEW SECTION. 279.53 ADDITIONAL ENRICHMENT  
22 AMOUNT FOR ASBESTOS PROJECTS.

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

26 2. The board shall determine the additional enrichment  
27 amount needed for an asbestos project, within the limits of  
28 this section, and shall direct the county commissioner of  
29 elections to submit the question of whether to raise that  
30 amount under this section and section 279.54, to the qualified  
31 electors of the school district at a regular school election  
32 held during September of the base year or at a special  
33 election held not later than February 15 of the base year or  
34 February 15, 1995, whichever is earlier. Only one election on  
35 the question shall be held during a twelve-month period. If a

1 majority of those voting on the question favors raising the  
2 enrichment amount for an asbestos project, the board may  
3 include the approved amount in its certified budget.

4 3. The additional enrichment amount needed for an asbestos  
5 project shall be raised within the limits provided in this  
6 section by a combination of an enrichment property tax and a  
7 school district income surtax imposed in the proportion of a  
8 property tax of twenty-seven cents per thousand dollars of  
9 assessed valuation of taxable property in the district for  
10 each five percent of income surtax.

11 4. The additional enrichment amount for a district for an  
12 asbestos project is limited to the amount which may be raised  
13 by a combination tax in the prescribed proportion which does  
14 not exceed a property tax of one dollar and sixty-two cents  
15 per thousand dollars of assessed valuation and an income  
16 surtax of thirty percent.

17 Sec. 57. NEW SECTION. 279.54 COMPUTATION OF ENRICHMENT  
18 AMOUNT FOR AN ASBESTOS PROJECT.

19 If a majority of those voting in an election approves  
20 raising the additional enrichment amount for an asbestos  
21 project under section 279.53 and this section, the board shall  
22 certify to the department of management that the required  
23 procedures have been carried out, and the department of  
24 management shall establish the amount of additional enrichment  
25 property tax to be levied and the amount of school district  
26 income surtax to be imposed for each school year for which the  
27 additional enrichment amount for an asbestos project is  
28 authorized. The department of management shall determine these  
29 amounts based upon the most recent figures available for the  
30 district's valuation of taxable property, individual state  
31 income tax paid, and budget enrollment in the district, and  
32 shall certify to the district's county auditor the amount of  
33 enrichment property tax, and to the director of revenue and  
34 finance the amount of school district income surtax to be  
35 imposed.



1 The school district income surtax for an asbestos project  
2 shall be imposed on the state individual income tax for the  
3 calendar year during which the school's budget year begins, or  
4 for a taxpayer's fiscal year ending during the second half of  
5 that calendar year or the first half of the succeeding  
6 calendar year, and shall be imposed on all individuals  
7 residing in the school district on the last day of the  
8 applicable tax year. As used in this section, "state  
9 individual income tax" means the tax computed under section  
10 422.5, less the deductions allowed in sections 422.10 through  
11 422.12.

12 An additional enrichment amount for an asbestos project  
13 authorized under section 279.53 is authorized for the period  
14 specified in section 279.52. If the board wishes to continue  
15 any additional enrichment amount for an asbestos project  
16 beyond the period authorized, it shall reestablish its  
17 authority to do so in the manner provided in section 279.53  
18 within the twelve-month period prior to termination of the  
19 existing period.

20 Sec. 58. NEW SECTION. 279.55 STATUTES APPLICABLE.

21 The director of revenue and finance shall administer any  
22 school district income surtax imposed under this chapter, and  
23 sections 422.20, 422.22 to 422.31, 422.68, and 422.72 through  
24 422.75, apply in respect to administration of the school  
25 district income surtax.

26 Sec. 59. NEW SECTION. 279.56 FORM AND TIME OF RETURN.

27 The school district income surtax imposed under section  
28 279.54 shall be made a part of the Iowa individual income tax  
29 return subject to the conditions and restrictions set forth in  
30 section 422.21.

31 Sec. 60. NEW SECTION. 279.57 DEPOSIT OF SCHOOL DISTRICT  
32 INCOME SURTAX.

33 The director of revenue and finance shall deposit the  
34 moneys received as school district income surtax on or before  
35 November 1 of the year following the close of the budget year

1 for which the surtax is imposed, to the credit of each  
2 district from which the moneys are received, in a "school  
3 district income surtax fund" which is established in the  
4 office of the treasurer of state.

5 All school district surtax moneys received or refunded  
6 after November 1 of the year following the close of the school  
7 budget year for which the surtax is imposed shall be deposited  
8 in or withdrawn from the general fund of the state and shall  
9 be considered part of the cost of administering the school  
10 district surtax.

11 Sec. 61. NEW SECTION. 279.58 SCHOOL DISTRICT INCOME  
12 SURTAX CERTIFICATION.

13 On or before October 20 each year, the director of revenue  
14 and finance shall make an accounting of the school district  
15 income surtax collected under this chapter applicable to tax  
16 returns for the last preceding calendar year, or for fiscal  
17 year taxpayers, on the last day of their tax year ending  
18 during that calendar year and after the date of the election  
19 approving the surtax, from taxpayers in each school district  
20 in the state which has imposed a surtax, and shall certify to  
21 the department of management and the department of education  
22 the amount of total school district income surtax credited  
23 from the taxpayers of each school district. Additional  
24 returns in process, if any, at the time of certification shall  
25 be completed and the additional amount of school district  
26 income surtax reported to the department of management for  
27 distribution back to the school district with the first  
28 installment of the following school year.

29 Sec. 62. NEW SECTION. 279.59 SCHOOL DISTRICT INCOME  
30 SURTAX DISTRIBUTION.

31 The director of revenue and finance shall draw warrants in  
32 payment of the amount of surtax payable to each of the school  
33 districts in two installments to be paid on approximately the  
34 first day of December and the first day of February, and shall  
35 cause the warrants to be delivered to the respective school

1 districts.

2 Sec. 63. Section 280.4, subsection 4, Code 1989, is  
3 amended to read as follows:

4 4. In order to provide funds for the excess costs of  
5 instruction of non-English-speaking students above the costs  
6 of instruction of pupils in a regular curriculum, students  
7 identified as non-English-speaking are assigned an additional  
8 weighting ~~of two-tenths~~ and that weighting shall be included  
9 in the weighted enrollment of the school district of

10 residence. The school budget review committee shall calculate  
11 the additional amount for the weighting to the nearest one-  
12 hundredth of one so that, to the extent possible, the moneys  
13 generated by the weighting will be equivalent to the moneys  
14 generated by the two-tenths weighting provided prior to July  
15 1, 1991.

16 Sec. 64. Section 280.13A, unnumbered paragraph 3, Code  
17 1989, is amended to read as follows:

18 It is not necessary that school districts that are parties  
19 to an agreement under this section must be engaged in sharing  
20 academic programming and receiving supplementary weighting  
21 under section ~~442-39~~ 257.11.

22 Sec. 65. Section 281.2, subsection 4, Code 1989, is  
23 amended to read as follows:

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

32 Sec. 66. Section 281.8, unnumbered paragraph 1, Code 1989,  
33 is amended to read as follows:

34 It ~~shall-not-be~~ is not incumbent upon the school districts  
35 to keep a child requiring special education in regular

1 instruction when the child cannot sufficiently profit from the  
2 work of the regular classroom, nor to keep such a child  
3 requiring special education in the special class or  
4 instruction for children requiring special education when it  
5 is determined by the director of special education of an area  
6 education agency that the child can no longer benefit from the  
7 instruction or needs more specialized instruction available in  
8 special schools. However, the school district shall count the  
9 child requiring special education in the enrollment as  
10 provided in sections 257.6, 273.9, and 281.9 ~~and-442-4~~ and  
11 shall ~~insure~~ ensure that appropriate educational provisions  
12 are made for the child requiring special education within the  
13 limits of ~~funds~~ moneys available under ~~the-provisions-of~~ this  
14 chapter and chapters 257 and 273 ~~and-442~~.

15 Sec. 67. Section 281.9, subsections 2, 4, and 9, Code  
16 1989, are amended to read as follows:

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

24 4. On December 1, 1987, and no later than December 1 every  
25 two years thereafter, for the school year commencing the  
26 following July 1, the director of the department of education  
27 shall report to the school budget review committee the average  
28 costs of providing instruction for children requiring special  
29 education in the categories of the weighting plan established  
30 under this section, and the director of the department of  
31 education shall make recommendations to the school budget  
32 review committee for needed alterations to make the weighting  
33 plan suitable for subsequent school years. The school budget  
34 review committee shall establish the weighting plan for each  
35 school year after the school year commencing July 1, 1987, and

1 shall report the plan to the director of the department of  
 3545-2 education. Commencing December 1, 1990, the school budget  
 3 review committee may establish weights to the nearest  
 4 hundredth. The school budget review committee shall not alter  
 5 the weighting assigned to pupils in a regular curriculum, but  
 6 it may increase or decrease the weighting assigned to each  
 7 category of children requiring special education by not more  
 8 than two-tenths of the weighting assigned to pupils in a  
 9 regular curriculum. The state board of education shall adopt  
 10 rules under chapter 17A, to implement the weighting plan for  
 11 each year and to assist in identification and proper indexing  
 12 of each child in the state who requires special education.

13 9. Commencing with the school year beginning July 1, 1975,  
 14 funds generated for special education instructional programs  
 15 under this chapter and chapter 442 257 shall not be expended  
 16 for modifications of school buildings to make them accessible  
 17 to children requiring special education. ~~Unencumbered-funds~~  
 18 ~~generated-for-special-education-instructional-programs-for-the~~  
 19 ~~school-years-beginning-July-17-1975-and-July-17-1976,-shall~~  
 20 ~~not-be-expended-for-such-purpose-unless-approved-by-the~~  
 21 ~~department-of-public-instruction-based-upon-applications~~  
 22 ~~received-by-the-department-prior-to-January-17-1978-and~~  
 23 ~~approved-prior-to-April-17-1978-~~

24 Sec. 68. Section 282.3, subsection 1, Code 1989, is  
 25 amended to read as follows:

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

1 requiring special education.

2 Sec. 69. Section 282.7, subsection 3, Code 1989, is  
3 amended to read as follows:

4 3. Notwithstanding ~~section~~ sections 28E.9 and 282.8 and  
5 ~~section-28E-9~~, a school district may negotiate an agreement  
6 under subsection 1 for attendance of its pupils in a school  
7 district located in a contiguous state subject to a reciprocal  
8 agreement by the two state boards in the manner provided in  
9 this subsection. Prior to negotiating an agreement with the  
10 school district in the contiguous state, the board of  
11 directors shall file a written request with the state board of  
12 education for a determination whether the school district in  
13 the contiguous state meets requirements substantially similar  
14 to those required for accredited or approved school districts  
15 in this state and the school district receives or has  
16 available services equivalent to those that would be provided  
17 in this state by an area education agency. The school  
18 district shall also obtain approval by the department of  
19 education of the sharing proposal, before the agreement  
20 becomes effective. Six months ~~prior-to~~ before making the  
21 request for approval, the district shall request a feasibility  
22 study from the department of education. If the state board of  
23 this state and the corresponding state board in the contiguous  
24 state agree that the school districts of their respective  
25 states meet substantially similar requirements and have  
26 substantially similar services available to the school  
27 district, and if the Iowa department of education approves the  
28 proposed contract, the two state boards may sign a reciprocal  
29 agreement for attendance of their pupils in the school  
30 district of the other state, subject to the agreement signed  
31 between the boards of directors of the two districts. A  
32 school district that negotiates an agreement with a school  
33 district in a contiguous state under this subsection is not  
34 eligible for supplementary weighting under section ~~442-39~~  
35 257.11 as a result of that agreement.

1     Sec. 70. Section 282.24, subsection 1, unnumbered  
2 paragraph 1, Code 1989, is amended to read as follows:

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

10    Sec. 71. Section 282.28, unnumbered paragraph 2, Code  
11 1989, is amended to read as follows:

12    The area education agency shall submit a claim to the  
13 department of education by August 1 following the school year  
14 for the actual costs of the special education programs and  
15 services provided at the training school and juvenile home.  
16 The department shall review and approve or modify the claims  
17 by September 1 and shall notify the department of revenue and  
18 finance of the approved claim amount. The total amount of the  
19 approved claim shall be paid by the department of revenue and  
20 finance to the area education agency by October 1. The total  
21 amount paid by the department of revenue and finance shall be  
22 deducted monthly from the state foundation aid paid under  
23 section ~~442.26~~ 257.16 during the remainder of that fiscal year  
24 to all school districts in the state. The portion of the  
25 total amount of the approved claim that shall be deducted from  
26 the state aid of a school district shall be the same as the  
27 ratio that the budget enrollment for the budget year of the  
28 school district bears to the total budget enrollment in the  
29 state for that budget year. The department of revenue and  
30 finance shall transfer the total amount of the approved claim  
31 from the moneys appropriated under section ~~442.26~~ 257.16 for  
32 payment to the area education agency.

33    Sec. 72. Section 282.31, subsection 1, paragraph a, Code  
34 1989, is amended to read as follows:

35    a. A child who lives in a facility pursuant to section

1 282.30, subsection 1, paragraph "a", and who is not enrolled  
2 in the educational program of the district of residence of the  
3 child, shall receive appropriate educational services. The  
4 area education agency shall submit a proposed program and  
5 budget to the department of education by January 1 for the  
6 next succeeding school year. The department of education  
7 shall review and approve or modify the program and proposed  
8 budget and shall notify the area education agency by February  
9 1. The area education agency shall submit a claim to the  
10 department of education by August 1 following the school year  
11 for the actual cost of the program. The department shall  
12 review and approve or modify all expenditures incurred in  
13 compliance with the guidelines pursuant to section 256.7,  
14 subsection 12, and shall notify the department of revenue and  
15 finance of the approved claim amount by September 1. The  
16 total amount of the approved claim shall be paid by the  
17 department of revenue and finance to the area education agency  
18 by October 1. The total amount paid by the department of  
19 revenue and finance shall be deducted monthly from the state  
20 school foundation aid paid under section ~~442:26~~ 257.16 during  
21 the remainder of that fiscal year to all school districts in  
22 the state. The portion of the total amount of the approved  
23 claims that shall be deducted from the state aid of a school  
24 district shall be the same as the ratio that the budget  
25 enrollment for the budget year of the school district bears to  
26 the total budget enrollment in the state for that budget year.  
27 The department of revenue and finance shall transfer the total  
28 amount of the approved claims from the moneys appropriated  
29 under section ~~442:26~~ 257.16 for payment to the area education  
30 agencies.

31 Sec. 73. Section 282.31, subsection 3, Code 1989, is  
32 amended to read as follows:

33 3. The actual special education instructional costs,  
34 including transportation, for a child who requires special  
35 education shall be paid by the department of revenue and



1 finance to the school district in which the facility or home  
2 is located, only when a district of residence cannot be  
3 determined, and the child was not included in the weighted  
4 enrollment of any district pursuant to section 281.9, and the  
5 payment pursuant to subsection 2, paragraph "a", was not made  
6 by any district. The district shall submit a proposed program  
7 and budget to the department of education by January 1 for the  
8 next succeeding school year. The department of education  
9 shall review and approve or modify the program and proposed  
10 budget and shall notify the district by February 1. The  
11 district shall submit a claim by August 1 following the school  
12 year for the actual cost of the program. The department shall  
13 review and approve or modify the claim and shall notify the  
14 department of revenue and finance of the approved claim amount  
15 by September 1. The total amount of the approved claim shall  
16 be paid by the department of revenue and finance to the school  
17 district by October 1. The total amount paid by the  
18 department of revenue and finance shall be deducted monthly  
19 from the state foundation aid paid under section 442-26 257.16  
20 during the remainder of that fiscal year to all school  
21 districts in the state. The portion of the total amount of  
22 the approved claims that shall be deducted from the state aid  
23 of a school district shall be the same as the ratio that the  
24 budget enrollment for the budget year of the school district  
25 bears to the total budget enrollment in the state for the  
26 budget year. The department of revenue and finance shall  
27 transfer the total amount of the approved claims from moneys  
28 appropriated under section 442-26 257.16 for payment to the  
29 school district.

30 <sup>3912-</sup> Sec. 74. Section 283A.9, Code 1989, is amended to read as  
31 follows:

32 283A.9 BUILDING FOR SCHOOL LUNCH FACILITY.  
33 School districts ~~are authorized to~~ may purchase, erect, or  
34 otherwise acquire a building for use as a school lunch  
35 facility, and ~~to equip such a building for such~~ that use, and

1 pay for ~~same~~ the acquisition or equipping from unencumbered  
2 funds on hand in the schoolhouse fund ~~derived from taxes voted~~  
3 ~~under authority of section 278.17, subsection 77, or 275.32,~~  
4 subject to the terms of this section, or may pay for ~~same~~ the  
5 facility or equipment from the proceeds of the sale of school  
6 property sold under section 297.22, or from surplus remaining  
7 in the schoolhouse fund after retirement of a bond issue ~~or~~  
8 ~~from a tax voted for said purposes.~~

9 Sec. 75. Section 285.2, unnumbered paragraph 3, Code 1989,  
10 is amended to read as follows:

11 The costs of providing transportation to nonpublic school  
12 pupils as provided in section 285.1 shall not be included in  
13 the computation of district cost under chapter ~~442~~ 257, but  
14 shall be shown in the budget as an expense from miscellaneous  
15 income. Any transportation reimbursements received by a local  
16 school district for transporting nonpublic school pupils shall  
17 not affect district cost limitations of chapter ~~442~~ 257. The  
18 reimbursements provided in this section are miscellaneous  
19 income as defined in section ~~442-5~~ 257.2.

20 Sec. 76. Section 286A.2, subsections 3, 4, and 5, Code  
21 1989, are amended to read as follows:

22 3. "Base year" means base year as defined in section ~~442-6~~  
23 257.2.

24 4. "Budget year" means budget year as defined in section  
25 ~~442-6~~ 257.2.

26 5. "State percent of growth" is the state percent of  
27 growth calculated under section ~~442-7~~ 257.8.

28 Sec. 77. Section 286A.14, subsection 1, unnumbered  
29 paragraph 1, Code 1989, is amended to read as follows:

30 1. An area school budget review procedure is established  
31 for the school budget review committee created in section  
32 ~~442-12~~ 257.20. The school budget review committee, in  
33 addition to its duties under chapter ~~442~~ 257, shall meet and  
34 hold hearings each year under this chapter to review unusual  
35 circumstances of area schools, either upon the committee's

1 motion or upon the request of an area school. The committee  
 2 may grant supplemental aid to the area school from funds  
 3 appropriated to the department of education for area school  
 4 budget review purposes, or an amount may be added to the area  
 5 school allowable growth for all cost centers and area school  
 6 allowable growth for noninstructional functions for the budget  
 7 year either on a temporary or permanent basis, or the  
 8 committee may allow both.

3343- 9 Sec. 78. Section 291.13, Code 1989, is amended to read as  
 10 follows:

11 291.13 GENERAL AND SCHOOLHOUSE FUNDS.

12 The money collected by ~~a tax authorized by the electors~~ the  
 3376-13 regular and voter-approved physical plant and equipment levies  
 14 or the proceeds of the sale of bonds authorized by law or the  
 15 proceeds of a tax estimated and certified by the board for the  
 16 purpose of paying interest and principal on lawful bonded  
 17 indebtedness ~~or for the purchase of sites as authorized by~~  
 18 ~~law~~, shall be called deposited in the schoolhouse fund and,  
 19 except when authorized by the electors, may be used only for  
 20 the purpose for which originally authorized or certified. The  
 21 money collected by the district management levy shall be  
 22 deposited in the general fund of the school district. All  
 23 other moneys received for any other purpose shall be ~~called~~  
 24 deposited in the general fund. The treasurer shall keep a  
 25 separate account with for each fund, ~~paying no~~ and shall not  
 26 pay an order that fails to state the fund upon which it is  
 27 drawn and the specific use to which it is to be applied.

28 Sec. 79. Section 294A.2, subsections 1 and 2, Code 1989,  
 29 are amended to read as follows:

30 1. "Certified enrollment in a school district" for the  
 31 school years beginning July 1, 1987, July 1, 1988, and July 1,  
 32 1989, means that district's basic enrollment for the budget  
 33 year beginning July 1, 1987 as defined in section 442.4, Code  
 34 1989. For each school year thereafter, certified enrollment  
 35 in a school district means that district's basic enrollment

1 for the budget year as defined in section 257.2.

2 2. "Enrollment served" for the fiscal years beginning July  
3 1, 1987, July 1, 1988, and July 1, 1989, means that area  
4 education agency's enrollment served for the budget year  
5 beginning July 1, 1987. For each school year thereafter,  
6 enrollment served means that area education agency's  
7 enrollment served for the budget year. Enrollment served  
8 shall be determined under section ~~442-27, subsection 12~~  
9 257.27.

10 Sec. 80. Section 294A.9, unnumbered paragraph 1, Code  
11 1989, is amended to read as follows:

12 Phase II is established to improve the salaries of  
13 teachers. For each fiscal year through the fiscal year  
14 beginning July, 1, 1990, the department of education shall  
15 allocate to each school district for the purpose of  
16 implementing phase II an a per pupil amount equal to seventy-  
17 five dollars and ninety-three cents multiplied by the  
18 district's certified enrollment and to each area education  
19 agency for the purpose of implementing phase II an a per pupil  
20 amount equal to three dollars and fifty-five cents multiplied  
21 by the enrollment served in the area education agency, ~~if the~~  
22 ~~general assembly has appropriated sufficient moneys to the~~  
23 ~~fund so that pursuant to section 294A.37 thirty-eight million~~  
24 ~~five hundred thousand dollars will be allocated by the~~  
25 ~~department to school districts and area education agencies for~~  
26 ~~phase II. If because of the amount of the appropriation made~~  
27 ~~by the general assembly to the fund, less than thirty-eight~~  
28 ~~million five hundred thousand dollars is allocated for phase~~  
29 ~~II the department of education shall adjust the amount for~~  
30 ~~each student in certified enrollment and each student in~~  
31 ~~enrollment served based upon the amount allocated for phase~~  
32 II: Notwithstanding the per pupil amount of the payments  
33 specified in this section, for the fiscal year beginning July  
34 1, 1991, and each succeeding fiscal year, the per pupil  
35 amounts upon which the phase II moneys are based shall be

1 increased by an amount equal to the product of the state  
2 percent of growth calculated under section 257.8 and the per  
3 pupil amount for the previous fiscal year.

4 Sec. 81. Section 294A.14, Code 1989, is amended by adding  
5 the following new unnumbered paragraph after unnumbered  
6 paragraph 1:

7 NEW UNNUMBERED PARAGRAPH. Notwithstanding the amount per  
8 pupil of the payments specified in this section, for the  
9 fiscal year beginning July 1, 1991, and each succeeding fiscal  
10 year, the per pupil amounts upon which the phase III moneys  
11 are based shall be increased by an amount equal to the product  
12 of the state percent of growth calculated under section 257.8  
13 and the per pupil amount for the previous fiscal year.

14 Sec. 82. Section 294A.22, Code 1989, is amended to read as  
15 follows:

16 294A.22 PAYMENTS.

17 Payments for each phase of the educational excellence  
18 program shall be made by the department of revenue and finance  
19 on a quarterly basis, and the payments shall be separate from  
20 state aid payments made pursuant to sections ~~442-25~~ 257.16 and  
21 ~~442-26~~ 257.24. ~~For the school year beginning July 1, 1987,~~  
22 ~~the first quarterly payment shall be made not later than~~  
23 ~~October 15, 1987 taking into consideration the relative budget~~  
24 ~~and cash position of the state resources.~~ The payments to a  
25 school district or area education agency may be combined and a  
26 separate accounting of the amount paid for each program shall  
27 be included.

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

31 Sec. 83. Section 294A.25, subsection 1, Code 1989, is  
32 amended to read as follows:

33 1. ~~For each fiscal year commencing with the fiscal year~~  
34 beginning July 1, 1987 1990, there is appropriated from the  
35 general fund of the state to the department of education the

1 amount of ninety-two million one hundred thousand eighty-five  
2 dollars to be used to improve teacher salaries. For each  
3 fiscal year thereafter, there is appropriated an amount equal  
4 to the amount appropriated for the fiscal year beginning July  
5 1, 1990, plus an amount sufficient to pay the costs of the  
6 additional funding provided for school districts and area  
7 education agencies under sections 294A.9 and 294A.14. The  
8 moneys shall be distributed as provided in this section.

9 Sec. 84. Section 294A.25, subsection 5, Code 1989, is  
10 amended to read as follows:

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

19 Sec. 85. Section 296.7, Code 1989, is amended to read as  
20 follows:

21 296.7 INDEBTEDNESS FOR INSURANCE AUTHORIZED -- TAX LEVY.  
22 A school district or merged area school corporation is  
23 ~~authorized to~~ may contract indebtedness and ~~to~~ issue general  
24 obligation bonds or enter into insurance agreements obligating  
25 the school district or corporation to make payments beyond its  
26 current budget year to procure or provide for a policy of  
27 insurance, a self-insurance program, or establish and maintain  
28 a local government risk pool to protect the school district or  
29 corporation from tort liability, loss of property,  
30 environmental hazards, or any other risk associated with the  
31 operation of the school district or corporation. Taxes for  
32 the payment of the principal, premium, or interest on ~~such a~~  
33 ~~bond~~ the bonds, the payment of ~~such an~~ the premium on the  
34 insurance policy, the payment of the costs of ~~such a~~ self-  
35 insurance program, the payment of the costs of such a local

1 government risk pool, and the payment of any amounts payable  
 2 under any such an insurance agreement authorized in this  
 3 section may be levied in excess of any tax limitation imposed  
 4 by statute. However, for a school district, a tax levied  
 5 under this section shall be included in the district  
 6 management levy under section 298.4. Such a self-insurance  
 7 program or local government risk pool is not insurance and is  
 8 not subject to regulation under chapters 505 through 523C.  
 9 However, those self-insurance plans regulated pursuant to  
 10 section 509A.14 shall remain subject to the requirements of  
 11 section 509A.14 and rules adopted pursuant to that section.

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

19 Sec. 86. NEW SECTION. 297.35 CONTINUATION OF LOAN  
 20 AGREEMENT.

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

29 Sec. 87. Section 297.36, Code 1989, is amended to read as  
 30 follows:

31 297.36 LOAN AGREEMENTS.

32 In order to make immediately available proceeds of the  
 33 schoolhouse-tax voter-approved physical plant and equipment  
 34 levy which has been approved by the voters as provided in  
 35 section 278.17-subsection-7 298.2, the board of directors may,

1 with or without notice, borrow money and enter into loan  
2 agreements in anticipation of the collection of the tax with a  
3 bank, investment banker, trust company, insurance company, or  
4 insurance group.

5 By resolution, the board shall provide for an annual levy  
6 which is within the limits of the ~~tax-approved-by-the-voters~~  
3370-7 voter-approved physical plant and equipment levy to pay for  
8 the amount of the principal and interest due each year until  
9 maturity. The board shall file a certified copy of the  
10 resolution with the auditor of each county in which the  
11 district is located. The filing of the resolution with the  
12 auditor ~~shall-make~~ makes it the duty of the auditor to  
13 annually levy the amount certified for collection until funds  
14 are realized to repay the loan and interest on the loan in  
15 full.

16 The loan must mature within the period of time authorized  
17 by the voters and shall bear interest at a rate which does not  
18 exceed the limits provided under chapter 74A. A loan  
19 agreement entered into pursuant to this section shall be in a  
20 form as the board of directors shall by resolution provide and  
21 the loan shall be payable as to both principal and interest  
22 from the proceeds of the annual levy of the ~~voted-tax-pursuant~~  
3370-23 to-section-278-17-subsection-7 voter-approved physical plant  
24 and equipment levy, or so much thereof as will be sufficient  
25 to pay the loan and interest on the loan.

26 The proceeds of a loan must be deposited in a fund which is  
27 separate from other district funds. Warrants paid from this  
28 fund must be for purposes authorized by ~~the-voters-as-provided~~  
3370-29 in-section-278-17-subsection-7 for the voter-approved physical  
30 plant and equipment levy.

31 This section does not limit the authority of the board of  
3370-32 directors to levy the full amount of the ~~voted-tax~~ voter-  
33 approved physical plant and equipment levy, but if and to  
34 whatever extent the tax is levied in any year in excess of the  
35 amount of principal and interest falling due in that year



1 under a loan agreement, the first available proceeds, to an  
2 amount sufficient to meet maturing installments of principal  
3 and interest under the loan agreement, shall be paid into the  
4 sinking fund for the loan before the taxes are otherwise made  
5 available to the school corporation for other school purposes,  
6 and the amount required to be annually set aside to pay  
7 principal of and interest on the money borrowed under the loan  
8 agreement shall-constitute constitutes a first charge upon the  
3390-9 proceeds of the ~~special-voted-tax~~ voter-approved physical  
10 plant and equipment levy, which tax shall be pledged to pay  
11 the loan and the interest on the loan.

12 This section is supplemental and in addition to existing  
13 statutory authority to finance the purposes specified in  
14 section ~~278-17-subsection-7~~ 298.2 for the physical plant and  
15 equipment levy, and for the borrowing of money and execution  
16 of loan agreements in connection with that section and  
17 ~~subsection~~, and is not subject to any other law. The fact  
18 that a school corporation may have previously borrowed money  
19 and entered into loan agreements under authority of this  
20 section does not prevent the school corporation from borrowing  
21 additional money and entering into further loan agreements if  
22 the aggregate of the amount payable under all of the loan  
23 agreements does not exceed the proceeds of the ~~voted-tax~~  
3370-24 voter-approved physical plant and equipment levy.

25 Sec. 88. Section 298.1, Code 1989, is amended to read as  
26 follows:

27 298.1 SCHOOL TAXES.

28 The board of each school district shall estimate the amount  
29 of the proposed expenditures and proposed receipts for the  
30 general school purposes at a time and in a manner to  
31 effectuate the provisions of chapter ~~442~~ 257 and sections  
32 281.9 and 281.11. Compliance with chapter 24 shall be  
33 observed.

34 Sec. 89. NEW SECTION. 298.2 IMPOSITION OF PHYSICAL PLANT  
35 AND EQUIPMENT LEVY.

3351, 3370,

3371-1 1. A physical plant and equipment levy of not exceeding  
2 one dollar per thousand dollars of assessed valuation in the  
3 district is established. The physical plant and equipment  
4 levy consists of the regular physical plant and equipment levy  
5 of not exceeding fifty cents per thousand dollars of assessed  
6 valuation in the district and a voter-approved physical plant  
7 and equipment levy of not exceeding fifty cents per thousand  
8 dollars of assessed valuation in the district. However, the  
9 board of directors may increase the rate of the voter-approved  
10 levy to a rate not exceeding sixty-seven cents for the purpose  
11 of using either section 279.26 or 297.36, or both, if approved  
12 by the voters and if the board correspondingly reduces the  
13 rate of the regular physical plant and equipment levy. The  
14 levy limitations of this subsection are subject to subsection  
15 5.

3372-16 2. The board of directors of a school district may certify  
17 for levy by March 15 of a school year a tax on all taxable  
18 property in the school district for the regular physical plant  
19 and equipment levy.

20 3. The board may, and upon the written request of twenty-  
21 five eligible electors of a district having a population of  
22 five thousand or less or of fifty eligible electors of any  
23 other district shall, direct the county commissioner of  
24 elections to provide for submitting the proposition of levying  
25 the voter-approved physical plant and equipment levy for a  
26 period of time authorized by the voters in the notice of  
27 election not to exceed ten years. The proposition is adopted  
28 if a majority of those voting on the proposition approves it.

3370-29 4. The proposition to levy the voter-approved physical  
30 plant and equipment levy is not affected by a change in the  
31 boundaries of the school district, except as otherwise  
32 provided in this section. If each school district involved in  
33 a school reorganization under chapter 275 has adopted the  
34 voter-approved physical plant and equipment levy and if the  
35 voters have not voted upon the proposition to levy the voter-

1 approved physical plant and equipment levy in the reorganized  
 2 district, the existing voter-approved physical plant and  
 3 equipment levy is in effect for the reorganized district for  
 4 the least amount and the shortest time for which it is in  
 5 effect in any of the districts.

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

9 5. If the board of directors of a school district in which  
 10 the voters have authorized the schoolhouse tax prior to July  
 11 1, 1991, has entered into a rental or lease arrangement under  
 12 section 279.26, Code 1989, or has entered into a loan  
 13 agreement under section 297.36, Code 1989, the levy shall  
 14 continue for the period authorized and the maximum levy that  
 15 can be authorized under the voter-approved physical plant and  
 16 equipment levy is reduced by the rate of the schoolhouse tax.

357027 Sec. 90. NEW SECTION. 298.3 REVENUES FROM THE LEVIES.

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

21 1. The purchase and improvement of grounds. For the  
 22 purpose of this section: "purchase of grounds" includes the  
 23 legal costs relating to the property acquisition, costs of  
 24 surveys of the property, costs of relocation assistance under  
 25 state and federal law, and other costs incidental to the  
 26 property acquisition. "Improvement of grounds" includes  
 27 grading, landscaping, paving, seeding, and planting of shrubs  
 28 and trees; constructing sidewalks, roadways, retaining walls,  
 29 sewers and storm drains, and installing hydrants; surfacing  
 30 and soil treatment of athletic fields and tennis courts;  
 31 furnishing and installing flagpoles, gateways, fences, and  
 32 underground storage tanks which are not parts of building  
 33 service systems; demolition work; and special assessments  
 34 against the school district for public improvements, as  
 35 defined in section 384.37.

1 2. The construction of schoolhouses or buildings and  
2 opening roads to schoolhouses or buildings.

3 3. The purchase of buildings and the purchase of a single  
4 unit of equipment exceeding five thousand dollars in value.

5 4. The payment of debts contracted for the erection or  
6 construction of schoolhouses or buildings, not including  
7 interest on bonds.

8 5. Procuring or acquisition of libraries.

9 6. Repairing, remodeling, reconstructing, improving, or  
10 expanding the schoolhouses or buildings and additions to  
11 existing schoolhouses.

12 For the purpose of this subsection, "repairing" means to  
13 restore an existing structure or thing to its original  
14 condition, as near as may be, after decay, waste, injury, or  
15 partial destruction, but does not include maintenance; and  
16 "reconstruction" means to rebuild or to restore as an entity a  
17 thing which was lost or destroyed.

18 7. Expenditures for energy conservation.

19 8. The rental of facilities under chapter 28E.

20 9. Purchase of transportation equipment for transporting  
21 students.

22 10. Lease-purchase option agreements for school buildings.

23 11. Equipment purchases for recreational purposes.

24 Interest earned on money in the schoolhouse fund may be  
25 expended for a purpose listed in this section.

26 Sec. 91. NEW SECTION. 298.4 DISTRICT MANAGEMENT LEVY.

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

33 1. To pay the cost of unemployment benefits as provided in  
34 section 96.31.

35 2. To pay the costs of liability insurance and the costs

1 of a judgment or settlement relating to liability together  
 2 with interest accruing on the judgment or settlement to the  
 3 expected date of payment.

4 3. To pay the costs of insurance agreements under section  
 5 296.7.

6 4. To pay the costs of a judgment under section 298.16.

7 5. To pay the cost of early retirement benefits to  
 8 employees under section 279.46.

3378-  
 3342-9 Sec. 92. Section 298.9, Code 1989, is amended to read as  
 10 follows:

11 298.9 SPECIAL LEVIES.

3370-12 If ~~a schoolhouse tax~~ the voter-approved physical plant and  
 13 equipment levy is voted at a special election and certified to  
 14 said the board after the regular levy is made, it the board  
 15 shall at its next regular meeting levy such the tax and cause  
 16 the-same it to be forthwith entered upon the tax list to be  
 17 collected as other school taxes. If the certification is so  
 18 filed prior to April 1, said the annual levy shall begin with  
 19 the tax levy of the year of filing. If the certification is  
 20 filed after April 1 in any a year, such the levy shall begin  
 21 with the levy of the fiscal year succeeding the year of the  
 22 filing of such the certification.

23 Sec. 93. Section 298.10, Code 1989, is amended to read as  
 24 follows:

25 298.10 LEVY FOR CASH RESERVE.

26 The board of directors of a school district may certify for  
 27 levy by March 15 of a school year, a tax on all taxable  
 28 property in the school district in order to raise an amount  
 29 for a necessary cash reserve for a school district's general  
 30 fund. The amount raised for a necessary cash reserve does not  
 31 increase a school district's authorized expenditures as  
 32 defined in section ~~442-57-subsection-2~~ 257.7.

33 Sec. 94. Section 298.16, Code 1989, is amended to read as  
 34 follows:

35 298.16 JUDGMENT TAX.

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

3475

7 Sec. 95. NEW SECTION. 300.5 APPLICABILITY.

8 This chapter applies only to school districts that have  
9 approved the levy and collection of the tax prior to July 1,  
557510 1991, and have not voted to discontinue the levy under section  
11 300.3.

12 Sec. 96. Section 301.30, unnumbered paragraph 3, Code  
13 1989, is amended to read as follows:

14 The costs of providing textbook services to nonpublic  
15 school pupils as provided in section 301.1 shall not be  
16 included in the computation of district cost under chapter 442  
17 257, but shall be shown in the budget as an expense from  
18 miscellaneous income. Any textbook reimbursements received by  
19 a local school district for serving nonpublic school pupils  
20 shall not affect district cost limitations of chapter 442 257.  
21 The reimbursements provided in this section are miscellaneous  
22 income as defined in section 442-5 257.2.

23 Sec. 97. Section 331.512, subsection 12, Code 1989, is  
24 amended to read as follows:

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

347

27 Sec. 98. Section 422.9, subsection 6, unnumbered paragraph  
28 3, Code 1989, is amended to read as follows:

29 ~~The provisions of this~~ This subsection ~~shall~~ does not  
30 affect the amount of the taxpayer's checkoff to the Iowa  
31 election campaign fund under section 56.18, the checkoff for  
32 the fish and game protection fund in section 107.16, the  
33 credits from tax provided in sections 422.107-422-11A7-and  
34 through 422.12 and the allocation of these credits between  
35 spouses if the taxpayers filed separate returns or separately

1 on combined returns, or the amount of the taxpayer's school  
 333-2 district income surtax liability under section 442.15 257.58  
 3 as these items were properly computed or claimed on taxpayers'  
 4 returns.

3351  
 34127  
 5 Sec. 99. Section 442.39, subsection 4, Code 1989, is  
 6 amended to read as follows:

3351-7 4. Pupils enrolled in a school district in which ~~one or~~  
 8 ~~more administrators are the superintendent~~ is employed jointly  
 9 under section 280.157 or ~~in which one or more administrators~~  
 10 ~~are employed under section 273.7A~~, are assigned a weighting of  
 11 one plus five-hundredths for each administrator superintendent  
 12 who is jointly employed times the percent of the  
 13 administrator's superintendent's time in which the  
 14 administrator superintendent is employed in the school  
 15 district. However, the total additional weighting assigned  
 16 under this subsection for a budget year for a school district  
 17 is fifteen and the total additional weighting that may be  
 18 added cumulatively to the enrollment of school districts  
 19 sharing an administrator a superintendent is twenty-five.

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

22 a. -- Executive administrators, which includes the  
 23 superintendent and such assistants as deputy, associate, and  
 24 assistant superintendents who perform activities in the gen-  
 25 eral direction and management of the affairs of the local  
 26 school districts:

3351  
 27 b. -- School administrators, which includes assistant  
 28 principals, and other assistants in general supervision of the  
 29 operations of the school. -- School administrators does not  
 30 include principals:

31 c. -- Business administrators, which includes personnel  
 32 associated with activities concerned with purchasing, paying  
 33 for, transporting, exchanging, and maintaining goods and  
 34 services for the school district:

35 Effective July 1, 1988, the additional weighting assigned

1 under this subsection may be assigned to a district for a  
2 maximum of five years and, thereafter, the additional  
3 weighting shall not be assigned to the same district under  
4 this section, but may be assigned under section 442.39A.  
5 Additional weighting assigned under this subsection between  
6 July 1, 1988, and June 30, 1989, may be continued under this  
7 subsection for a maximum of five years.

8 Sec. 100. Section 613A.7, Code 1989, is amended to read as  
9 follows:

10 613A.7 INSURANCE.

11 The governing body of any a municipality may purchase a  
12 policy of liability insurance insuring against all or any part  
13 of liability which might be incurred by such the municipality  
14 or its officers, employees, and agents ~~under the provisions of~~  
15 section 613A.2 and section 613A.8 and may similarly purchase  
16 insurance covering torts specified in section 613A.4. The  
17 governing body of any a municipality may adopt a self-  
18 insurance program, including but not limited to the  
19 investigation and defense of claims, the establishment of a  
20 reserve fund for claims, the payment of claims, and the  
21 administration and management of the self-insurance program,  
22 to cover all or any part of the liability. The governing body  
23 of any a municipality may join and pay funds into a local  
24 government risk pool to protect itself against any or all  
25 liability. The governing body of any a municipality may enter  
26 into insurance agreements obligating the municipality to make  
27 payments beyond its current budget year to provide or procure  
28 such policies of insurance, self-insurance program, or local  
29 government risk pool. The premium costs of such the  
30 insurance, the costs of such a self-insurance program, the  
31 costs of a local government risk pool, and the amounts payable  
32 under any such insurance agreements may be paid out of the  
33 general fund or any available funds or may be levied in excess  
34 of any tax limitation imposed by statute. However, for school  
35 districts, the costs shall be included in the district



1 management levy as provided in section 296.7. Any independent  
2 or autonomous board or commission in the municipality having  
3 authority to disburse funds for a particular municipal  
4 function without approval of the governing body may similarly  
5 enter into insurance agreements, procure liability insurance,  
6 adopt a self-insurance program, or join a local government  
7 risk pool within the field of its operation. The procurement  
8 of such insurance constitutes a waiver of the defense of  
9 governmental immunity as to those exceptions listed in section  
10 613A.4 to the extent stated in ~~such~~ the policy but shall have  
11 no further effect on the liability of the municipality beyond  
12 the scope of this chapter, but if a municipality adopts a  
13 self-insurance program or joins and pays funds into a local  
14 government risk pool such action does not constitute a waiver  
15 of the defense of governmental immunity as to the exceptions  
16 listed in section 613A.4. The existence of any insurance  
17 which covers in whole or in part any judgment or award which  
18 may be rendered in favor of the plaintiff, or lack of any such  
19 insurance, shall not be material in the trial of any action  
20 brought against the governing body of any a municipality, or  
21 its officers, employees, or agents and any reference to such  
22 insurance, or lack of ~~same~~ insurance, ~~shall-be~~ is grounds for  
23 a mistrial. A self-insurance program or local government risk  
24 pool is not insurance and is not subject to regulation under  
25 chapters 505 through 523C.

26 Sec. 101. Section 613A.10, Code 1989, is amended to read  
27 as follows:

28 613A.10 TAX TO PAY JUDGMENT OR SETTLEMENT.

29 When a final judgment is entered against or a settlement is  
30 made by a municipality for a claim within the scope of section  
31 613A.2 or 613A.8, payment shall be made and the same remedies  
32 ~~shall~~ apply in the case of nonpayment as in the case of other  
33 judgments against the municipality. If ~~said a~~ a judgment or  
34 settlement is unpaid at the time of the adoption of the annual  
35 budget, ~~it~~ the municipality shall budget an amount sufficient

1 to pay the judgment or settlement together with interest  
2 accruing ~~thereon~~ on it to the expected date of payment. Such  
3 A tax may be levied in excess of any limitation imposed by  
4 statute. However, for school districts the costs of a  
5 judgment or settlement under this section shall be included in  
6 the district management levy pursuant to section 298.4.

3428  
7 Sec. 102. If the electors of a school district have  
335-8 approved, prior to March 15, 1991, the schoolhouse tax levy to  
9 provide for the lease-purchase of school buildings or other  
10 authorized school district tax levy, the tax levy so approved  
11 shall continue in effect until the expiration period for which  
12 it was approved.

335  
335-13 Sec. 103. FUNDS FOR NEW EDUCATIONAL STANDARDS. There is  
14 appropriated from the general fund of the state for the fiscal  
15 year commencing July 1, 1990, and ending June 30, 1991, to the  
16 department of education for allocation to school districts for  
17 the costs of implementing educational standards adopted by the  
18 state board of education under section 256.11, the sum of  
19 sixteen million nine hundred thousand dollars, or so much  
20 thereof as is necessary, to be allocated to school districts  
21 based upon each school district's budget enrollment for the  
22 budget year. From the moneys appropriated in this section,  
23 ten million dollars shall be allocated for programs for gifted  
24 and talented pupils. Moneys received by school districts  
25 under this section are miscellaneous income for purposes of  
26 chapter 442. Payments under this section shall be made in the  
27 manner provided in section 442.26.

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3345  
3345-28 Sec. 104. Chapter 260A, Code 1989, is repealed effective  
29 July 1, 1991.

3345  
3312  
3345-30 Sec. 105. Sections 279.43, 294A.11, 294A.24, 297.5, and  
31 298.17, Code 1989, are repealed effective July 1, 1991.

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3345-32 Sec. 106. Section 99 of this Act, being deemed of  
33 immediate importance, takes effect upon enactment.

3345  
3345-34 Sec. 107. Sections 54, 83, 84, and 103 of this Act take  
35 effect July 1, 1990.

334-1 Sec. 108. Sections 1 through 33, 38, 39, 47, 53, 55  
334-2 through 63, 67, 85, 89 through 91, 94, 95, 98, 101, and 102 of  
3 this Act take effect July 1, 1990, for the purpose of  
4 computations required for payment of state aid to and levying  
5 of property taxes by school districts for the budget year  
6 beginning July 1, 1991.

334-7 Sec. 109. Sections 34 through 37, 40 through 46, 48  
8 through 52, 64 through 66, 68 through 82, 86 through 88, 92,  
9 93, 96, 97, and 100 of this Act take effect July 1, 1991.

10

## EXPLANATION

11 This bill rewrites the formula that provides state school  
12 foundation aid and makes other changes in the financing of  
13 area education agencies and school districts. Changes to the  
14 school foundation aid formula take effect July 1, 1991. The  
15 foundation level begins at 83.25% and increases .25% per year  
16 until it reaches 85% of the state cost per pupil. School  
17 district budgets are guaranteed at 101% of the prior year's  
18 budget for the first year and 100% the next two years. Both  
19 state cost and district cost are recalculated for each year of  
20 the first three years of the formula in order to provide a  
21 transition to the new formula. In addition, the enrollment  
22 calculation is phased in until in the 1993-1994 school year  
23 enrollment is based upon a declining enrollment matrix.  
24 Districts will retain the ability to receive an advance for  
25 increasing enrollment. Allowable growth will be calculated  
26 for a two-year period rather than a single year. The  
27 allowable growth amount will be adjusted based upon whether a  
28 district's district cost per pupil is higher or lower than the  
29 state cost per pupil.

30 Values of special education and supplementary weighting  
31 will be adjusted to provide that the same amount of money will  
32 be generated as under the current formula. Special education  
33 support services costs will be recalculated to provide the  
34 same level of funding for the area education agencies as the  
35 current law.

1 A property tax adjustment is established to provide that  
2 property tax revenues under the new formula will not exceed  
3 property tax revenues that would have been generated under the  
4 current formula. Twenty dollars per pupil plus growth is  
5 added to state cost per pupil and district cost per pupil for  
6 the costs of programs for talented and gifted pupils. In  
7 addition, six million nine hundred thousand dollars is  
8 provided to help school districts to meet the new standards.  
9 For 1990-1991, sixteen million dollars is appropriated for  
10 talented and gifted pupils and to meet the new standards.  
11 Beginning July 1, 1990, ten million dollars is appropriated to  
12 the department of education for allocation to area education  
13 agencies and school districts for programs for at-risk  
14 children. Beginning July 1, 1991, two million dollars is  
15 appropriated to the school budget review committee to be  
16 granted to school districts with unique demographic problems.

17 A physical plant and equipment property tax levy of not  
18 exceeding \$1.00 per thousand dollars of assessed valuation is  
19 established to replace the present schoolhouse and site  
20 levies. Fifty cents of the dollar may be levied by board  
21 action and the remainder requires approval at an election. Up  
22 to sixty-seven cents may be anticipated for a ten-year period.  
23 A district management levy is established to be placed in a  
24 special account of the general fund. The recreational and  
25 playground levy is abolished, but those districts currently  
26 using the levy may continue to do so.

27 An instructional support program is established in which  
28 districts may increase their regular educational program  
29 budgets by ten percent and receive partial state funding for  
30 the costs of the program. The remainder of the cost is funded  
31 by property taxes. The board may approve the use of the  
32 instructional support program for five years and thereafter  
33 approval by the electorate is required.

34 Supplementary weighting provided for "whole-grade sharing"  
35 by school districts is repealed effective July 1, 1994.

1 The funds received by school districts and area education  
2 agencies for phases II and III of the educational excellence  
3 program will include a growth amount each year.

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HOUSE FILE 535  
REVISED  
FISCAL NOTE

A fiscal note for HOUSE FILE 535 REVISED is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 535 creates a new school finance plan (chapter 257) to replace the present school foundation program (chapter 442). The new funding formula is phased in over a three year period beginning with the 1991-92 school year. The proposal also makes other changes to the funding of school districts and area education agencies (AEAs) beginning with the 1990-91 school year.

**FOUNDATION PLAN**

Foundation Base. Under current law, the foundation base is 82.0% of the state cost per pupil, and increases .5% per year until it reaches 85.0%. The proposal sets the foundation base for the 1991-92 school year at 83.25%, and would increase .25% per year until it reaches 85%.

Foundation Levy. The foundation property tax levy is established at \$5.40 per thousand dollars of assessed valuation as in current law, except where the foundation levy reduction incentive is in place.

Additional Levy. The additional property tax levy is defined as a levy to raise the difference between a school district's district cost (control budget) and the sum of the district's regular program foundation base times its weighted enrollment and its special education support services foundation base times its weighted enrollment for special education support services. This is similar to current law.

Enrollment Calculations. When the formula is fully implemented in 1993-94, the budget enrollment (enrollment used for regular programs) will consist of adjustments to the district's headcount for the previous September using a five year declining enrollment matrix base upon the magnitude of the decline and the years since the decline occurred. This would replace the current law budget enrollment calculation which is the sum of 20% of the 1978 headcount and 80% of the greater of the basic enrollment or the previous year's basic enrollment, or the basic enrollment if it is greater than the budget enrollment. During the phase-in period before the matrix is used, transitional enrollment calculations are used.

Allowable Growth. The proposal uses the same combination of percentages as is used in the present formula, averaging changes in the state revenues and changes in the gross national product implicit price deflator. Under the proposal, allowable growth would be computed an additional year in advance. It would allow for some adjustment to the revenue estimates used, but would not allow for adjustments for revenue growth due to tax law changes.

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State Cost Per Pupil. The state cost per pupil is recalculated for each of the first three years of the program using transitional enrollments. Added to the current law state cost are the semi-annual apportionment monies (school fine), frozen livestock and personal property tax replacements, \$20 per pupil for gifted and talented programs, and an adjustment factor.

District Cost Per Pupil. Regular program district cost per pupil is also recalculated for each of the first three years of implementation. During that period, the district cost per pupil is limited to 110% of the state cost per pupil. Beginning with 1994-95 the allowable growth amount added to a district's district cost would be adjusted by adding to or subtracting from the allowable growth amount, based upon the percent the district cost per pupil is above or below the state cost per pupil.

Special Education. Adjustments to special education weights will be made by the School Budget Review Committee (SBRC) so that current law funding would be maintained.

Sharing Incentives. The weighting for whole grade sharing is discontinued after 1993-94. The weighting may be continued for a total of ten years if the school districts involved reorganize. It also limits administrative sharing to superintendents beginning July 1, 1989. Current law allows for supplemental weighting for the sharing of most administrative personnel. The administrative weighting may be continued for five years if the school districts reorganize. The specific weighting factor will be adjusted so that they conform to the recalculated district and state costs per pupil.

Reorganization Incentives. The incentives for reorganization would be discontinued except for districts where the incentives are already in place. The current law incentives include a foundation levy reduction, supplemental aid for higher additional levies, and debt service aid for districts that have enrollments of less than 600.

Budget Guarantee. For 1991-92 the guarantee is 101% of the regular program, and for 1992-93 and 1993-94 the guarantee is 100% of the regular program. Beginning with 1994-95 the guarantee is eliminated when the matrix is fully implemented.

Property Tax Hold Harmless. Additional state aid is provided for each of the years 1991-92, 1992-93, and 1993-94, to school districts where property taxes within the control budget are greater than they would have been under current law. Beginning 1994-95, the property tax adjustment aid will be equal to the aid paid in 1993-94 less the percent by which the value of taxable property in the district increases from the previous year.

#### GENERAL OPERATING FUND OUTSIDE FOUNDATION FORMULA

School Budget Review Committee. The SBRC is given the same authority as under current law, except that it adds the requirement for recommendations on CAAP reporting, allows the granting of modified allowable growth for environmental hazard costs, and may grant supplemental aid or modified allowable growth to school districts for unique demographic characteristics resulting in high logistics costs. There is appropriated \$2.0 million for supplemental aid.

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Additional Allowable Growth Programs. The current law mechanism is continued for funding programs for dropouts and returning dropouts using modified allowable growth. The school improvement program is repealed after July 30, 1991. The additional allowable growth program for gifted and talented programs is eliminated. An amount of \$20 per pupil plus growth is allocated to all school districts through the formula for gifted and talented programs to replace the current law additional allowable growth program.

Standards. An additional \$6.9 million is appropriated to be allocated to school districts for the costs of implementing the new educational standards, beginning with the 1991-92 school year. The proposal also appropriates \$10.0 million to school districts and AEAs for programs for at-risk children.

Educational Excellence Program. Phase II would remain outside of the formula as under current law, except that allowable growth would be added beginning 1991-92. Allowable growth would also be added to phase III beginning 1991-92, if one component of the phase III plan includes a performance-based pay plan.

Area Education Agencies. Funding for area education agencies is similar to current law.

#### DISCRETIONARY SPENDING

Instructional Support Levy. An instructional support levy is established which would allow school districts to raise an additional 10% of their district cost. The levy would be 25% equalized by the state, and the percent of state aid received would be based on the district's assessed valuation per pupil compared to the state's. The levy could be imposed by board action for the first five years. Approval at an election would permit the imposition of the levy for five additional years. A vote would be required after three years. This levy would replace the current law enrichment levy which would be limited in use to the costs of asbestos removal, unless the enrichment tax is already in place.

Physical Plant and Equipment Levy. The current law site levy and schoolhouse levy are combined. Use is expanded to include equipment purchases exceeding \$5,000. Of the total \$1.00 per \$1,000 of assessed valuation, \$0.50 may be imposed by board action, and \$0.50 must be approved at an election. Up to \$0.67 may be approved at election and the collection may be anticipated up to 10 years.

District Management Levy. The current law levies for unemployment insurance, early retirement incentives and tort liability into one levy.

Other. The proposal would allow school districts who are currently imposing the playground and recreation levy to continue.

#### ASSUMPTIONS

1. The allowable growth rate is estimated at five percent per year for FY 1991, FY 1992, FY 1993, and FY 1994.
2. Assessed valuation will increase by one percent for FY90 budgets and an



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additional one and one-half in FY 1991. No change in assessed valuation is estimated after FY 1991.

3. Enrollments are based upon past trends in each district.
4. No change in the number of pupils identified for special education.
5. No change in the number of pupils for supplemental weighting.
6. All school districts would have a performance-based component to their phase III plans.

**FISCAL EFFECT:**

The proposal would result in a cumulative increase to state aid and property taxes of \$108.1 million over current law for FY 1991 through FY 1994.

	<u>FY91 Current Law</u>	<u>FY91 Proposed Law</u>	<u>FY91 Difference</u>
Control Budget	-		
State Aid	\$1,081.3	\$1,081.3	\$ 0.0
Property Tax	620.6*	620.6	0.0
Ed. Standards	0.0	6.9	6.9
At-Risk Programs	0.0	10.0	10.0
Talented & Gifted			
State Aid	0.0	0.0	0.0
Property Tax	6.9	6.9	0.0
Educ. Excellence			
Phase II	38.5	38.5	0.0
Phase III	42.4	42.4	0.0
<b>TOTAL</b>	<b>\$1,789.7</b>	<b>\$1,806.6</b>	<b>\$16.9</b>

\*\$6.9 million additional allowable growth for gifted and talented programs is deducted from the control budget and counted separately

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	FY92 <u>Current Law</u>	FY92 <u>Proposed Law</u>	FY92 <u>Difference</u>
Control Budget			
State Aid	\$1,145.2	\$1,156.6	\$11.4
Property Tax	623.5*	623.5	0.0
Ed. Standards	0.0	6.9	6.9
At-Risk Programs	0.0	10.0	10.0
Talented & Gifted			
State Aid	0.0	0.0**	0.0
Property Tax	6.9	0.0	-6.9
Size Adjustment	0.0	0.0	0.0
Transportation (SBRC)	0.0	2.0	2.0
Educ. Excellence			
Phase II	38.5	40.4	1.9
Phase III	42.4	44.5	2.1
<b>TOTAL</b>	<b>\$1,856.5</b>	<b>\$1,883.9</b>	<b>\$27.4</b>

\*\$6.9 million additional allowable growth for gifted and talented programs is deducted from the control budget and counted separately

\*\*\$10.0 million for gifted and talented programs incorporated into the control budget

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	<u>FY93 Current Law</u>	<u>FY93 Proposed Law</u>	<u>FY93 Difference</u>
Control Budget			
State Aid	\$1,215.6	\$1,229.1	\$13.5
Property Tax	628.6*	625.8	-2.8
Ed. Standards	0.0	6.9	6.9
At-Risk Programs	0.0	10.0	10.0
Talented & Gifted			
State Aid	0.0	0.0**	0.0
Property Tax	6.9	0.0	-6.9
Size Adjustment	0.0	0.0	0.0
Transportation (SBRC)	0.0	2.0	2.0
Educ. Excellence			
Phase II	38.5	42.4	3.9
Phase III	42.4	46.8	4.4
<b>TOTAL</b>	<b>\$1,932.0</b>	<b>\$1,963.0</b>	<b>\$31.0</b>

\*\$6.9 million additional allowable growth for gifted and talented programs is deducted from the control budget and counted separately

\*\*\$10.0 million for gifted and talented programs incorporated into the control budget

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	FY94 <u>Current Law</u>	FY94 <u>Proposed Law</u>	FY94 <u>Difference</u>
Control Budget			
State Aid	\$1,294.1	\$1,313.4	\$19.3
Property Tax	633.1*	621.9	-11.2
Ed. Standards	0.0	6.9	6.9
At-Risk Programs	0.0	10.0	10.0
Talented & Gifted			
State Aid	0.0	0.0**	0.0
Property Tax	6.9	0.0	-6.9
Size Adjustment	0.0	0.0	0.0
Transportation (SBRC)	0.0	2.0	2.0
Educ. Excellence			
Phase II	38.5	44.5	6.0
Phase III	42.4	49.1	6.7
<b>TOTAL</b>	<b>\$2,015.0</b>	<b>\$2,047.8</b>	<b>\$32.8</b>

\*\$6.9 million additional allowable growth for gifted and talented programs is deducted from the control budget and counted separately

\*\*\$10.0 million for gifted and talented programs incorporated into the control budget

Sources: Department of Education  
Department of Management

(LSB 4170hv.2, TLJ)

FILED MARCH 10, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR

## HOUSE FILE 535

H-3336

1 Amend House File 535 as follows:

2 1. Page 29, line 6, by inserting after the word  
 3 "years." the following: "However, the board of  
 4 directors may waive its authority to adopt the  
 5 instructional support program by resolution, or may  
 6 rescind its action to adopt the instructional support  
 7 program by resolution, and may call an election for  
 8 authority to adopt the instructional support program  
 9 for a five-year period using the election procedure  
 10 specified in section 257.19. Prior to making a  
 11 decision on the instructional support program, the  
 12 board shall hold a public hearing on the question."

13 2. Page 29, line 16, by inserting after the word  
 14 "year." the following: "Funding for the instructional  
 15 support program shall be obtained from instructional  
 16 support state aid, and a combination of an  
 17 instructional support property tax and an  
 18 instructional support income surtax."

19 3. Page 29, by striking lines 17 through 19 and  
 20 inserting the following: "amount to be raised for the  
 21 instructional support program in the manner provided  
 22 in this section."

23 4. Page 29, line 20, by inserting after the word  
 24 "determine" the following: "the amount to be raised  
 25 by the combination of".

26 5. Page 29, line 21, by inserting after the word  
 27 "tax" the following: "and the instructional support  
 28 income surtax".

29 6. Page 29, line 31, by inserting after the word  
 30 "by" the following: "the combination of the".

31 7. Page 29, line 32, by inserting after the word  
 32 "tax" the following: "and the instructional support  
 33 income surtax".

34 8. Page 30, by striking lines 11 through 13 and  
 35 inserting the following:

36 "The combination of the instructional support  
 37 property tax and instructional support income surtax  
 38 shall be imposed in the proportion of a property tax  
 39 of twenty-seven cents per thousand dollars of assessed  
 40 valuation of taxable property in the district for each  
 41 five percent of income surtax."

42 9. Page 30, by inserting before line 14 the  
 43 following:

44 "Sec. \_\_\_\_ . NEW SECTION. 257.18A COMPUTATION OF  
 45 INSTRUCTIONAL SUPPORT AMOUNT.

46 The department of management shall establish the  
 47 amount of instructional support property tax to be  
 48 levied and the amount of instructional support income  
 49 surtax to be imposed for each school year for which  
 50 the instructional support amount is authorized. The

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1 department of management shall determine these amounts  
2 based upon the most recent figures available for the  
3 district's valuation of taxable property, individual  
4 state income tax paid, and budget enrollment in the  
5 district, and shall certify to the district's county  
6 auditor the amount of instructional support property  
7 tax, and to the director of revenue and finance the  
8 amount of instructional support income surtax to be  
9 imposed.

10 The instructional support income surtax shall be  
11 imposed on the state individual income tax for the  
12 calendar year during which the school's budget year  
13 begins, or for a taxpayer's fiscal year ending during  
14 the second half of that calendar year or the first  
15 half of the succeeding calendar year, and shall be  
16 imposed on all individuals residing in the school  
17 district on the last day of the applicable tax year.  
18 As used in this section, "state individual income tax"  
19 means the tax computed under section 422.5, less the  
20 deductions allowed in sections 422.10 through 422.12.

21 Sec. \_\_\_\_ . NEW SECTION. 257.18B STATUTES  
22 APPLICABLE.

23 The director of revenue and finance shall  
24 administer the instructional support income surtax  
25 imposed under this chapter, and sections 422.20,  
26 422.22 to 422.31, 422.68, and 422.72 to 422.75 shall  
27 apply in respect to administration of the  
28 instructional support income surtax.

29 Sec. \_\_\_\_ . NEW SECTION. 257.18C FORM AND TIME OF  
30 RETURN.

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

35 Sec. \_\_\_\_ . NEW SECTION. 257.18D DEPOSIT OF  
36 INSTRUCTIONAL SUPPORT INCOME SURTAX.

37 The director of revenue and finance shall deposit  
38 all moneys received as instructional support income  
39 surtax to the credit of each district from which the  
40 moneys are received, in an "instructional support  
41 income surtax fund" which is established in the office  
42 of the treasurer of state.

43 The director of revenue and finance shall deposit  
44 all instructional support income surtax moneys  
45 received on or before November 1 of the year following  
46 the close of the school budget year for which the  
47 surtax is imposed to the credit of each district from  
48 which the moneys are received in the instructional  
49 support income surtax fund. All instructional support  
50 income surtax moneys received or refunded after

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Page 3

1 November 1 of the year following the close of the  
 2 school budget year for which the surtax is imposed  
 3 shall be deposited in or withdrawn from the general  
 4 fund of the state and shall be considered part of the  
 5 cost of administering the instructional support income  
 6 surtax.

7 Sec. \_\_\_\_ . NEW SECTION. 257.18E INSTRUCTIONAL  
 8 SUPPORT INCOME SURTAX CERTIFICATION.

9 On or before October 20 each year, the director of  
 10 revenue and finance shall make an accounting of the  
 11 instructional support income surtax collected under  
 12 this chapter applicable to tax returns for the last  
 13 preceding calendar year, or for fiscal year taxpayers,  
 14 on the last day of their tax year ending during that  
 15 calendar year and after the date of the election  
 16 approving the surtax, from taxpayers in each school  
 17 district in the state which has approved the  
 18 instructional support program, and shall certify to  
 19 the department of management and the department of  
 20 education the amount of total instructional support  
 21 income surtax credited from the taxpayers of each  
 22 school district. Additional returns in process, if  
 23 any, at the time of certification shall be completed  
 24 and the additional amount of instructional support  
 25 income surtax reported to the department of management  
 26 for distribution back to the school district with the  
 27 first installment of the following school year.

28 Sec. \_\_\_\_ . NEW SECTION. 257.18F INSTRUCTIONAL  
 29 SUPPORT INCOME SURTAX DISTRIBUTION.

30 The director of revenue and finance shall draw  
 31 warrants in payment of the amount of surtax payable to  
 32 each of the school districts in two installments to be  
 33 paid on approximately the first day of December and  
 34 the first day of February, and shall cause the  
 35 warrants to be delivered to the respective school  
 36 districts."

A 37 10. Page 30, line 18, by striking the word  
 38 "provided" and inserting the following: "approved by  
 39 the board".

40 11. Page 30, line 25, by inserting after the word  
 41 "election" the following: "held not later than  
 42 December 1".

43 12. By renumbering as necessary.

By SPEAR of Lee

H-3336 FILED MARCH 9, 1989

3336A Adopted 3-21-89 (p.907)  
 3336B Adopted " "

HOUSE FILE 535

H-3329

1 Amend House File 535 as follows:

2 1. Page 29, lines 4 and 5, by striking the words  
3 "elect by resolution to receive" and inserting the  
4 following: "call an election to vote on the  
5 proposition whether to provide".

6 2. Page 29, by inserting after line 12 the  
7 following:

8 "The board of directors shall direct the county  
9 commissioner of elections to submit the question of  
10 whether to participate in the instructional support  
11 program to the qualified electors residing in the  
12 district at a regular school election or special  
13 election. If a majority of those voting on the  
14 question favors participating in the instructional  
15 support program, the board may certify the budget for  
16 the program to the department of management for each  
17 of the next five years.

18 If the voters do not approve participation in the  
19 instructional support program, the board may resubmit  
20 the proposition to the electors no sooner than sixty  
21 days following the date of the election at which  
22 approval was not obtained."

23 3. Page 29, line 13, by striking the word  
24 "Certification" and inserting the following: "After  
25 approval at an election, certification".

26 4. Page 30, line 1, by striking the words "for a  
27 budget year" and inserting the following: "at an  
28 election".

29 5. Page 30, by striking lines 16 through 33.

30 6. Page 31, by striking line 2 and inserting the  
31 following: "section 257.18."

By DAGGETT of Adams

H-3329 FILED MARCH 9, 1989

Lost 3-10-89 (p.737)

Motion to Reconsider 3-10-89 (p.757)

HOUSE FILE 535

H-3327

1 Amend House File 535 as follows:

2 1. Page 77, line 5, by striking the word "fifty"  
3 and inserting the following: "thirty-three".

4 2. Page 77, line 7, by striking the word "fifty"  
5 and inserting the following: "sixty-seven".

6 3. Page 77, by striking lines 8 through 13 and  
7 inserting the following: "dollars of assessed valua-  
8 tion in the district. The".

By DAGGETT of Adams

H-3327 FILED MARCH 9, 1989

Withdrawn 3-10-89 (p.742)



HOUSE FILE 535

H-3342

- 1 Amend House File 535 as follows:
- 2 1. By striking page 51, line 17, through page 52,
- 3 line 3.
- 4 2. Page 53, by striking lines 2 through 16.
- 5 3. By striking page 54, line 34, through page 55,
- 6 line 27.
- 7 4. Page 58, line 9, by striking the words
- 8 "physical plant and equipment" and inserting the
- 9 following: "site levy, schoolhouse".
- 10 5. By striking page 68, line 30, through page 69,
- 11 line 8.
- 12 6. Page 70, by striking lines 9 through 27.
- 13 7. By striking page 74, line 19, through page 76,
- 14 line 24.
- 15 8. By striking page 76, line 34, through page 79,
- 16 line 25.
- 17 9. Page 80, by striking lines 9 through 22.
- 18 10. Page 85, line 30, by striking the figure
- 19 "297.5".
- 20 11. By renumbering as necessary.

By MAULSBY of Calhoun

H-3342 FILED MARCH 10, 1989

LOST 3-10-89 (p.740)

HOUSE FILE 535

H-3343

- Amend House File 535 as follows:
- 1. Page 20, line 1, by inserting after the word
- 2 "multiply" the following: "twice".
- 3 2. Page 20, line 5, by inserting after the word
- 4 "multiply" the following: "twice".
- 5

By STROMER of Hancock

H-3343 FILED MARCH 10, 1989

DEFERRED  
3343A lost 3-21-89 (p 906) - 3343 B- Adopted 3-21-89 (p 906)

HOUSE FILE 535

H-3344

- 1 Amend House File 535 as follows:
- 2 1. By striking page 56, line 15 through page 57,
- 3 line 7.

By STROMER of Hancock

H-3344 FILED MARCH 10, 1989

LOST 3-10-89 (p.741)

HOUSE FILE 535

H-3338

- 1 Amend House File 535 as follows:
- 2 1. By striking everything after the enacting
- 3 clause and inserting the following:
- 4 "Section 1. 1987 Iowa Acts, chapter 224, section
- 5 81, is repealed."
- 6 2. Title page, by striking lines 2 through 7 and
- 7 inserting the following: "districts and area
- 8 education agencies."

By STROMER of Hancock

H-3338 FILED MARCH 10, 1989

LOST 3-10-89 (p. 734)

HOUSE FILE 535

H-3339

- 1 Amend House File 535 as follows:
- 2 1. Page 2, line 1, by inserting after the word
- 3 "cost" the following: "and the semiannual
- 4 apportionment".

By STROMER of Hancock

H-3339 FILED MARCH 10, 1989

LOST 3-10-89 (p. 734)

HOUSE FILE 535

H-3340

- 1 Amend House File 535 as follows:
- 2 1. Page 33, by striking line 18.

By STROMER of Hancock

H-3340 FILED MARCH 10, 1989

ADOPTED 3-10-89 (p. 740)

HOUSE FILE 535

H-3341

- 1 Amend House File 535 as follows:
- 2 1. Page 27, by striking lines 14 and 15 and
- 3 inserting the following: "calculated under this
- 4 chapter, exceed the property tax revenues".
- 5 2. By striking page 29, line 1, through page 31,
- 6 line 2.
- 7 3. By renumbering as necessary.

By MAULSBY of Calhoun

H-3341 FILED MARCH 10, 1989

LOST 3-10-89 (p. 735)

## HOUSE FILE 535

H-3345

- 1 Amend House File 535 as follows:  
2 1. Page 1, line 4, by striking the figure "1991"  
3 and inserting the following: "1990".  
4 2. Page 1, line 13, by striking the figure "1991"  
5 and inserting the following: "1990".  
6 3. Page 1, lines 14 and 15, by striking the words  
7 "eighty-three and twenty-five" and inserting the  
8 following: "eighty-two and seventy-five".  
9 4. Page 1, line 20, by striking the figure "1991"  
10 and inserting the following: "1990".  
11 5. Page 1, line 21, by striking the words  
12 "eighty-three and twenty-five" and inserting the  
13 following: "eighty-two and seventy-five".  
14 6. Page 3, line 4, by striking the figure "1991"  
15 and inserting the following: "1990".  
16 7. Page 3, line 23, by striking the figure "1991"  
17 and inserting the following: "1990".  
18 8. Page 5, line 19, by striking the figure "1991"  
19 and inserting the following: "1990".  
20 9. Page 8, line 2, by striking the figures "1991-  
21 1992" and inserting the following: "1990-1991".  
22 10. Page 8, line 6, by striking the word "five"  
23 and inserting the following: "ten".  
24 11. Page 8, line 8, by striking the figure  
25 "ninety-five" and inserting the following: "ninety".  
26 12. Page 8, line 16, by striking the figures  
27 "1992-1993" and inserting the following: "1991-1992".  
28 13. Page 8, line 20, by striking the word "five"  
29 and inserting the following: "ten".  
30 14. Page 8, line 22, by striking the word  
31 "ninety-five" and inserting the following: "ninety".  
32 15. Page 9, line 21, by striking the figure  
33 "1990" and inserting the following: "1989".  
34 16. Page 9, line 23, by striking the figure  
35 "1991" and inserting the following: "1990".  
36 17. Page 9, line 31, by striking the figure  
37 "1991" and inserting the following: "1990".  
38 18. Page 12, line 5, by striking the figure  
39 "1990" and inserting the following: "1989".  
40 19. Page 13, line 1, by striking the figures  
41 "1991-1992" and inserting the following: "1990-1991".  
42 20. Page 14, line 8, by striking the figures  
43 "1992-1993" and inserting the following: "1991-1992".  
44 21. Page 14, line 9, by striking the figure  
45 "1992" and inserting the following: "1991".  
46 22. Page 14, line 15, by striking the word "five"  
47 and inserting the following: "twenty".  
48 23. Page 14, line 16, by striking the figure  
49 "1986" and inserting the following: "1987".  
50 24. Page 14, line 17, by striking the word

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Page 2

- 1 "ninety-five" and inserting the following: "eighty".
- 2 25. Page 14, line 18, by striking the figure
- 3 "1989" and inserting the following: "1988".
- 4 26. Page 14, line 19, by striking the figure
- 5 "1990" and inserting the following: "1989".
- 6 27. Page 15, line 2, by striking the figures
- 7 "1993-1994" and inserting the following: "1992-1993".
- 8 28. Page 15, line 3, by striking the figure
- 9 "1993" and inserting the following: "1992".
- 10 29. Page 15, line 9, by striking the figure
- 11 "1991" and inserting the following: "1990".
- 12 30. Page 15, line 18, by striking the figures
- 13 "1994-1995" and inserting the following: "1993-1994".
- 14 31. Page 15, line 19, by striking the figure
- 15 "1994" and inserting the following: "1993".
- 16 32. Page 15, line 25, by striking the figures
- 17 "1991-1992" and inserting the following: "1990-1991".
- 18 33. Page 15, line 25, by striking the figure
- 19 "1991" and inserting the following: "1990".
- 20 34. Page 16, line 2, by striking the figures
- 21 "1992-1993" and inserting the following: "1991-1992".
- 22 35. Page 16, line 2, by striking the figure
- 23 "1992" and inserting the following: "1991".
- 24 36. Page 16, line 14, by striking the figures
- 25 "1993-1994" and inserting the following: "1992-1993".
- 26 37. Page 16, line 14, by striking the figure
- 27 "1993" and inserting the following: "1992".
- 28 38. Page 16, line 26, by striking the figures
- 29 "1994-1995" and inserting the following: "1993-1994".
- 30 39. Page 16, line 27, by striking the figure
- 31 "1994" and inserting the following: "1993".
- 32 40. Page 17, line 4, by striking the figures
- 33 "1991-1992" and inserting the following: "1990-1991".
- 34 41. Page 17, line 5, by striking the figure
- 35 "1991" and inserting the following: "1990".
- 36 42. Page 17, line 25, by striking the figure
- 37 "1991" and inserting the following: "1990".
- 38 43. Page 18, line 5, by striking the figures
- 39 "1992-1993" and inserting the following: "1991-1992".
- 40 44. Page 18, line 6, by striking the figure
- 41 "1992" and inserting the following: "1991".
- 42 45. Page 18, line 10, by striking the word "five"
- 43 and inserting the following: "twenty".
- 44 46. Page 18, line 11, by striking the figure
- 45 "1986" and inserting the following: "1987".
- 46 47. Page 18, line 12, by striking the word
- 47 "ninety-five" and inserting the following: "eighty".
- 48 48. Page 18, line 13, by striking the figure
- 49 "1989" and inserting the following: "1988".
- 50 49. Page 18, line 14, by striking the figure

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Page 3

- 1 "1990" and inserting the following: "1989".
- 2 50. Page 18, line 17, by striking the figure
- 3 "1992" and inserting the following: "1991".
- 4 51. Page 19, line 3, by striking the figures
- 5 "1993-1994" and inserting the following: "1992-1993".
- 6 52. Page 19, line 4, by striking the figure
- 7 "1993" and inserting the following: "1992".
- 8 53. Page 19, line 9, by striking the figure
- 9 "1991" and inserting the following: "1990".
- 10 54. Page 19, line 12, by striking the figure
- 11 "1993" and inserting the following: "1992".
- 12 55. Page 19, line 23, by striking the figures
- 13 "1994-1995" and inserting the following: "1993-1994".
- 14 56. Page 19, line 25, by striking the figure
- 15 "1994" and inserting the following: "1993".
- 16 57. Page 20, line 11, by striking the figures
- 17 "1991-1992" and inserting the following: "1990-1991".
- 18 58. Page 20, line 12, by striking the figure
- 19 "1991" and inserting the following: "1990".
- 20 59. Page 20, line 24, by striking the figures
- 21 "1992-1993" and inserting the following: "1991-1992".
- 22 60. Page 20, line 25, by striking the figure
- 23 "1992" and inserting the following: "1991".
- 24 61. Page 21, line 2, by striking the figures
- 25 "1993-1994" and inserting the following: "1992-1993".
- 26 62. Page 21, line 3, by striking the figure
- 27 "1993" and inserting the following: "1992".
- 28 63. Page 21, line 15, by striking the figures
- 29 "1994-1995" and inserting the following: "1993-1994".
- 30 64. Page 21, line 16, by striking the figure
- 31 "1994" and inserting the following: "1993".
- 32 65. Page 23, line 21, by striking the figure
- 33 "1991" and inserting the following: "1990".
- 34 66. Page 23, line 21, by striking the figure
- 35 "1993" and inserting the following: "1992".
- 36 67. Page 23, line 33, by striking the figure
- 37 "1991" and inserting the following: "1990".
- 38 68. Page 23, line 33, by striking the figure
- 39 "1994" and inserting the following: "1993".
- 40 69. Page 26, line 12, by striking the figure
- 41 "1991" and inserting the following: "1990".
- 42 70. Page 26, line 12, by striking the figure
- 43 "1992" and inserting the following: "1991".
- 44 71. Page 26, line 13, by striking the figure
- 45 "1993" and inserting the following: "1992".
- 46 72. Page 26, line 21, by striking the figure
- 47 "1991" and inserting the following: "1990".
- 48 73. Page 26, line 27, by striking the figure
- 49 "1991" and inserting the following: "1990".
- 50 74. Page 26, line 34, by striking the figures

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Page 4

- 1 "1991-1992" and inserting the following: "1990-1991".
- 2 75. Page 26, line 34, by striking the figures
- 3 "1992-1993" and inserting the following: "1991-1992".
- 4 76. Page 26, line 35, by striking the figures
- 5 "1993-1994" and inserting the following: "1992-1993".
- 6 77. Page 27, line 1, by striking the figure
- 7 "1991" and inserting the following: "1990".
- 8 78. Page 27, line 1, by striking the figure
- 9 "1992" and inserting the following: "1991".
- 10 79. Page 27, line 1, by striking the figure
- 11 "1993" and inserting the following: "1992".
- 12 80. Page 27, line 22, by striking the figures
- 13 "1994-1995" and inserting the following: "1993-1994".
- 14 81. Page 27, line 23, by striking the figure
- 15 "1994" and inserting the following: "1993".
- 16 82. Page 32, line 13, by striking the figure
- 17 "1992" and inserting the following: "1991".
- 18 83. Page 40, line 16, by striking the figure
- 19 "1990" and inserting the following: "1989".
- 20 84. Page 41, line 3, by striking the figure
- 21 "1990" and inserting the following: "1989".
- 22 85. Page 45, line 18, by striking the figure
- 23 "1991" and inserting the following: "1990".
- 24 86. Page 45, line 18, by striking the figure
- 25 "1992" and inserting the following: "1991".
- 26 87. Page 45, line 18, by striking the figure
- 27 "1993" and inserting the following: "1992".
- 28 88. Page 64, line 2, by striking the figure
- 29 "1990" and inserting the following: "1989".
- 30 89. Page 78, line 11, by striking the figure
- 31 "1991" and inserting the following: "1990".
- 32 90. Page 81, line 10, by striking the figure
- 33 "1991" and inserting the following: "1990".
- 34 91. Page 85, line 8, by striking the figure
- 35 "1991" and inserting the following: "1990".
- 36 92. Page 85, by striking lines 13 through 27.
- 37 93. Page 85, line 28, by striking the words and
- 38 figures "Chapter 260A, Code 1989, is" and inserting
- 39 the following: "Chapters 260A and 442, Code 1989,
- 40 are".
- 41 94. Page 85, line 29, by striking the figure
- 42 "1991" and inserting the following: "1990".
- 43 95. Page 85, by inserting after line 29 the
- 44 following:
- 45 "Sec. \_\_\_\_ . 1987 Iowa Acts, chapter 224, section
- 46 81, is repealed effective July 1, 1989."
- 47 96. Page 85, line 31, by striking the figure
- 48 "1991" and inserting the following: "1990".
- 49 97. Page 85, line 34, by striking the word and
- 50 figures "84, and 103" and inserting the following:

HOUSE FILE 535

H-3353

1 Amend House File 535 as follows:

2 1. Page 29, line 22, by striking the words  
3 "assessed valuation in" and inserting the following:  
4 "individual income tax paid by residents of".

5 2. Page 29, line 24, by striking the words  
6 "assessed valuation" and inserting the following:  
7 "income tax".

8 3. Page 29, line 25, by striking the words  
9 "assessed valuation in" and inserting the following:  
10 "total individual income tax paid by residents of".

11 4. Page 29, line 27, by striking the word  
12 "valuation" and inserting the following: "income  
13 tax".

14 5. Page 29, line 28, by striking the word  
15 "valuation" and inserting the following: "income  
16 tax".

17 6. Page 29, line 29, by striking the word  
18 "valuation" and inserting the following: "income  
19 tax".

By STROMER of Hancock

H-3353 FILED MARCH 10, 1989

105 3-14-89 (p.784)

## HOUSE FILE 535

H-3351

1 Amend House File 535 as follows:

2 1. Page 1, line 12, by inserting after the word  
3 "less." the following: "However, if the amount of  
4 foundation aid received by a school district under  
5 this chapter is less than three hundred dollars per  
6 pupil, the district is entitled to receive three  
7 hundred dollars per pupil unless the receipt of three  
8 hundred dollars per pupil plus the per pupil amount  
9 raised by the foundation property tax exceeds the  
10 district cost per pupil of the district for the budget  
11 year. In which case, the district is entitled to  
12 receive an amount per pupil equal to the difference  
13 between the per pupil amount raised by the foundation  
14 property tax for the budget year and the district cost  
15 per pupil for the budget year."

16 2. Page 3, line 7, by striking the word "forty"  
17 and inserting the following: "ninety".

18 3. Page 3, line 16, by striking the word "forty"  
19 and inserting the following: "ninety".

20 4. Page 3, line 18, by striking the word "twenty"  
21 and inserting the following: "ten".

22 5. Page 3, line 26, by striking the word "this"  
A 23 and inserting the following: "that".

24 6. Page 4, line 21, by striking the figure "1986"  
25 and inserting the following: "1991".

26 7. Page 4, line 26, by striking the word and  
27 figure "1987 or".

28 8. Page 4, line 33, by inserting after the word  
29 "to" the following: "one-half the difference  
30 between".

31 9. Page 4, line 34, by inserting after the word  
32 "reorganization" the following: "and the rate that  
33 will be levied for the budget year".

34 10. Page 5, line 3, by inserting after the word  
35 "to" the following: "one-half".

36 11. Page 5, line 19, by striking the figure  
37 "442.9" and inserting the following: "442.9A".

38 12. Page 5, line 20, by striking the words "same  
39 amount" and inserting the following: "amount  
40 provided".

41 13. Page 5, line 21, by striking the word "this"  
42 and inserting the following: "that".

43 14. Page 5, by striking line 22 and inserting the  
44 following: "specified in that section".

45 15. By striking page 9, line 20, through page 12,  
46 line 17, and inserting the following:

334-47 "1. CALCULATION BY DEPARTMENT OF MANAGEMENT. On  
B 48 or before September 15, of each year, the department  
49 of management shall compute a state percent of growth  
50 for the next budget year.



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

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

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

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

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

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

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

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

35 3. EXCEPTION. If the average of the percents  
36 computed or estimated under paragraph "b" of  
37 subsection 2 exceeds the average of the percents  
38 computed or estimated under paragraph "a" of  
39 subsection 2, the state percent of growth for that  
40 budget year shall be the average of the two percents  
41 of growth computed or estimated under paragraph "a".

42 4. NEGATIVE PERCENT. If the state percent of  
43 growth computed for a budget year is negative, that  
44 percent shall not be used and the state percent of  
45 growth shall be zero.

46 5. RECOMPUTATION. On or before September 15 of  
3512-47 the base year, the department of management shall  
48 recompute the state percent of growth for the previous  
49 year using adjusted estimates and the actual figures  
50 available. The difference between the recomputed

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1 state percent of growth for the previous year and the  
2 original computation shall be added to or subtracted  
3 from the state percent of growth for the budget year.  
4 However, on or before September 15, 1990, the  
5 department of management shall recompute the state  
6 percent of growth for the previous year in the manner  
7 provided in section 442.7, Code 1989.

8 With regard to values of gross national product  
9 implicit price deflators, the recomputation of the  
10 state percent of growth for the previous year shall be  
11 made only with respect to the value of the deflator  
12 for the year which occurred subsequent to the  
13 calculation of the state percent of growth for the  
14 previous year. If subsection 3 is used in the  
15 calculation of the state percent of growth for the  
16 previous year, the calculation made in subsection 2,  
17 paragraph "b", shall not be used in the recomputation  
18 of the state percent of growth for the previous year."

19 16. Page 23, line 21, by striking the words and  
20 figures "through July 1, 1993" and inserting the  
21 following: "and July 1, 1992".

22 17. Page 23, line 33, by striking the figure  
23 "1994" and inserting the following: "1993".

24 18. Page 24, line 13, by striking the word  
25 "fifteen" and inserting the following: "seven and  
26 one-half".

27 19. Page 24, line 16, by striking the word  
28 "twenty-five" and inserting the following: "twelve  
29 and one-half".

30 20. Page 24, line 33, by striking the word "one-  
31 hundredth" and inserting the following: "one-  
32 thousandth".

33 21. Page 24, lines 33 and 34, by striking the  
34 words "so that, to" and inserting the following: ".  
35 To".

36 22. Page 24, line 35, by striking the word "will"  
37 and inserting the following: "shall".

38 23. Page 25, line 1, by striking the word "five-  
39 hundredths" and inserting the following: "twenty-five  
40 thousandths".

41 24. Page 26, line 12, by inserting after the  
42 figure "1991," the following: "and".

43 25. Page 26, line 13, by striking the words and  
44 figures "and July 1, 1993,".

45 26. Page 33, by inserting after line 17 the  
46 following:

47 "\_\_\_\_. Unusual need to continue providing a program  
48 or other special assistance to non-English-speaking  
49 pupils after the expiration of the three-year period  
50 specified in section 280.4."

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1 27. Page 33, by inserting after line 18 the  
2 following:

3 "\_\_\_\_. The committee may grant transportation  
4 assistance aid to a school district from funds  
5 appropriated in this subsection for the purpose of  
6 providing additional funds for a budget year to school  
7 districts that have costs for mandatory school  
8 transportation based upon the cost per pupil

9 transported that exceed one hundred ten percent of the  
10 state average cost of mandatory school transportation  
11 based upon the cost per pupil transported. School  
12 districts shall submit to the department of education  
13 the cost of providing mandatory school transportation  
14 in their transportation report filed by July 15 after  
15 each school year. The committee shall prioritize the  
16 requests of school districts ranking the districts by  
17 their mandatory transportation costs based upon the  
18 costs per pupil transported with consideration given  
19 to the geographic size of the district. Within the  
20 limits of the funds appropriated in this subsection,  
21 the committee shall pay transportation assistance to  
22 those districts ranked in the highest priority based  
23 upon the criteria listed in this subsection. The  
24 committee shall adopt rules under chapter 17A  
25 establishing a procedure for prioritizing requests.

A 26 Transportation assistance payments are equal to the  
27 amount that each district's cost of mandatory  
28 transportation based upon the cost per pupil  
29 transported exceeds one hundred ten percent of the  
30 state average cost of transportation based upon the  
31 cost per pupil transported multiplied by the  
32 district's basic enrollment for the budget year.  
33 Payment for a school year shall be made by September 1  
34 after each school year.

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

45 There is appropriated from the general fund of the  
46 state to the department of education for the use of  
47 the school budget review committee, for each fiscal  
48 year, the amount of three million five hundred  
49 thousand dollars, or as much thereof as may be  
50 necessary, to pay the transportation assistance to

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1 school districts ranked in the highest priority under  
2 this subsection."

3433 - 3 28. Page 33, by striking lines 19 through 33 and  
4 inserting the following:

5 "\_\_\_\_. The committee may grant supplemental aid to  
6 a school district from funds appropriated in this  
7 subsection for the purpose of providing additional  
8 funds for a budget year to school districts that have  
9 unique needs and additional costs due to the

3443, 3439-10 demographics of the district. Districts requesting  
11 supplemental aid under this subsection shall document  
12 expenses incurred that cannot be funded under sections  
13 257.1 through 257.19.

14 There is appropriated from the general fund of the  
15 state for each fiscal year to the department of educa-  
16 tion for the use of the school budget review  
17 committee, the amount of three million five hundred  
18 thousand dollars, or as much thereof as may be  
19 necessary, to pay supplemental aid under this  
20 section."

21 29. By striking page 40, line 14, through page  
22 41, line 21, and inserting the following:

23 "1. The total amount funded in each area for media  
24 services in the budget year is equal to nine-tenths  
25 percent of the state cost per pupil for the budget  
A 26 year multiplied by the enrollment served in the area  
27 for the budget year. Thirty percent of the budget of  
28 an area for media services shall be expended for media  
29 resource material which shall only be used for the  
30 purchase or replacement of material required in  
31 section 273.6, subsection 1, paragraphs "a", "b", and  
32 "c". Funds shall be paid to area education agencies  
33 as provided in section 257.25. The costs shall be  
34 allocated to school districts in the area based upon  
35 the proportion of the enrollment served that resides  
36 in the district.

37 2. The total amount funded in each area for  
38 educational services in the budget year is equal to  
39 one percent of the state cost per pupil for the budget  
40 year multiplied by the enrollment served in the area  
41 for the budget year. Funds shall be paid to area  
42 education agencies as provided in section 257.25. The  
43 costs shall be allocated to school districts in the  
44 area based upon the proportion of the enrollment  
45 served that resides in the district."

46 30. Page 48, lines 20 and 21, by striking the  
47 word and figure "November 10" and inserting the  
48 following: "November-10 February 1".

49 31. Page 48, line 24, by striking the word and  
50 figure "December 1" and inserting the following:

1 "~~December-1~~ February 15".

2 32. Page 48, line 27, by striking the word and  
3 figure "January 1" and inserting the following:

4 "~~January-1~~ before March 1".

5 33. Page 48, by inserting after line 30 the  
6 following:

7 "Sec. \_\_\_\_\_. Section 273.5, subsection 6, Code 1989,  
8 is amended to read as follows:

9 6. Submit to the department of education special  
10 education instructional and support program plans and  
11 applications, subject to criteria listed in chapter  
12 281 and this chapter, for approval by ~~November-1~~  
13 February 15 of each year for the school year  
14 commencing the following July 1."

15 34. Page 53, by inserting after line 16 the  
16 following:

17 "Sec. \_\_\_\_\_. Section 275.31, unnumbered paragraph 1,  
18 Code 1989, is amended to read as follows:

19 If necessary to equalize the division and  
20 distribution, the board or boards may provide for the  
21 levy of additional taxes, which shall be sufficient to  
22 satisfy the mandatory levy required in section 76.2 or  
23 other liabilities of the districts, upon the property  
24 of a corporation or part of a corporation and for the  
25 distribution of the tax revenues so as to effect

A 26 equalization. When the board or boards are  
27 considering the equalization levy, the division and  
28 distribution shall not impair the security for  
29 outstanding obligations of each affected corporation.  
30 Any owner of bonds of an affected corporation may  
31 bring suit in equity for adjustment of the division  
32 and distribution in compliance with this section. If  
33 the property tax levy for the amount estimated and  
34 certified to apply on principal and interest on lawful  
35 bonded indebtedness for a newly formed community  
36 school district is greater than the property tax levy  
37 for the amount estimated and certified to apply on  
38 principal and interest in the year preceding the  
39 reorganization or dissolution for a school district  
40 that is a party to the reorganization or dissolution,  
41 and that had a certified enrollment of less than six  
42 hundred for the year prior to the reorganization or  
43 dissolution, the board of the newly formed district  
44 shall inform the department of management. The  
45 department of management shall pay debt service aid to  
46 the newly formed district in an amount equal to one-  
47 half the amount that ~~will~~ would reduce the rate of the  
48 property tax levy for lawful bonded indebtedness in  
49 the portion of the newly formed district where the new  
50 rate is higher, to the rate that was levied in that

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1 portion of the district during the year preceding the  
2 reorganization or dissolution."

3 35. Page 62, line 10, by striking the word  
4 "residence." and inserting the following: "residence  
5 for a period not exceeding three years. However, the  
6 school budget review committee may grant supplemental  
7 aid or modified allowable growth, to a school district  
8 to continue funding a program for students after the  
9 expiration of the three-year period."

10 36. Page 77, line 5, by striking the word "fifty"  
11 and inserting the following: "thirty-three".

12 37. Page 77, line 7, by striking the word "fifty"  
13 and inserting the following: "sixty-seven".

14 38. Page 77, by striking lines 8 through 13 and  
15 inserting the following: "dollars of assessed  
16 valuation in the district. The".

17 39. Page 82, by inserting after line 4 the  
18 following:

19 "Sec. 1000. Section 442.9, subsection 1, paragraph  
20 a, unnumbered paragraph 1, Code 1989, is amended to  
21 read as follows:

22 As used in this chapter, regular program district  
23 cost per pupil for the budget year is equal to the  
24 regular program district cost per pupil for the base  
25 year plus the allowable growth. However, regular  
A 26 program district cost per pupil does not include  
27 additional allowable growth added ~~for programs for~~  
28 ~~gifted and talented children~~, for programs for  
29 returning dropouts, and for educational improvement  
30 projects under chapter 260A, for special education  
31 support services costs, or for school districts that  
32 have a negative balance of funds raised for special  
33 education instruction programs under section 442.13,  
34 subsection 14, paragraph "b", and does not include  
35 additional allowable growth established by the school  
36 budget review committee for a single school year  
37 only."

38 40. Page 82, line 11, by striking the words "five  
39 hundredths" and inserting the following: "five  
40 hundredths twenty-five thousandths".

41 41. Page 82, line 17, by striking the word  
42 "fifteen" and inserting the following: "fifteen seven  
43 and one-half".

44 42. Page 82, line 19, by striking the word  
45 "twenty-five" and inserting the following: "twenty-  
46 five twelve and one-half".

47 43. Page 85, by inserting after line 27 the  
48 following:

49 "Sec. \_\_\_\_\_. Sections 442.31 through 442.36, Code  
50 1989, are repealed effective July 1, 1990."

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- 1 44. Page 85, line 34, by striking the word and  
2 figure "and 103" and inserting the following: ", 103,  
A 3 and 1000".  
4 45. By renumbering as necessary.

By OLLIE of Clinton  
DAGGETT of Adams

H-3351 FILED MARCH 10, 1989

DIVISION A - ADOPTED, DIVISION B - *Withdrawn 3-21-89 (p. 911)*

*3-10-89 (p. 756)*  
DIV A adopted *3-21-89 (p. 913)*

HOUSE FILE 535

H-3349

- 1 Amend House File 535 as follows:  
2 1. Page 29, by striking lines 28 and 29 and  
3 inserting the following: "multiply the ratio of the  
4 state's income tax per pupil to the district's income  
5 tax per pupil by twenty-five hundredths and".

By STROMER of Hancock

H-3349 FILED MARCH 10, 1989

*Withdrawn 3-14-89 (p. 784)*

HOUSE FILE 535

H-3348

1 Amend House File 535 as follows:

A 2 1. Page 6, by inserting after line 14 the  
3 following:

3388-4 "\_\_\_\_\_. Those students that are lost to the district  
5 due to open enrollment. The number of these students  
6 shall be computed for calculation purposes at the same  
7 rate under the matrix in subsection 4."

B 8 2. Page 38, by inserting after line 13 the  
9 following:

10 "\_\_\_\_\_. A school district shall not have in effect  
11 the additional enrichment amount and the instructional  
12 support program during the same period of time under  
13 sections 257.18 and 257.22."

14 3. By striking page 53, line 17, through page 54,  
15 line 15 and inserting the following:

C 16 "Sec. 45. Section 275.33, Code 1989, is amended by  
17 striking the section and inserting in lieu thereof the  
18 following:

19 275.33 CONTRACTS OF NEW DISTRICTS.

20 The terms of all existing collective bargaining  
21 agreements for those districts that have reorganized  
22 under this chapter are void. The employees of the new  
23 district are allowed to form new bargaining units  
24 pursuant to chapter 20."

3381-25 4. Page 78, line 16, by inserting after the word

26 "tax." the following: "However, a school district  
27 shall not generate more than three hundred dollars  
28 from this new fund."

E 29 5. Page 79, by striking lines 20 and 21.

3320-30 6. Page 80, by inserting after line 8 the  
31 following:

F 3474-32 "\_\_\_\_\_. A school district shall not generate more  
33 revenues under this section than was generated by  
34 property taxes for these purposes during the budget  
35 year beginning July 1, 1989."

By STROMER of Hancock

H-3348 FILED MARCH 10, 1989

DIV 3348C lost 3-20-89 (p.853)

DIV 3348D lost " (p.855) - motion to reconsider 3-20-89 (p.808)

DIV 3348E lost " (p.856)

DIV 3348B withdrawn 3-21-89 (p.908)

DIV 3348A withdrawn 3-21-89 (p.911)

DIV 3348D - motion to reconsider - Adopted 3-21-89 (p.914)

DIV 3348F - Adopted 3-21-89 (p.915)



## HOUSE FILE 535

H-3347

1 Amend House File 535 as follows:

2 1. Page 2, lines 27 and 28, by striking the words  
3 "five dollars and forty cents" and inserting the  
4 following: "three dollars and thirty cents".

5 2. By striking page 2, line 31 through page 3,  
6 line 26 and inserting the following:

7 "2. ADJUSTMENT OF TAX. For the budget year  
8 beginning July 1, 1992, and each succeeding budget  
9 year, if the foundation property tax revenues  
10 collected during the base year are less than or  
11 greater than the property tax revenues collected  
12 during the year preceding the base year, the  
13 department of management shall increase or decrease  
14 the foundation property tax levied for the base year  
15 such that the estimated revenues collected during the  
16 budget year will equal the revenues collected during  
17 the base year."

18 3. Page 27, by inserting after line 34 the  
19 following:

20 " . PROPERTY TAX ADJUSTMENT AID FOR 1992-1993  
21 AND SUCCEEDING YEARS. For the budget year beginning  
22 July 1, 1992, and each succeeding budget year, the  
23 department of education shall pay property tax adjust-  
24 ment aid to a school district as provided in this  
25 subsection. If the estimated amount of property tax  
26 revenues to be collected during the budget year under  
27 this chapter will exceed the amount of property tax  
28 revenues collected during the base year under this  
29 chapter by a percentage sum equal to the percent  
30 increase in the consumer price index, published by the  
31 United States department of labor, during the calendar  
32 year ending prior to the budget year plus the percent  
33 increase in the school district's real property  
34 valuations, due to additions and deletions, on January  
35 1 of the calendar year in which the budget year begins  
36 over those valuations on January 1 of the calendar  
37 year in which the base year began, the dollar amount  
38 of this excess shall be the district's property tax  
39 adjustment aid. The department of management shall  
40 reduce the foundation property tax such that the  
41 amount of property tax revenues collected under this  
42 chapter shall not exceed the sum of those percentage  
43 increases. For purposes of this chapter and other  
44 chapters, the adjustment to the foundation property  
45 tax under this subsection shall be disregarded."

46 4. Page 81, by inserting after line 26 the  
47 following:

48 "Sec. 150. Section 422.9, subsection 1, Code 1989,  
49 is amended to read as follows:

50 1. An optional standard deduction, after deduction

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1 of one-half of the federal income tax, equal to one  
2 thousand two hundred thirty dollars for a married  
3 person who files separately or a single person or  
4 equal to three thousand thirty dollars for a husband  
5 and wife who file a joint return, a surviving spouse,  
6 or an unmarried head of household. The optional  
7 standard deduction shall not exceed the amount  
8 remaining after deduction of one-half of the federal  
9 income tax.

10 However, for tax years beginning on or after  
11 January 1, 1990, but before January 1, 1991, deduct  
12 the total amount of federal income tax paid during the  
13 tax year for the previous tax year. Federal income  
14 tax paid in estimated tax payments during the tax year  
15 for the previous tax year shall not be deducted. For  
16 tax years beginning on or after January 1, 1990, but  
17 before January 1, 1991, add the total amount of  
18 federal income tax refund received during the tax year  
19 to the extent that the federal income tax that was  
20 refunded had been deducted on a return for a tax year  
21 beginning prior to January 1, 1990. Married persons  
22 who have filed a joint federal income tax return and  
23 who have filed separate state returns shall divide the  
24 federal income tax paid or the federal income tax  
25 refund between the spouses in the ratio of the federal  
26 adjusted gross income of each spouse to the adjusted  
27 gross income of both spouses for the tax year which  
28 resulted in the income tax payment or the income tax  
29 refund.

30 Sec. 151. Section 422.9, subsection 2, paragraph  
31 b, Code 1989, is amended to read as follows:

32 b. Add one-half of the amount of federal income  
33 taxes paid or accrued as the case may be, during the  
34 tax year, adjusted by one-half of any federal income  
35 tax refunds. Provided, however, that where married  
36 persons, who have filed a joint federal income tax  
37 return, file separately, such the total shall be  
38 divided between them according to the portion thereof  
39 paid or accrued, as the case may be, by each.

40 For tax years beginning on or after January 1,  
41 1990, but before January 1, 1991, add the total amount  
42 of federal income tax paid during the tax year for the  
43 previous tax year except for federal income tax paid  
44 in estimated tax payments. For tax years beginning on  
45 or after January 1, 1990, but before January 1, 1991,  
46 subtract the total amount of federal income tax refund  
47 received during the tax year to the extent that the  
48 federal income tax that was refunded had been deducted  
49 on a return for a tax year beginning prior to January  
50 1, 1990. Married persons who have filed a joint

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1 federal income tax return and who have filed separate  
2 state returns shall divide the federal income tax paid  
3 or the federal income tax refund between the spouses  
4 in the ratio of the federal adjusted gross income of  
5 each spouse to the adjusted gross income of both  
6 spouses for the tax year which resulted in the income  
7 tax payment or the income tax refund."

8 5. Page 85, by inserting after line 27 the  
9 following:

10 "Sec. \_\_\_\_ . Sections 150 and 151 of this Act take  
11 effect January 1, 1990, for the years beginning on or  
12 after that date."

By OSTERBERG of Linn

H-3347 FILED MARCH 10, 1989

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- 1 "and 84".
- 2 98. Page 85, line 35, by striking the figure
- 3 "1990" and inserting the following: "1989".
- 4 99. Page 86, line 3, by striking the figure
- 5 "1990" and inserting the following: "1989".
- 6 100. Page 86, line 6, by striking the figure
- 7 "1991" and inserting the following: "1990".
- 8 101. Page 86, line 9, by striking the figure
- 9 "1991" and inserting the following: "1990".
- 10 102. By renumbering as necessary.

By DAGGETT of Adams

H-3345 FILED MARCH 10, 1989

LOST 3-10-89 (p. 748)

## HOUSE FILE 535

H-3346

- 1 Amend House File 535 as follows:
- 2 1. Page 85, by inserting after line 27 the
- 3 following:
- 4 "Sec. \_\_\_\_ . The legislative council shall appoint
- 5 an interim committee to study the concept of a
- 6 "circuit breaker" to provide relief for residents of
- 7 school districts whose property tax payments exceed a
- 8 certain percent of their incomes. The interim
- 9 committee shall submit a final report to the
- 10 legislative council and general assembly by January
- 11 15, 1990."

By MAULSBY of Calhoun

H-3346 FILED MARCH 10, 1989

LOST 3-10-89 (p. 742)

## HOUSE FILE 535

H-3355

1 Amend amendment H-3336 to House File 535 as  
2 follows:  
3 1. Page 1, by inserting after line 12, the  
4 following:  
5 "The board shall set forth its proposal in a  
6 resolution and shall publish the notice of the time  
7 and place of a public hearing on the proposal. Not  
8 less than ten nor more than twenty days before the  
9 adoption of the resolution, the board shall publish  
10 the notice at least once in one or more newspapers.  
11 For the purpose of establishing and giving assured  
12 circulation to the proceedings, only a newspaper which  
13 is a newspaper of general circulation issued at a  
14 regular frequency, located in the school district's  
15 area, and regularly delivered or mailed through the  
16 post office during the past two years may be used.  
17 Additionally, the newspaper must have a list of  
18 subscribers who have paid, or promised to pay, at more  
19 than a nominal rate, for copies to be received during  
20 a stated period. After the public hearing, the board  
21 may make a final determination on the proposal by  
22 resolution.

By STROMER of Hancock

H-3355 FILED MARCH 10, 1989

Adopted 3-21-89 (p. 900)

## HOUSE FILE 535

H-3354

1 Amend the amendment, H-3351, to House File 535 as  
2 follows:

3 1. By striking page 1, line 47, through page 3,  
4 line 18, and inserting the following:

5 "1. CALCULATION BY DEPARTMENT OF MANAGEMENT. On  
6 or before September 15, of each year, the department  
7 of management shall compute a state percent of growth  
8 for the next budget year.

9 2. BUDGET YEAR CALCULATION. For the budget year,  
10 the state percent of growth is an average of the  
11 difference in the percents of change in receipts of  
12 state general fund revenues, computed or estimated by  
13 the state revenue estimating conference created in  
14 section 8.22A as follows:

15 a. The percent of change between the revenues  
16 received during the second year preceding the base  
17 year and the revenues received during the year  
18 preceding the base year.

19 b. The percent of change between the revenues  
20 received during the year preceding the base year and  
21 the revenues received during the base year.

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

27 3. NEGATIVE PERCENT. If the state percent of  
28 growth computed for a budget year is negative, that  
29 percent shall not be used and the state percent of  
30 growth shall be zero.

31 4. RECOMPUTATION. On or before September 15 of  
32 the base year, the department of management shall  
33 recompute the state percent of growth for the previous  
34 year using adjusted estimates and the actual figures  
35 available. The difference between the recomputed  
36 state percent of growth for the previous year and the  
37 original computation shall be added to or subtracted  
38 from the state percent of growth for the budget year.  
39 However, on or before September 15, 1990, the  
40 department of management shall recompute the state  
41 percent of growth for the previous year in the manner  
42 provided in section 442.7, Code 1989."

By OLLIE of Clinton

H-3354 FILED MARCH 10, 1989

## HOUSE FILE 535

H-3359

1 Amend House File 535 as follows:  
2 1. Page 33, by inserting after line 33 the  
3 following:  
4 "\_\_\_\_\_. For each of the budget years beginning July  
5 1, 1991, July 1, 1992, July 1, 1993, and July 1, 1994,  
6 the committee may establish a modified allowable  
7 growth by granting additional allowable growth to a  
8 district equal to the amount of additional allowable  
9 growth granted under section 300 of this Act for  
10 programs for gifted and talented pupils. The  
11 additional allowable growth granted by the committee  
12 for the budget year beginning July 1, 1994, is  
13 permanent."  
14 2. Page 85, by inserting after line 12 the fol-  
15 lowing:  
16 "Sec. 300. The school budget review committee may  
17 establish a modified allowable growth for the budget  
18 year beginning July 1, 1990, for those school  
19 districts that used an increase in allowable growth  
20 for the budget year beginning July 1, 1989, for  
21 funding gifted and talented children programs under  
22 section 442.35, Code 1989, and will receive less  
23 funding under section 103 of this Act. The amount of  
24 additional allowable growth granted by the committee  
25 shall not exceed the difference between the amount of  
26 revenues received from the additional allowable growth  
27 for the budget year beginning July 1, 1989, and the  
28 amount that will be received by the district for  
29 programs for gifted and talented pupils under section  
30 103 of this Act."

By CARPENTER of Polk

H-3359 FILED MARCH 10, 1989

## HOUSE FILE 535

H-3358

1 Amend House File 535 as follows:  
2 1. Page 30, line 13, by inserting after the  
3 figure "257.4." the following: "However, the  
4 instructional support property tax shall not be levied  
5 for use in a budget year if the school district was in  
6 violation of section 279.45 for the base year."

By SCHNEKLOTH of Scott  
BENNETT of Ida

H-3358 FILED MARCH 10, 1989

## HOUSE FILE 535

H-3361

1 Amend amendment, H-3336, to House File 535 as  
 2 follows:  
 3 1. Page 1, line 41, by inserting after the word  
 4 "surtax." the following: "However, notwithstanding  
 5 any other provision of this section and section  
 6 257.18A, the board of directors of a school district,  
 7 in which less than twenty-five percent of the assessed  
 8 valuations, on January 1 preceding the election,  
 9 consist of agricultural property valuations, may  
 10 decide to impose only an instructional support  
 11 property tax for the period of the instructional  
 12 support program unless the board of directors had  
 13 included on the ballot that the funding would be from  
 14 a combination property tax and income surtax."

By CARPENTER of Polk  
 RENAUD of Polk

H-3361 FILED MARCH 13, 1989

*Adopted 3-21-89 (p. 407)*

HOUSE FILE 535

H-3363

1 Amend House File 535 as follows:  
 2 1. Page 22, line 25, by striking the figure  
 3 "257.22" and inserting the following: "257.21".  
 4 2. Page 82, line 2, by striking the figure  
 5 "257.58" and inserting the following: "279.54".  
 6 3. Page 85, line 34, by striking the figure "84,"  
 7 and inserting the following: "84".

By OLLIE of Clinton

H-3363 FILED MARCH 13, 1989

*Adopted 3-14-89 (p. 73)*

HOUSE FILE 535

H-3365

1 Amend House File 535 as follows:  
 2 1. Page 1, lines 14 and 15, by striking the words  
 3 "twenty-five hundredths" and inserting the following:  
 4 "five-tenths".  
 5 2. Page 1, line 17, by striking the words  
 6 "twenty-five hundredths" and inserting the following:  
 7 "five-tenths".  
 8 3. Page 1, lines 21 and 22, by striking the words  
 9 "twenty-five hundredths" and inserting the following:  
 10 "five-tenths".

By BENNETT of Ida

H-3365 FILED MARCH 13, 1989

*Adopted 3-14-89 (p. 781)*



## HOUSE FILE 535

H-3368

- 1 Amend House File 535 as follows:  
 2-347 1. Page 57, line 14, by striking the word "be"  
 3 and inserting the following: "go".  
 4 2. Page 57, by striking line 15 and inserting the  
 5 following: "to schools which demonstrate a need for  
 6 programs for at-risk students."  
 7 3. Page 57, line 16, by striking the word  
 8 "children."  
 9 4. Page 57, by inserting after line 27 the fol-  
 10 lowing:  
 11 "\_\_\_\_\_. There is appropriated from the general fund  
 12 of the state for each fiscal year to the department of  
 13 education to be administered by the child development  
 14 coordinating council an additional sum of two million  
 15 dollars, or so much thereof as is necessary, for  
 16 grants for programs for at-risk three and four year  
 17 old children."  
 18 5. Page 57, line 30, by striking the word "ten"  
 19 and inserting the following: "eight".  
 20 6. By renumbering as necessary.

By NEUHAUSER of Johnson

H-3368 FILED MARCH 13, 1989

*Withdrawn 3-20-89 (p. 654)*

HOUSE FILE 535

H-3369

- 1 Amend House File 535 as follows:  
 2 1. Page 55, by inserting after line 10 the fol-  
 3 lowing:  
 4 "Sec. \_\_\_\_\_. Section 277.3, Code 1989, is amended by  
 5 adding the following new unnumbered paragraph:  
 6 NEW UNNUMBERED PARAGRAPH. A resident of a school  
 7 district who has children that are enrolled in school  
 8 in another school district under section 282.18, is an  
 9 eligible elector of the school district in which the  
 10 children are enrolled and is not an eligible elector  
 11 of the school district in which the children reside."

By MAULSBY of Calhoun

H-3369 FILED MARCH 13, 1989

*lost 3-20-89 (p. 854)*

## HOUSE FILE 535

H-3367

1 Amend House File 535 as follows:

2 1. Page 47, by inserting after line 1 the  
3 following:

4 "Sec.         . NEW SECTION. 388.9 PAYMENT IN LIEU OF  
5 PROPERTY TAXES.

6 A city which owns a gas or electric utility shall  
7 annually pay out of the revenue from the utility to  
8 the school district or districts within which the city  
9 is situated a payment in lieu of property taxes equal  
10 to the amount determined by applying the tax rate of  
11 the school district to the assessed value of the  
12 utility property, any other statute to the contrary  
13 notwithstanding. The assessed value of the property  
14 shall be determined under section 427.1, subsection  
15 31, and the utility may protest the assessed value in  
16 the manner provided by law for any property owner to  
17 protest an assessment. The assessed value of the  
18 property shall be included in any summation of  
19 valuations in the school district for all purposes  
20 known to the law. For the purposes of chapter 257,  
21 payments made pursuant to this section shall be  
22 considered as property taxes and not as miscellaneous  
23 income. The county treasurer shall certify to the  
24 utility the payments due and the payments shall be  
25 made annually to the county treasurer who shall remit  
26 the payments to the school district in the same manner  
27 as school district property taxes are collected.

28 This section does not apply to a city-owned  
29 property operated by a city as a gas or electric  
30 utility on or before July 1, 1989."

31 2. By renumbering sections as necessary.

By CHAPMAN of Linn

H-3367 FILED MARCH 13, 1989

108t 3-14-89 (p-785)

## HOUSE FILE 535

H-3370

1 Amend House File 535 as follows:

- 2 1. Page 52, line 1, by striking the word "voter-  
3 approved".
- 4 2. Page 53, lines 9 and 10, by striking the word  
5 "voter-approved".
- 6 3. Page 55, line 9, by striking the word "voter-  
7 approved".
- 8 4. Page 55, line 19, by striking the word "voter-  
9 approved".
- 10 5. Page 55, line 23, by striking the word "voter-  
11 approved".
- 12 6. Page 55, line 25, by striking the word "voter-  
13 approved".
- 14 7. Page 70, by striking line 13 and inserting the  
15 following: "physical plant and equipment levy".
- 16 8. Page 74, line 33, by striking the word "voter-  
17 approved".
- 18 9. Page 75, line 7, by striking the word "voter-  
19 approved".
- 20 10. Page 75, line 23, by striking the word  
21 "voter-approved".
- 22 11. Page 75, line 29, by striking the word  
23 "voter-approved".
- 24 12. Page 75, lines 32 and 33, by striking the  
25 word "voter-approved".
- 26 13. Page 76, line 9, by striking the word "voter-  
27 approved".
- 28 14. Page 76, line 24, by striking the word  
29 "voter-approved".
- 30 15. Page 77, by striking lines 3 through 13 and  
31 inserting the following: "district is established.  
32 The".
- 33 16. Page 77, by striking lines 16 through 19.
- 34 17. Page 77, line 25, by striking the word  
35 "voter-approved".
- 36 18. Page 77, line 29, by striking the word  
37 "voter-approved".
- 38 19. Page 77, line 34, by striking the word  
39 "voter-approved".
- 40 20. By striking page 77, line 35, through page  
41 78, line 1, and inserting the following: "Voters have  
42 not voted upon the proposition to levy the physical  
43 plant and equipment levy in the reorganized".
- 44 21. Page 78, line 2, by striking the word "voter-  
45 approved".
- 46 22. Page 78, line 15, by striking the word  
47 "voter-approved".
- 48 23. Page 78, line 17, by striking the word  
49 "LEVIES" and inserting the following: "LEVY".
- 50 24. Page 78, line 18, by striking the words

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- 1 "regular and voter-approved".
- 2 25. Page 78, line 19, by striking the word
- 3 "levies" and inserting the following: "levy".
- 4 26. Page 80, line 12, by striking the words
- 5 "voter-approved".
- 6 27. By renumbering as necessary.

By MAULSBY of Calhoun

H-3370 FILED MARCH 13, 1989

Wst 3-20-89 (p. 850)

HOUSE FILE 535

H-3371

- 1 Amend House File 535 as follows:
- 2 1. Page 19, by striking lines 4 through 13 and
- 3 inserting the following: "The regular program
- 4 district cost per pupil for each school district shall
- 5 be equal to the state cost per pupil for the budget
- 6 year beginning July 1, 1993. The regular program
- 7 district cost per pupil for the budget year beginning
- 8 July 1, 1993, shall be added to the".

By NEUHAUSER of Johnson

H-3371 FILED MARCH 13, 1989

Wst 3-14-89 (p. 783)

HOUSE FILE 535

H-3379

1 Amend House File 535 as follows:  
2 1. Page 45, by inserting after line 16 the fol-  
3 lowing:  
4 "Sec. \_\_\_\_ . NEW SECTION. 257.32 SCHOOL REQUIRE-  
5 MENTS.  
6 Notwithstanding chapters 273 through 302, school  
7 districts and area education agencies are not required  
8 to meet the educational program requirements of  
9 chapters 273 through 302, and rules adopted by the  
10 state board of education to implement those chapters,  
11 if the funding provided in this chapter and chapter  
12 298 is insufficient to provide those programs."

By HALVORSON of Clayton  
HARBOR of Mills

H-3379 FILED MARCH 14, 1989

*Andrew 3-16-89 (p. 822)*

HOUSE FILE 535

H-3381

1 Amend amendment H-3348 to House File 535 as  
2 follows:  
3 1. Page 1, line 27, by inserting after the word  
4 "dollars" the words "per student".

By STROMER of Hancock

H-3381 FILED MARCH 14, 1989

*Adopted 3-20-89 (p. 834)*

*Out of Order 3-24-89 per adoption of H 3320A (p. 914)*

HOUSE FILE 535

H-3390

1 Amend House File 535 as follows:  
2 1. Page 45, line 15, by inserting after the word  
3 "income." the following: "If the moneys provided to  
4 school districts under this chapter, including the  
5 additional moneys appropriated in this section, and  
6 chapter 298, are insufficient for the school district  
7 to comply with the new educational standards adopted  
8 by the state board of education under section 256.17,  
9 Code 1987, and standards contained in 1988 Iowa Acts,  
10 chapter 1262, the board of directors of a school  
11 district shall notify the department of education that  
12 it is unable to meet one or more of the standards  
13 because of insufficient funding and the district is  
14 not required to meet that standard for accreditation  
15 under section 256.11."

By HALVORSON of Clayton  
HARBOR of Mills

H-3390 FILED MARCH 15, 1989

*lst 3-16-89 (p. 823)*

HOUSE FILE 535

H-3412

1 Amend House File 535 as follows:

2 1. Page 82, by inserting after line 4 the  
3 following:

4 "Sec. 425. NEW SECTION. 426B.1 SCHOOL DISTRICT  
5 TAX CREDIT.

6 1. A school district tax credit fund is created.  
7 There is appropriated annually from the general fund  
8 of the state to the department of revenue and finance  
9 to be credited to the school district tax credit fund,  
10 an amount sufficient to implement this chapter.

11 The director of revenue and finance shall issue  
12 warrants on the school district tax credit fund  
13 payable to the county treasurers of the several  
14 counties of the state under this chapter.

15 2. The school district tax credit fund shall be  
16 apportioned each year so as to give a credit against  
17 the tax levied on real property within the school  
18 district.

19 3. The amount due each county shall be paid by the  
20 the director of revenue and finance in two payments on  
21 November 15 and March 15 of each fiscal year, drawn  
22 upon warrants payable to the respective county  
23 treasurers. The two payments shall be as nearly equal  
24 as possible.

25 4. Annually the department of management shall  
26 determine under section 426B.2 the total amount of  
27 credits to be applied against the tax levied on all  
28 real property within the school district and shall  
29 certify to the county auditor of each county the total  
30 credits in dollars for each school district. Each  
31 county auditor shall then apportion, based on assessed  
32 valuation, the credits against the tax levied on each  
33 tract of real property in the school district payable  
34 during the ensuing year, designating on the tax lists  
35 the credit as being from the school district tax  
36 credit fund, and credit shall then be given to the  
37 several taxing districts in which such real property  
38 is located in an amount equal to the credits allowed  
39 on the taxes of such real property. The amount of  
40 credits shall be apportioned by each county treasurer  
41 to the several taxing districts as provided by law, in  
42 the same manner as though the amount of the credit had  
43 been paid by the owners of the real property.  
44 However, the several taxing districts shall not draw  
45 the funds so credited until after the semiannual  
46 allocations have been received by the county  
47 treasurer, as provided in this chapter. Each county  
48 treasurer shall show on each tax receipt the amount of  
49 credit received from the school district tax credit  
50 fund.

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1 5. The school district tax credit allowed in this  
2 chapter shall not exceed the actual amount of taxes  
3 payable on the real property, exclusive of any special  
4 assessments levied against the homestead.

5 Sec. 426. NEW SECTION. 426B.2 TOTAL AMOUNT OF  
6 CREDIT.

7 The department of management shall determine for  
8 each school district for each budget year the percent  
9 of its regular program budget that is funded by  
10 property taxes and the percent that is funded by state  
11 foundation aid and other state funding. If the  
12 property tax portion exceeds the maximum allowable  
13 percent for the budget year, a credit shall be given  
14 to each tract of real property located in the school  
15 district for the excess general fund property taxes  
16 imposed under chapters 257 and 298. The department of  
17 management shall determine the total amount of credits  
18 that are to be applied against the real property taxes  
19 levied on real property within the school district.  
20 The total amount of credits equal the product of the  
21 difference between the maximum allowable percent and  
22 the percent of the regular program budget funded by  
23 property taxes multiplied by the regular program  
24 budget.

25 For the purpose of this section, the maximum  
26 allowable percent for the budget year beginning July  
27 1, 1991, is seventy. For each succeeding budget year  
28 the maximum allowable percent shall be reduced by 5%,  
29 until for the budget year beginning July 1, 1996, and  
30 thereafter, the maximum allowable percent is twenty.

31 For the purposes of this section, "regular program  
32 budget" includes the district cost of the district,  
33 property tax adjustment aid, additional allowable  
34 growth granted for approved dropout prevention  
35 programs, additional allowable growth granted by the  
36 school budget review committee, and revenues from the  
37 management levy. Property tax credits received under  
38 chapters 425, 426, and 426A during the year shall be  
39 deducted from the property tax portion and shall be  
40 considered state aid."

41 2. Page 86, line 2, by striking the word and  
42 figure "and 102" and inserting the following: "102,  
43 425, and 426".

By HARBOR of Mills  
HALVORSON of Clayton

H-3412 FILED MARCH 16, 1989

Withdrawn 3-20-89 (p.856)

HOUSE FILE 535

H-3416

1 Amend House File 535 as follows:

2 1. By striking everything after the enacting  
3 clause and inserting the following:

4 "Section 1. NEW SECTION. 257.1 STATE SCHOOL  
5 FOUNDATION PROGRAM -- STATE AID.

6 1. PROGRAM ESTABLISHED. A state school foundation  
7 program is established for the school year commencing  
8 July 1, 1990, and succeeding school years.

9 2. STATE SCHOOL FOUNDATION AID -- FOUNDATION BASE.  
10 For a budget year, each school district in the state  
11 is entitled to receive state school foundation aid, in  
12 an amount per pupil equal to the difference between  
13 the amount per pupil of foundation property tax in the  
14 district, and the total state foundation base per  
15 pupil or the district cost per pupil, whichever is  
16 less.

354-17 The regular program state foundation base per pupil  
18 is eighty-two percent of the regular program state  
19 cost per pupil. The special education support  
20 services state foundation base is eighty-two percent  
21 of the special education support services state cost  
22 per pupil. The total state foundation base is the sum  
23 of the regular program state foundation base and the  
24 special education support services state foundation  
25 base.

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

33 Sec. 2. NEW SECTION. 257.2 DEFINITIONS.

34 As used in this chapter:

35 1. "Combined state cost per pupil" is a per pupil  
36 amount determined by adding together the regular  
37 program state cost per pupil for a year and the  
38 special education support services state cost per  
39 pupil for that year calculated under section 257.9.

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

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

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

50 5. "School district" means a school corporation



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1 organized under chapter 274.

2 6. "Miscellaneous income" means the receipts de-  
3 posited to the general fund of the school district but  
4 not including any of the following:

5 a. Foundation aid.

6 b. Revenue obtained from the foundation property  
7 tax.

8 c. Revenue obtained from the additional property  
9 tax.

10 7. "Expenditures" means the total amounts paid  
11 from the general fund of a school district.

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

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

22 2. AMOUNT FOR REORGANIZED AND DISSOLVED DISTRICTS.  
23 For purposes of this subsection, a reorganized school  
24 district is one which absorbed at least thirty percent  
25 of the enrollment of the school district affected by a  
26 reorganization or dissolved during a dissolution and  
27 in which reorganization was approved in an election  
28 pursuant to sections 275.18 and 275.20 or dissolution  
29 was approved pursuant to section 275.55, and the  
30 reorganization or dissolution takes effect on or after  
31 July 1, 1990. In the year following a reorganization  
32 or dissolution, a reorganized school district, as  
33 defined in this subsection, shall cause a foundation  
34 property tax of four dollars and forty cents per  
35 thousand dollars of assessed valuation to be levied on  
36 the taxable property which, in the school year  
37 preceding a reorganization, was within a school  
38 district affected by the reorganization as defined in  
39 section 275.1, or in the school year preceding a  
40 dissolution was a part of a school district that  
41 dissolved. In the school year preceding the  
42 reorganization or dissolution, the school district  
43 affected by the reorganization or the school district  
44 that dissolved must have had a certified enrollment of  
45 fewer than six hundred in order for the four-dollar-  
46 and-forty-cent levy to apply. In succeeding school  
47 years, the foundation property tax levy on that  
48 portion shall be increased twenty cents per year until  
49 it reaches the rate of five dollars and forty cents  
50 per thousand dollars of assessed valuation.

1 The property tax rates of those districts that met  
2 the requirements of section 442.2, subsection 1, Code  
3 1989, prior to July 1, 1990, shall continue to  
4 increase twenty cents per year as provided in this  
5 subsection.

6 3. RAILWAY CORPORATIONS. For purposes of section  
7 257.1, the "amount per pupil of foundation property  
8 tax" does not include the tax levied under subsection  
9 1 or 2 on the property of a railway corporation or on  
10 its trustee if the corporation has been declared  
11 bankrupt or is in bankruptcy proceedings.

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

14 1. COMPUTATION OF TAX. A school district shall  
15 cause to be levied each year, an additional property  
16 tax levy. The rate of the additional property tax  
17 levy in a school district shall be determined by the  
18 department of management and shall be calculated to  
19 raise the difference between the total district cost  
20 for the budget year and the sum of the products of the  
21 regular program foundation base per pupil times the  
22 weighted enrollment in the district and the special  
23 education support services foundation base per pupil  
24 times the special education support services weighted  
25 enrollment in the district.

26 2. APPLICATION OF TAX. No later than May 1 of  
27 each year, the department of management shall notify  
28 the county auditor of each county the amount, in  
29 dollars and cents per thousand dollars of assessed  
30 value, of the additional property tax levy in each  
31 school district in the county. Each county auditor  
32 shall spread the additional property tax levy for each  
33 school district over all taxable property in the dis-  
34 trict.

35 Sec. 5. NEW SECTION. 257.5 SUPPLEMENTAL AID.  
36 For purposes of this section, a reorganized school  
37 district is one in which reorganization was approved  
38 in an election pursuant to sections 275.18 and 275.20  
39 and took effect on or after July 1, 1986.

40 Notwithstanding section 257.4, if the rate of the  
41 additional property tax levy determined under section  
42 257.4 for a budget year for a reorganized school  
43 district is higher than the rate of the additional  
44 property tax levy determined under section 257.4, or  
45 section 442.9, Code 1987 or 1989, for the year  
46 previous to the reorganization for a school district  
47 that had a certified enrollment of less than six  
48 hundred and that was a school district affected by the  
49 reorganization as defined in section 275.1, the  
50 department of management shall reduce the rate of the

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1 additional property tax levy in the portion of the  
2 reorganized district where the new rate is higher, to  
3 the rate that was levied in that portion of the  
4 district during the year preceding the reorganization,  
5 for the five-year period provided in this section.  
6 The department of management shall pay to each  
7 reorganized school district during each of the first  
8 five years of existence of the reorganized district as  
9 supplemental aid, moneys equal to the difference in  
10 revenues that would have been collected under the  
11 additional property tax levy calculated under section  
12 257.4 and the rate determined under this section.

13 There is appropriated from the general fund of the  
14 state to the department of management for each fiscal  
15 year an amount sufficient to pay the supplemental aid  
16 to school districts under this section. Supplemental  
17 aid shall be paid in the manner provided in section  
18 257.16.

19 For the purpose of the department of management's  
20 determination of the portion of a school district's  
21 budget that was property tax and the portion that was  
22 state aid under section 257.25, supplemental aid shall  
23 be considered property tax.

24 Sec. 6. NEW SECTION. 257.6 ENROLLMENT.

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

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

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

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

48 d. Eleventh and twelfth grade nonresident pupils  
49 who were residents of the district during the  
50 preceding school year and are enrolled in the district

1 until the pupils graduate. Tuition for those pupils  
2 shall not be charged by the district in which the  
3 pupils are enrolled.

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

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

16 2. BASIC ENROLLMENT. Basic enrollment for a  
17 budget year is a district's actual enrollment for the  
18 base year. Basic enrollment for the base year is a  
19 district's actual enrollment for the year preceding  
20 the base year.

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

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

36 4. BUDGET ENROLLMENT. The budget enrollment of a  
37 school district is equal to the greater of the  
38 following:

39 a. The average of the district's basic enrollment  
40 for the budget year, for the base year, and for the  
41 year before the base year.

42 b. The basic enrollment for the budget year.

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

47 5. BUDGET ENROLLMENT FOR 1990-1991. Not-  
48 withstanding subsections 2 and 4, for the budget year  
49 commencing July 1, 1990, a school district's budget  
50 enrollment is the larger of the following:

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1 a. The sum of ten percent of the basic enrollment  
2 for the budget year beginning July 1, 1986, calculated  
3 under chapter 442, Code 1987, and ninety percent of  
4 the larger of the basic enrollment for the base year  
5 or the basic enrollment for the budget year.

6 b. The basic enrollment for the budget year.

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

11 6. BUDGET ENROLLMENT FOR 1991-1992. Not-  
12 withstanding subsections 2 and 4, for the budget year  
13 commencing July 1, 1991, a school district's budget  
14 enrollment is the larger of the following:

15 a. The sum of ten percent of the basic enrollment  
16 for the budget year beginning July 1, 1988, calculated  
17 under chapter 442, Code 1989, and ninety percent of  
18 the larger of the basic enrollment for the base year  
19 or the basic enrollment for the budget year.

20 b. The basic enrollment for the budget year.

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

25 7. WEIGHTED ENROLLMENT. Weighted enrollment is  
26 the budget enrollment plus the district's additional  
27 enrollment because of special education calculated on  
28 December 1 of the base year plus additional pupils  
29 added due to the application of the supplementary  
30 weighting.

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

35 Sec. 7. NEW SECTION. 257.7 AUTHORIZED EX-  
36 PENDITURES.

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

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

1 budget.

2 Sec. 8. NEW SECTION. 257.8 STATE PERCENT OF  
3 GROWTH -- ALLOWABLE GROWTH.

4 1. CALCULATION BY DEPARTMENT OF MANAGEMENT. On or  
5 before September 15, 1989, the department of  
6 management shall compute a state percent of growth for  
7 the budget year and a state percent of growth for the  
8 year following the budget year.

9 On or before each September 15 thereafter, the de-  
10 partment of management shall compute a state percent  
11 of growth for the year following the budget year. The  
12 state percents of growth shall be forwarded to the  
13 director of the department of education.

14 2. BUDGET YEAR CALCULATION. For the budget year,  
15 the state percent of growth is an average of the  
16 following four percents of growth in paragraphs "a"  
17 and "b" except as otherwise provided in subsection 4:

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

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

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

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

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

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

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

48 3. CALCULATION FOR YEAR FOLLOWING BUDGET YEAR.

49 For the year following the budget year, the state  
50 percent of growth is an average of the following four

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1 percentages of growth in paragraphs "a" and "b",  
2 except as provided in subsection 4:

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

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

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

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

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

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

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

32 4. EXCEPTION. If the average of the percents  
33 computed or estimated under paragraph "b" of  
34 subsection 2 or 3 exceeds the average of the percents  
35 computed or estimated under paragraph "a" of the  
36 applicable subsection, the state percent of growth for  
37 that budget year shall be the average of the two  
38 percents of growth computed or estimated under  
39 paragraph "a" of the applicable subsection.

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

44 6. RECOMPUTATION. On or before September 15 of  
45 each year the department of management shall recompute  
46 the state percent of growth for the previous year  
47 using adjusted estimates and the actual figures  
48 available. The difference between the recomputed  
49 state percent of growth for the previous year and the  
50 original computation shall be added to or subtracted

1 from the state percent of growth for the year  
2 following the budget year, as applicable. However, on  
3 or before September 15, 1989, the department of  
4 management shall recompute the state percent of growth  
5 for the previous year in the manner provided in  
6 section 442.7, Code 1989.

7 With regard to values of gross national product  
8 implicit price deflators, the recomputation of the  
9 state percent of growth for the previous year shall be  
10 made only with respect to the value of the deflator  
11 for the year which occurred subsequent to the  
12 calculation of the state percent of growth for the  
13 previous year. If subsection 4 is used in the  
14 calculation of the state percent of growth for the  
15 previous year, the calculation made in subsection 3,  
16 paragraph "b", shall not be used in the recomputation  
17 of the state percent of growth for the previous year.

18 7. ALLOWABLE GROWTH CALCULATION. The department  
19 of management shall calculate the regular program  
20 allowable growth for a budget year by multiplying the  
21 state percent of growth for the budget year by the  
22 regular program state cost per pupil for the base year  
23 and shall calculate the special education support  
24 services allowable growth for the budget year by  
25 multiplying the state percent of growth for the budget  
26 year by the special education support services state  
27 cost per pupil for the base year.

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

34 a. By the school budget review committee under  
35 section 257.21.

36 b. By the department of management under section  
37 257.30.

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

39 1. REGULAR PROGRAM STATE COST PER PUPIL FOR 1990-  
40 1991. For the budget year beginning July 1, 1990, for  
41 the regular program state cost per pupil, the depart-  
42 ment of management shall add together the state total  
43 of the district costs of all school districts for the  
44 base year, as district cost is defined in section  
45 442.9, Code 1989, plus the total of the amounts added  
46 to the district cost of school districts pursuant to  
47 section 442.21, Code 1989, plus the amount included in  
48 the districts' budgets in the state for the fiscal  
49 year beginning July 1, 1986, for the additional  
50 portion of the livestock tax credit pursuant to



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1 section 442.2, subsection 2, as it appeared in the  
2 1987 Code and plus the difference between the  
3 following amounts:

4 a. The general allocation of the school district  
5 as determined under section 405A.2, Code 1989.

6 b. The foundation property tax rate multiplied by  
7 the total actual value of all personal property  
8 assessed for valuation in the school district as of  
9 January 1, 1973, excluding livestock.

10 2. CALCULATION. The total calculated under  
11 subsection 1 shall be divided by the total enrollment  
12 of all school districts calculated separately for each  
13 using twenty percent of the basic enrollment for the  
14 budget year beginning July 1, 1981, and eighty percent  
15 of the higher of the basic enrollment for the budget  
16 year beginning July 1, 1988, or the basic enrollment  
17 for the budget year beginning July 1, 1989, except as  
18 otherwise provided in this subsection. For the  
19 purpose of this subsection, "basic enrollment" means  
20 basic enrollment as defined in section 442.4, Code  
21 1989. The regular program state cost per pupil for  
22 the budget year beginning July 1, 1990, is the amount  
23 calculated by the department of management under this  
24 subsection plus an allowable growth amount equal to  
25 the state percent of growth for the budget year  
26 multiplied by the amount calculated by the department  
27 of management under this subsection plus ten dollars  
28 and the amount per pupil that would have been  
29 allocated to school districts under chapter 294A, Code  
30 1989, for phase II of the educational excellence  
31 program plus twenty dollars for the cost of  
32 implementing new educational standards and other  
33 educational program needs of school districts. The  
34 amount per pupil that would have been allocated to  
35 school districts under chapter 294A, Code 1989, for  
36 phase II of the educational excellence program shall  
37 be determined by dividing the budget enrollment of the  
38 state, calculated under section 257.6, subsection 5,  
39 into the total amount allocated to school districts  
40 under chapter 294A for phase II.

41 If the enrollment calculated in this subsection for  
42 a school district is less than the basic enrollment  
43 for the budget year for that school district, the  
44 basic enrollment for the budget year for that school  
45 district shall be used.

46 3. REGULAR PROGRAM STATE COST PER PUPIL FOR 1991-  
47 1992. For the budget year beginning July 1, 1991, for  
48 the regular program state cost per pupil, the  
49 department of management shall add together the state  
50 total of the district costs of all school districts

1 for the base year, calculated under section 257.10,  
2 subsection 1, and divide that total by the total  
3 enrollment of all school districts calculated  
4 separately and totaled, using twenty percent of the  
5 basic enrollment for the budget year beginning July 1,  
6 1987, and eighty percent of the higher of the basic  
7 enrollment for the base year or the basic enrollment  
8 for the year preceding the base year, except as  
9 otherwise provided in this section. The regular  
10 program state cost per pupil for the budget year is  
11 the resulting figure plus the regular program  
12 allowable growth.

13 For the purposes of this subsection, basic  
14 enrollment for the base year means basic enrollment as  
15 defined in section 257.6 and basic enrollment for the  
16 year preceding the base year means basic enrollment as  
17 defined in section 442.4, Code 1989.

18 If the enrollment calculated in this subsection for  
19 a school district is less than the basic enrollment  
20 for the budget year for that school district, the  
21 department of management shall use the basic  
22 enrollment for the budget year for that school  
23 district.

24 4. REGULAR PROGRAM STATE COST PER PUPIL FOR 1992-  
25 1993. For the budget year beginning July 1, 1992, for  
26 the regular program state cost per pupil, the  
27 department of management shall add together the state  
28 total of the district costs of all school districts  
29 for the base year, calculated under section 257.10,  
30 and divide that total by the total enrollment of all  
31 school districts calculated separately and totaled,  
32 using twenty percent of the basic enrollment for the  
33 budget year beginning July 1, 1988, and eighty percent  
34 of the higher of the basic enrollment for the base  
35 year or the basic enrollment for the year preceding  
36 the base year, except as otherwise provided in this  
37 section. The regular program state cost per pupil for  
38 the budget year is the resulting figure plus the  
39 regular program allowable growth.

40 For the purposes of this subsection, basic  
41 enrollment for the base year means basic enrollment as  
42 defined in section 257.6 and basic enrollment for the  
43 year preceding the base year means basic enrollment as  
44 defined in section 442.4, Code 1989.

45 If the enrollment calculated in this subsection for  
46 a school district is less than the basic enrollment of  
47 the budget year for that school district, the  
48 department of management shall use the basic  
49 enrollment for the budget year for that school  
50 district.

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1 5. REGULAR PROGRAM STATE COST PER PUPIL FOR 1993-  
2 1994 AND SUCCEEDING YEARS. For the budget year  
3 beginning July 1, 1993, and succeeding budget years,  
4 the regular program state cost per pupil for a budget  
5 year is the regular program state cost per pupil for  
6 the base year plus the regular program allowable  
7 growth for the budget year.

8 6. SPECIAL EDUCATION SUPPORT SERVICES STATE COST  
9 PER PUPIL FOR 1990-1991. For the budget year  
10 beginning July 1, 1990, for the special education  
11 support services state cost per pupil, the department  
12 of management shall divide the total of the approved  
13 budgets of the area education agencies for special  
14 education support services filed November 1, 1989,  
15 under section 273.5, by the total of the weighted  
16 enrollment for special education support services in  
17 the state for the budget year. The special education  
18 support services state cost per pupil for the budget  
19 year is the amount calculated by the department of  
20 management under this subsection.

21 7. SPECIAL EDUCATION SUPPORT SERVICES STATE COST  
22 PER PUPIL FOR 1991-1992. For the budget year  
23 beginning July 1, 1991, for the special education  
24 support services state cost per pupil, the department  
25 of management shall divide the total of the approved  
26 budgets of the area education agencies for special  
27 education support services filed November 1, 1990,  
28 under section 273.5, by the total of the weighted  
29 enrollment for special education support services in  
30 the state for the budget year. The special education  
31 support services state cost per pupil for the budget  
32 year is the amount calculated by the department of  
33 management under this subsection.

34 8. SPECIAL EDUCATION SUPPORT SERVICES STATE COST  
35 PER PUPIL FOR 1992-1993. For the budget year  
36 beginning July 1, 1992, for the special education  
37 support services state cost per pupil, the department  
38 of management shall divide the total of the approved  
39 budgets of the area education agencies for special  
40 education support services filed November 1, 1991,  
41 under section 273.5, by the total of the weighted  
42 enrollment for special education support services in  
43 the state for the budget year. The special education  
44 support services state cost per pupil for the budget  
45 year is the amount calculated by the department of  
46 management under this subsection.

47 9. SPECIAL EDUCATION SUPPORT SERVICES STATE COST  
48 PER PUPIL FOR 1993-1994 AND SUCCEEDING YEARS. For the  
49 budget year beginning July 1, 1993, and succeeding  
50 budget years, the special education support services

1 state cost per pupil for the budget year is the  
2 special education support services state cost per  
3 pupil for the base year plus the special education  
4 support services allowable growth for the budget year.

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

9 Sec. 10. NEW SECTION. 257.10 DISTRICT COST PER  
10 PUPIL -- DISTRICT COST.

11 1. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR  
12 1990-1991. For the budget year beginning July 1,  
13 1990, in order to determine the regular program  
14 district cost per pupil, the department of management  
15 shall divide the regular program district cost for the  
16 base year, as defined in section 442.9, Code 1989,  
17 plus the amount added to district cost pursuant to  
18 section 442.21, Code 1989, for each school district,  
19 by the enrollment of the school district calculated  
20 using twenty percent of the basic enrollment for the  
21 budget year beginning July 1, 1981, and eighty percent  
22 of the higher of the basic enrollment for the budget  
23 year beginning July 1, 1988, or the basic enrollment  
24 for the budget year beginning July 1, 1989, except as  
25 otherwise provided in this subsection. Basic  
26 enrollment means basic enrollment as defined in  
27 section 442.4, Code 1989. Regular program district  
28 cost for the base year, as defined in section 442.9,  
29 Code 1989, does not include funds generated for  
30 supplementary weighting under section 442.39, Code  
31 1989, or moneys added to district cost for area  
32 education agency media and educational services under  
33 section 442.27, Code 1989. It does include permanent  
34 increases in allowable growth added by the school  
35 budget review committee for the base year.

36 If the enrollment calculated in this subsection for  
37 a school district is less than the basic enrollment  
38 for the budget year for that school district, the  
39 basic enrollment for the budget year shall be used for  
40 that school district instead.

41 The regular program district cost per pupil for the  
42 budget year beginning July 1, 1990, is the amount  
43 calculated by the department of management under this  
44 subsection plus the allowable growth amount calculated  
45 for regular program state cost per pupil under section  
46 257.9, subsection 2, plus ten dollars, except that if  
47 the regular program district cost per pupil for the  
48 budget year calculated under this subsection in any  
49 school district exceeds one hundred ten percent of the  
50 regular program state cost per pupil for the budget

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1 year, the department of management shall reduce the  
2 regular program district cost of that district to an  
3 amount equal to one hundred ten percent of the state  
4 cost per pupil plus the following:

5 a. The amount per pupil calculated under section  
6 257.9, subsection 2, for phase II of the educational  
7 excellence program. Moneys added to district cost per  
8 pupil under this paragraph and the allowable growth  
9 generated by those moneys in succeeding budget years  
10 shall be used for teacher salaries.

11 b. Twenty dollars for the cost of implementing new  
12 educational standards and other educational program  
13 needs of school districts.

14 2. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR  
15 1991-1992. For the budget year beginning July 1,  
16 1991, in order to determine the regular program  
17 district cost per pupil, the department of management  
18 shall divide the regular program district cost for the  
19 base year by the enrollment of the school district,  
20 calculated using twenty percent of the basic  
21 enrollment for the budget year beginning July 1, 1987,  
22 and eighty percent of the higher of the basic  
23 enrollment for the base year or the basic enrollment  
24 for the year preceding the base year, except as  
25 otherwise provided in this section. The regular  
26 program district cost per pupil for the budget year  
27 beginning July 1, 1991, is the amount calculated by  
28 the department of management under this subsection  
29 plus the allowable growth amount calculated for  
30 regular program state cost per pupil under section  
31 257.9, subsection 3, except that if the regular  
32 program district cost per pupil for the budget year  
33 calculated under this subsection in any school  
34 district exceeds one hundred ten percent of the  
35 regular program state cost per pupil for the budget  
36 year, the department of management shall reduce the  
37 regular program district cost of that district to an  
38 amount equal to one hundred ten percent of the state  
39 cost per pupil.

40 For the purposes of this subsection, basic  
41 enrollment for the base year means basic enrollment as  
42 defined in section 257.6 and basic enrollment for the  
43 year preceding the base year means basic enrollment as  
44 defined in section 442.4, Code 1989.

45 If the enrollment calculated in this subsection for  
46 a school district is less than the basic enrollment of  
47 the budget year for that school district, the  
48 department of management shall use the basic  
49 enrollment for the budget year for that school  
50 district instead.

1 3. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR  
2 1992-1993. For the budget year beginning July 1,  
3 1992, in order to determine the regular program  
4 district cost per pupil, the department of management  
5 shall divide the regular program district cost for the  
6 base year by the enrollment of the school district,  
7 calculated using twenty percent of the basic  
8 enrollment for the budget year beginning July 1, 1988,  
9 and eighty percent of the higher of the basic  
10 enrollment for the base year or the basic enrollment  
11 for the year preceding the base year, except as  
12 otherwise provided in this section. The regular  
13 program district cost per pupil for the budget year  
14 beginning July 1, 1992, is the amount calculated by  
15 the department of management under this subsection  
16 plus the allowable growth amount calculated for  
17 regular program state cost per pupil under section  
18 257.9, subsection 3, except that if the regular  
19 program district cost per pupil for the budget year  
20 calculated under this subsection in any school  
21 district exceeds one hundred ten percent of the  
22 regular program state cost per pupil for the budget  
23 year, the department of management shall reduce the  
24 regular program district cost of that district to an  
25 amount equal to one hundred ten percent of the state  
26 cost per pupil.

27 For the purposes of this subsection, basic  
28 enrollment for the base year means basic enrollment as  
29 defined in section 257.6 and basic enrollment for the  
30 year preceding the base year means basic enrollment as  
31 defined in section 442.4, Code 1989.

32 If the enrollment calculated in this subsection for  
33 a school district is less than the basic enrollment of  
34 the budget year for that school district, the  
35 department of management shall use the basic  
36 enrollment for the budget year for that school  
37 district instead.

38 4. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR  
39 1993 AND SUCCEEDING YEARS. For the budget year  
40 beginning July 1, 1993, and succeeding budget years,  
41 the regular program district cost per pupil for each  
42 school district for a budget year is the regular  
43 program district cost per pupil for the base year plus  
44 the regular program allowable growth for the budget  
45 year.

46 5. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT  
47 COST PER PUPIL FOR 1990-1991. For the budget year  
48 beginning July 1, 1990, for the special education  
49 support services district cost per pupil, the  
50 department of management shall divide the approved

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1 budget of each area education agency for special  
2 education support services filed November 1, 1989,  
3 under section 273.5, by the total of the weighted  
4 enrollment for special education support services in  
5 the area for that budget year.

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

10 6. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT  
11 COST PER PUPIL FOR 1991-1992. For the budget year  
12 beginning July 1, 1991, for the special education  
13 support services district cost per pupil, the  
14 department of management shall divide the approved  
15 budget of each area education agency for special  
16 education support services filed November 1, 1990,  
17 under section 273.5, by the total of the weighted  
18 enrollment for special education support services in  
19 the area for the budget year.

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

24 7. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT  
25 COST PER PUPIL FOR 1992-1993. For the budget year  
26 beginning July 1, 1992, for the special education  
27 support services district cost per pupil, the  
28 department of management shall divide the approved  
29 budget of each area education agency for special  
30 education support services filed November 1, 1991,  
31 under section 273.5, by the total of the weighted  
32 enrollment for special education support services in  
33 the area for the budget year.

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

38 8. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT  
39 COST PER PUPIL FOR 1993 AND SUCCEEDING YEARS. For the  
40 budget year beginning July 1, 1993, and succeeding  
41 budget years, the special education support services  
42 district cost per pupil for the budget year is the  
43 special education support services district cost per  
44 pupil for the base year plus the special education  
45 support services allowable growth for the budget year.

46 9. COMBINED DISTRICT COST PER PUPIL. The combined  
47 district cost per pupil for a school district is the  
48 sum of the regular program district cost per pupil and  
49 the special education support services district cost  
50 per pupil. District cost per pupil does not include

1 additional allowable growth added for school districts  
2 that have a negative balance of funds raised for  
3 special education instruction programs under section  
4 257.21, additional allowable growth granted by the  
5 school budget review committee for a single school  
6 year, or additional allowable growth added for  
7 programs for dropout prevention.

8 10. REGULAR PROGRAM DISTRICT COST. Regular  
9 program district cost for a school district for a  
10 budget year is equal to the regular program district  
11 cost per pupil for the budget year multiplied by the  
12 weighted enrollment for the budget year.

13 11. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT  
14 COST. Special education support services district  
15 cost for a school district for a budget year is equal  
16 to the special education support services district  
17 cost per pupil for the budget year multiplied by the  
18 special education support services weighted  
19 enrollment. If the special education support services  
20 district cost for a school district for a budget year  
21 is less than the special education support services  
22 district cost for that district for the base year, the  
23 department of management shall adjust the special  
24 education support services district cost for that  
25 district for the budget year to equal the special  
26 education support services district cost for the base  
27 year.

28 12. COMBINED DISTRICT COST. Combined district  
29 cost is the sum of the regular program district cost  
30 and the special education support services district  
31 cost, plus the additional district cost allocated to  
32 the district under section 257.26 to fund media  
33 services and educational services provided through the  
34 area education agency.

35 A school district shall not increase its district  
36 cost for the budget year except to the extent that an  
37 excess tax levy is authorized by the school budget  
38 review committee under section 257.21.

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

41 In order to provide additional funds for school  
42 districts which send their resident pupils to another  
43 school district or to an area school for classes,  
44 which jointly employ and share the services of  
45 teachers under section 280.15, or which use the  
46 services of a teacher employed by another school  
47 district, or which jointly employ and share the  
48 services of school administrators under section  
49 280.15, a supplementary weighting plan for determining  
50 enrollment is adopted as follows:



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

6 2. SHARED CLASSES OR TEACHERS. Pupils attending  
7 classes in another school district or an area school,  
8 attending classes taught by a teacher who is employed  
9 jointly under section 280.15, or attending classes  
10 taught by a teacher who is employed by another school  
11 district, are assigned a weighting of one plus an  
12 additional portion equal to one times the percent of  
13 the pupil's school day during which the pupil attends  
14 classes in another district or area school, attends  
15 classes taught by a teacher who is jointly employed  
16 under section 280.15, or attends classes taught by a  
17 teacher who is employed by another school district.  
18 However, this subsection applies only if the school  
19 budget review committee certifies to the department of  
20 management that the shared classes or teachers would  
21 otherwise not be implemented without the assignment of  
22 additional weighting.

23 3. WHOLE GRADE SHARING. For the budget years  
24 beginning July 1, 1990, through July 1, 1992, the  
25 school budget review committee shall assign an  
26 additional weighting equal to one plus an additional  
27 portion of one times the percent of the pupil's school  
28 day in which a pupil attends classes in another  
29 district or an area school, attends classes taught by  
30 a teacher who is employed jointly under section  
31 280.15, or attends classes taught by a teacher who is  
32 employed by another district, only in districts that  
33 have executed whole grade sharing agreements under  
34 sections 282.10 through 282.12. The additional  
35 weighting for whole grade sharing shall be assigned by  
36 the school budget review committee to a district for a  
37 maximum of five years. If the school district  
38 reorganizes between July 1, 1990, and July 1, 1993,  
39 the weighting for whole grade sharing shall be  
40 continued in the enrollment of the reorganized school  
41 district so that the total years of weighting for  
42 whole grade sharing equals ten.

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

47 5. SHARED ADMINISTRATORS. Pupils enrolled in a  
48 school district in which one or more administrators  
49 are employed jointly under section 280.15, or in which  
50 one or more administrators are employed under section

1 273.7A, are assigned a weighting of one plus an  
2 additional portion of one for each administrator who  
3 is jointly employed times the percent of the  
4 administrator's time in which the administrator is  
5 employed in the school district. However, the total  
6 additional weighting assigned under this subsection  
7 for a budget year for a school district is limited to  
8 fifteen and the total additional weighting added  
9 cumulatively to the enrollment of a school district  
10 sharing an administrator is limited to twenty-five.

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

13 a. Executive administrators, which includes the  
14 superintendent and such assistants as deputy,  
15 associate, and assistant superintendents who perform  
16 activities in the general direction and management of  
17 the affairs of the local school districts.

18 b. School administrators, which includes assistant  
19 principals, and other assistants in general  
20 supervision of the operations of the school. School  
21 administrators does not include principals.

22 c. Business administrators, which includes  
23 personnel associated with activities concerned with  
24 purchasing, paying for, transporting, exchanging, and  
25 maintaining goods and services for the school  
26 district.

27 The additional weighting assigned under this  
28 subsection may be assigned to a district for a maximum  
29 of five years and, thereafter, the additional  
30 weighting shall not be assigned to the same district  
31 under this section, but may be assigned under section  
32 257.12.

33 6. SHARED MATHEMATICS, SCIENCE, AND LANGUAGE  
34 COURSES. A school district receiving additional funds  
35 under subsection 2 for its pupils at the ninth grade  
36 level and above that are enrolled in sequential  
37 mathematics courses at the advanced algebra level and  
38 above; chemistry, advanced chemistry, physics or  
39 advanced physics courses; or foreign language courses  
40 at the second year level and above shall have an  
41 additional weighting of one pupil added to its total.

42 7. CALCULATION OF WEIGHTS. The school budget  
43 review committee shall calculate the weights to be  
44 used under subsections 2 and 3 to the nearest one-  
45 hundredth of one and under subsection 5 to the next  
46 highest one-hundredth of one so that, to the extent  
47 possible, the moneys generated by the weighting will  
48 be equivalent to the moneys generated by the one-  
49 tenth, five-tenths, and five-hundredths weighting  
50 provided in section 442.39, Code 1989.

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

3 In determining weighted enrollment under section  
4 257.6, a reorganized school district shall include,  
5 for a period of five years following the effective  
6 date of the reorganization, additional pupils added  
7 under section 257.11, subsection 5, in the year  
8 preceding the reorganization. However, the weighting  
9 shall be reduced by the supplementary weighting added  
10 for a pupil whose residency is not within the  
11 reorganized district. For purposes of this section, a  
12 reorganized district is one in which the  
13 reorganization was approved in an election pursuant to  
14 sections 275.18 and 275.20 and takes effect on or  
15 after July 1, 1986.

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

18 If a district's actual enrollment for the budget  
19 year, determined under section 257.6, is higher than  
20 its budget enrollment for the budget year, the  
21 district is granted an advance from the state of an  
22 amount equal to its regular program district cost per  
23 pupil for the budget year multiplied by the difference  
24 between the actual enrollment for the budget year and  
25 the budget enrollment for the budget year. The  
26 advance is miscellaneous income.

27 If a district receives an advance under this  
28 section for a budget year, the department of  
29 management shall determine the amount of the advance  
30 which would have been generated by local property tax  
31 revenues if the actual enrollment for the budget year  
32 had been used in determining district cost for that  
33 budget year, shall reduce the district's total state  
34 school aids available under this chapter for the next  
35 following budget year by the amount so determined, and  
36 shall increase the district's additional property tax  
37 levy for the next following budget year by the amount  
38 necessary to compensate for the reduction in state  
39 aid, so that the local property tax for the next  
40 following year will be increased only by the amount  
41 which it would have been increased in the budget year  
42 if the enrollment calculated in this section could  
43 have been used to establish the levy.

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

50 Sec. 14. NEW SECTION. 257.14 BUDGET ADJUSTMENT.

1 If the department of management determines that the  
2 regular program district cost of a school district for  
3 a budget year is less than the total of the regular  
4 program district cost plus any adjustment added under  
5 this section for the base year for that school  
6 district, the department of management shall provide a  
7 budget adjustment for that district for that year that  
8 is equal to the difference.

9 For the budget year beginning July 1, 1990, the  
10 department of management shall use the regular program  
11 district cost of school districts calculated pursuant  
12 to chapter 442, Code 1989, plus the amount added to  
13 district cost pursuant to section 442.21, Code 1989,  
14 for calculating a district's base year regular program  
15 district cost.

16 Sec. 15. NEW SECTION. 275.15 PROPERTY TAX  
17 ADJUSTMENT.

18 1. PROPERTY TAX ADJUSTMENT FOR 1990-1991, 1991-  
19 1992, AND 1992-1993. For each of the budget years  
20 beginning July 1, 1990, July 1, 1991, and July 1,  
21 1992, the department of management shall calculate the  
22 difference between the sum of the revenues generated  
23 by the foundation property tax and the additional  
24 property tax calculated under this chapter and the  
25 revenues generated by the foundation property tax and  
26 the additional property tax for that budget year  
27 calculated under chapter 442, Code 1989, if chapter  
28 442 were in effect. If the property tax revenues  
29 calculated under this chapter excluding the amount  
30 generated pursuant to section 257.18, exceed the  
31 property tax revenues calculated under chapter 442,  
32 Code 1989, the department of management shall reduce  
33 the revenues raised by the additional property tax  
34 levy under this chapter by that difference and the  
35 department of education shall pay property tax  
36 adjustment aid to the district equal to that  
37 difference.

38 2. PROPERTY TAX ADJUSTMENT AID FOR 1993-1994 AND  
39 SUCCEEDING YEARS. For the budget year beginning July  
40 1, 1993, and succeeding budget years, the department  
41 of education shall pay property tax adjustment aid to  
42 a school district in an amount equal to the amount  
43 paid to the district for the base year less an amount  
44 equal to the percent by which the taxable valuation in  
45 the district increased, if the taxable valuation  
46 increased, from January 1 of the year prior to the  
47 base year to January 1 of the base year. The  
48 department of management shall adjust the rate of the  
49 additional property tax accordingly and notify the  
50 department of education of the amount of aid to be

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1 paid to each district.

2 3. There is appropriated from the general fund of  
3 the state to the department of education, for each  
4 fiscal year, an amount necessary to pay property tax  
5 adjustment aid to school districts under this section.  
6 Property tax adjustment aid shall be paid to school  
7 districts in the manner provided in section 257.16 for  
8 foundation aid.

9 Sec. 16. NEW SECTION. 257.16 APPROPRIATIONS.

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

13 All state aids paid under this chapter, unless  
14 otherwise stated, shall be paid in monthly  
15 installments beginning on September 15 of a budget  
16 year and ending on June 15 of the budget year and the  
17 installments shall be as nearly equal as possible as  
18 determined by the department of management, taking  
19 into consideration the relative budget and cash  
20 position of the state resources. However, the state  
21 aids paid to school districts under section 257.13  
22 shall be paid in monthly installments beginning on  
23 December 15 and ending on June 15 of a budget year.

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

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

30 State aid payments made pursuant to section 257.16  
31 for a fiscal year shall be reduced by one one-hundred-  
32 eightieth for each day of that fiscal year for which  
33 the school district begins school before the earliest  
34 starting date specified in section 279.10, subsection  
35 1. However, this section does not apply to a school  
36 district that has received approval from the director  
37 of the department of education under section 279.10,  
38 subsection 4, to commence classes for regularly  
39 established elementary and secondary schools in  
40 advance of the starting date established in section  
41 279.10, subsection 1.

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

44 For the budget year beginning July 1, 1991, and  
45 succeeding budget years, the board of directors may  
46 elect by resolution to receive additional funding for  
47 an instructional support program for a period not  
48 exceeding five years. The additional funding for the  
49 program is limited to an amount not exceeding ten  
50 percent of the total of regular program district cost

1 and moneys received under section 257.14 as a budget  
2 adjustment for the budget year. Moneys received by a  
3 district for the instructional support program are  
4 miscellaneous income and may be used for any general  
5 fund purpose.

6 Certification of a board's intent to participate in  
7 the instructional support program for a budget year  
8 shall be made to the department of management not  
9 later than March 15 of the base year. The department  
10 of management shall calculate the rate of the instruc-  
11 tional support property tax and the amount of  
12 instructional support state aid in the manner provided  
13 in this section.

3464-14 In order to determine the instructional support  
15 property tax for a district, the department of  
16 management shall divide the total assessed valuation  
17 in the state by the total budget enrollment for the  
18 budget year in the state to determine a state assessed  
19 valuation per pupil and shall divide the assessed  
20 valuation in each district by the district's budget  
21 enrollment for the budget year to determine the  
22 district valuation per pupil. The department of  
23 management shall multiply the ratio of the state's  
24 valuation per pupil to the district's valuation per  
25 pupil by twenty-five hundredths and subtract that  
26 result from one to determine the portion of the  
27 instructional support budget that is funded by  
28 instructional support property tax. The remainder of  
29 the budget of the instructional support program shall  
30 be funded by instructional support state aid.

31 If a school district has approved the use of the  
32 instructional support program for a budget year, the  
33 district cannot also collect moneys under the  
34 additional enrichment amount approved by the voters  
35 under chapter 442 for that budget year.

36 There is appropriated for each fiscal year from the  
37 general fund of the state to the department of  
38 education, an amount necessary to pay instructional  
39 support state aid as provided in this section and  
40 section 257.19. Instructional support state aid shall  
41 be paid at the same time and in the same manner as  
42 foundation aid is paid under section 257.16.

43 The instructional support property tax shall be  
44 levied in the manner provided for the additional  
45 property tax under section 257.4.

46 Sec. 19. NEW SECTION. 257.19 CONTINUATION OF  
47 INSTRUCTIONAL SUPPORT PROGRAM.

48 Effective for the budget year beginning July 1,  
49 1993, the board of directors may call an election to  
50 extend the instructional support program beyond the

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1 five-year period provided in section 257.18 for a  
2 period not exceeding five years. The board of  
3 directors shall direct the county commissioner of  
4 elections to submit the question of whether to  
5 participate in the instructional support program to  
6 the qualified electors residing in the district at a  
7 regular school election or special election. If a  
8 majority of those voting on the question favors  
9 participating in the instructional support program,  
10 the board shall certify the budget for the program to  
11 the department of management.

12 If the voters do not approve participation in the  
13 instructional support program, the board may resubmit  
14 the proposition to the electors no sooner than sixty  
15 days following the date of the election at which  
16 approval was not given.

17 At the expiration of the five-year period for which  
18 the approval at the election was given, the board may  
19 reestablish its participation in the program in the  
20 manner provided in this section.

21 Sec. 20. NEW SECTION. 257.20 SCHOOL BUDGET  
22 REVIEW COMMITTEE.

23 A school budget review committee is established in  
24 the department of education and consists of the  
25 director of the department of education, the director  
26 of the department of management, and three members  
27 appointed by the governor to represent the public and  
28 to serve three-year staggered terms. The committee  
29 shall meet and hold hearings each year and shall  
30 continue in session until it has reviewed budgets of  
31 school districts, as provided in section 257.21. It  
32 may call in school board members and employees as  
33 necessary for the hearings. Legislators shall be  
34 notified of hearings concerning school districts in  
35 their constituencies.

36 The committee shall adopt its own rules of  
37 procedure. The director of the department of  
38 education shall serve as chairperson, and the director  
39 of the department of management shall serve as  
40 secretary. The committee members representing the  
41 public are entitled to receive their necessary  
42 expenses while engaged in their official duties.  
43 Members may also be eligible to receive compensation  
44 as provided in section 7E.6. Expense payments shall  
45 be made from appropriations to the department of  
46 education.

47 Sec. 21. NEW SECTION. 257.21 DUTIES OF THE  
48 COMMITTEE.

49 1. The school budget review committee may  
50 recommend the revision of any rules, regulations,

1 directives, or forms relating to school district  
2 budgeting and accounting, confer with local school  
3 boards or their representatives and make  
4 recommendations relating to any budgeting or  
5 accounting matters, and direct the director of the  
6 department of education or the director of the  
7 department of management to make studies and  
8 investigations of school costs in any school district.

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

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

25 4. Not later than January 1, 1991, the committee  
26 shall adopt recommendations relating to the  
27 implementation by school districts and area education  
28 agencies of procedures pertaining to the preparation  
29 of financial reports in conformity with generally  
30 accepted accounting principles and submit those  
31 recommendations to the state board of education. The  
32 state board shall consider the recommendations and  
33 adopt rules under section 256.7 specifying procedures  
34 and requiring the school districts and area education  
35 agencies to conform to generally accepted accounting  
36 principles commencing with the school year beginning  
37 July 1, 1996.

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

- 49 a. Any unusual increase or decrease in enrollment.  
50 b. Unusual natural disasters.



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- 1 c. Unusual transportation problems and for which  
2 the per pupil transportation costs are substantially  
3 higher than the state average per pupil transportation  
4 costs due to sparsity of the population, topographical  
5 factors, and other obstacles which hinder the  
6 efficient transportation of pupils.
- 7 d. Unusual initial staffing problems.
- 8 e. The closing of a nonpublic school, wholly or in  
9 part.
- 10 f. Substantial reduction in miscellaneous income  
11 due to circumstances beyond the control of the  
12 district.
- 13 g. Unusual necessity for additional funds to  
14 permit continuance of a course or program which  
15 provides substantial benefit to pupils.
- 16 h. Unusual need for a new course or program which  
17 will provide substantial benefit to pupils, if the  
18 district establishes such need and the amount of  
19 necessary increased cost.
- 20 i. Unusual need for additional funds for special  
21 education or compensatory education programs.
- 22 j. Year-round or substantially year-round  
23 attendance programs which apply toward graduation  
24 requirements, including but not limited to trimester  
25 or four-quarter programs. Enrollment in such programs  
26 shall be adjusted to reflect equivalency to normal  
27 school year attendance.
- 28 k. Any unique problems of districts.
- 29 6. The committee shall establish a modified  
30 allowable growth for a district by increasing its  
31 allowable growth when the district submits evidence  
32 that it requires additional funding for removal,  
33 management, or abatement of environmental hazards due  
34 to a state or federal requirement. Environmental  
35 hazards shall include but are not limited to the  
36 presence of asbestos, radon, or the presence of any  
37 other hazardous material dangerous to health and  
38 safety.
- 39 The district shall include a budget for the actual  
40 cost of the project that may include the costs of  
41 inspection, reinspection, sampling, analysis,  
42 assessment, response actions, operations and  
43 maintenance, training, periodic surveillance,  
44 developing of management plans, recordkeeping  
45 requirements, and encapsulation or removal of the  
46 hazardous material.
- 47 7. The committee may authorize a district to spend  
48 a reasonable and specified amount from its unexpended  
49 cash balance for either of the following purposes:
- 50 a. Furnishing, equipping, and contributing to the

1 construction of a new building or structure for which  
2 the voters of the district have approved a bond issue  
3 as provided by law or a tax as provided in chapter 278  
4 and for major building repairs as defined in section  
5 298.3.

6 b. The costs associated with the demolition of an  
7 unused school building, or the conversion of an unused  
8 school building for community use, in a school  
9 district involved in a dissolution or reorganization  
10 under chapter 275 which are incurred within three  
11 years of the dissolution or reorganization.

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

22 8. The committee may approve or modify the initial  
23 base year district cost of any district which changes  
24 accounting procedures.

25 9. When the committee makes a decision under  
26 subsections 3 through 8, it shall make all necessary  
27 changes in the district cost, budget, and tax levy.  
28 It shall give written notice of its decision,  
29 including all such changes, to the school board  
30 through the department of education.

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

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

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1 12. The committee shall review the recommendations  
2 of the director of the department of education  
3 relating to the special education weighting plan, and  
4 shall establish a weighting plan for each school year  
5 pursuant to section 281.9, and report the plan to the  
6 director of the department of education.

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

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

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

26 a. If the amount certified for a school district  
27 to the director of the department of management under  
28 this subsection for the base year is positive, the  
29 director of the department of management shall  
30 subtract the amount of the positive balance from the  
31 amount of state aid remaining to be paid to the  
32 district during the budget year. If the positive  
33 amount exceeds the amount of state aid that remains to  
34 be paid to the district, the school district shall pay  
35 the excess on a quarterly basis prior to June 30 of  
36 the budget year to the director of the department of  
37 management from other funds received by the district.  
38 The director of the department of management shall  
39 determine the amount of the positive balance that came  
40 from local property tax revenues and shall increase  
41 the district's total state school aids available under  
42 this chapter for the next following budget year by the  
43 amount so determined and shall reduce the district's  
44 tax levy computed under section 257.4 for the next  
45 following budget year by the amount necessary to  
46 compensate for the increased state aid.

47 b. If the amount certified for a school district  
48 to the director of the department of management under  
49 this subsection for the base year is negative, the  
50 director of the department of management shall

1 determine the amount of the deficit that would have  
2 been state aid and the amount that would have been  
3 property taxes for each eligible school district.

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

21 A school district is only eligible to receive  
22 supplemental aid payments during the budget year if  
23 the school district certifies to the school budget  
24 review committee that for the year following the  
25 budget year it will request the school budget review  
26 committee to instruct the director of the department  
27 of management to increase the district's allowable  
28 growth and will fund the allowable growth increase  
29 either by using moneys from its unexpended cash  
30 balance to reduce the district's property tax levy or  
31 by using cash reserve moneys to equal the amount of  
32 the deficit that would have been property taxes and  
33 any part of the state aid portion of the deficit not  
34 received as supplemental aid. The director of the  
35 department of management shall make the necessary  
36 adjustments to the school district's budget to provide  
37 the additional allowable growth and shall make the  
38 supplemental aid payments.

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

44 15. Annually the school budget review committee  
45 shall review the amount of property tax levied by each  
46 school district for the cash reserve authorized in  
47 section 298.10. If in the committee's judgment, the  
48 amount of a district's cash reserve levy is  
49 unreasonably high, the committee shall instruct the  
50 director of the department of management to reduce

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1 that district's tax levy computed under section 257.4  
2 for the following budget year by the amount the cash  
3 reserve levy is deemed excessive. A reduction in a  
4 district's property tax levy for a budget year under  
5 this subsection does not affect the district's  
6 authorized budget.

7 16. The committee shall perform the duties  
8 assigned to it under chapter 286A.

9 Sec. 22. NEW SECTION. 257.22 PRIOR ENRICHMENT  
10 APPROVAL.

11 If the electors of a school district approved the  
12 use of the additional enrichment amount prior to July  
13 1, 1990, under chapter 442, Code 1989, or section  
14 279.43, Code 1989, the approval for use of the  
15 enrichment amount shall continue in effect until the  
16 expiration of the period for which it was approved.

17 Sec. 23. NEW SECTION. 257.23 CASH RESERVE  
18 INFORMATION.

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

28 Sec. 24. NEW SECTION. 257.24 AREA EDUCATION  
29 AGENCY PAYMENTS.

30 The department of management shall deduct the  
31 amounts calculated for special education support  
32 services, media services, and educational services for  
33 each school district from the state aid due to the  
34 district pursuant to this chapter and shall pay the  
35 amounts to the respective area education agencies on a  
36 monthly basis from September 15 through June 15 during  
37 each school year. The department of management shall  
38 notify each school district of the amount of state aid  
39 deducted for these purposes and the balance of state  
40 aid shall be paid to the district. If a district does  
41 not qualify for state aid under this chapter in an  
42 amount sufficient to cover its amount due to the area  
43 education agency as calculated by the department of  
44 management, the school district shall pay the  
45 deficiency to the area education agency from other  
46 moneys received by the district, on a quarterly basis  
47 during each school year.

48 Sec. 25. NEW SECTION. 257.25 SPECIAL EDUCATION  
49 SUPPORT SERVICES BALANCES.

50 Notwithstanding chapters 273 and 281 and sections

1 of this chapter relating to the moneys available to  
2 area education agencies for special education support  
3 services, for each school year, the department of  
4 education may direct the department of management to  
5 deduct amounts from the portions of school district  
6 budgets that fund special education support services  
7 in an area education agency. The total amount  
8 deducted in an area shall be based upon excess special  
9 education support services unreserved and undesignated  
10 fund balances in that area education agency for a  
11 school year. The department of management shall  
12 determine the amount deducted from each school  
13 district in an area education agency on a proportional  
14 basis. The department of management shall determine  
15 from the amounts deducted from the portions of school  
16 district budgets that fund area education agency  
17 special education support services the amount that  
18 would have been local property taxes and the amount  
19 that would have been state aid and for the next  
20 following budget year shall increase the district's  
21 total state school aid available under this chapter  
22 for area education agency special education support  
23 services and reduce the district's property tax levy  
24 for area education agency special education support  
25 services by the amount necessary for the property tax  
26 portion of the deductions made under this section  
27 during the budget year.

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

32 Sec. 26. NEW SECTION. 257.26 FUNDING MEDIA AND  
33 EDUCATIONAL SERVICES.

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

38 1. The total amount funded in each area for media  
39 services in the budget year shall be computed as  
40 provided in this subsection. For the budget year  
41 beginning July 1, 1990, the state media services cost  
42 per pupil for the base year and the area media  
43 services cost per pupil for the base year are those  
44 costs calculated under section 442.27, Code 1989. The  
45 department of management shall compute the allowable  
46 growth for media services in the budget year by  
47 multiplying the state media services cost per pupil in  
48 the base year times the state percent of growth for  
49 the budget year, and the total amount funded in each  
50 area for media services cost in the budget year equals

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1 the area media services cost per pupil in the base  
2 year plus the allowable growth for media services in  
3 the budget year times the enrollment served in the  
4 budget year. Funds shall be paid to area education  
5 agencies as provided in section 257.24. The costs  
6 shall be allocated to school districts in the area  
7 based upon the proportion of the enrollment served  
8 that resides in the district.

9 2. The total amount funded in each area for  
10 educational services in the budget year shall be  
11 computed as provided in this subsection. For the  
12 budget year beginning July 1, 1990, the state  
13 educational services cost per pupil for the base year  
14 and the area educational services cost per pupil for  
15 the base year are the state educational services cost  
16 per pupil for the base year and area educational  
17 services cost per pupil for the base year calculated  
18 under section 442.27, Code 1989. The department of  
19 management shall compute the allowable growth for  
20 educational services by multiplying the state  
21 educational services cost per pupil in the base year  
22 times the state percent of growth for the budget year,  
23 and the total amount funded in each area for  
24 educational services for the budget year equals the  
25 area educational services cost per pupil for the base  
26 year plus the allowable growth for educational  
27 services in the budget year times the enrollment  
28 served in the area in the budget year. Funds shall  
29 paid to area education agencies as provided in section  
30 257.24. The costs shall be allocated to school  
31 districts in an area based upon the proportion of the  
32 enrollment served that resides in the area.

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

46 4. If an area education agency does not serve  
47 nonpublic school pupils in a manner comparable to  
48 services provided public school pupils for media and  
49 educational services, as determined by the state board  
50 of education, the state board shall instruct the

1 department of management to reduce the funds for media  
2 services and educational services one time by an  
3 amount to compensate for such reduced services. The  
4 media services budget shall be reduced by an amount  
5 equal to the product of the cost per pupil in basic  
6 enrollment for media services in the budget year times  
7 the difference between the enrollment served and the  
8 basic enrollment recorded for the area. The  
9 educational services budget shall be reduced by an  
10 amount equal to the product of the cost per pupil in  
11 basic enrollment for educational services in the  
12 budget year times the difference between the  
13 enrollment served and the basic enrollment recorded  
14 for the area.

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

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

24 Sec. 27. NEW SECTION. 257.27 PROGRAMS FOR  
25 RETURNING DROPOUTS AND DROPOUT PREVENTION.

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

- 35 1. Program goals, objectives, and activities to  
36 meet the needs of children who may drop out of school.
- 37 2. Student identification criteria and procedures.
- 38 3. Staff in-service education design.
- 39 4. Staff utilization plans.
- 40 5. Evaluation criteria and procedures and  
41 performance measures.
- 42 6. Program budget.
- 43 7. Qualifications required of personnel  
44 administering the program.
- 45 8. A provision for dropout prevention and  
46 integration of dropouts into the educational program  
47 of the district.
- 48 9. A provision for identifying dropouts.
- 49 10. A program for returning dropouts.
- 50 11. Other factors the department requires.



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

8 Sec. 28. NEW SECTION. 257.28 DEFINITIONS.

9 As used in this chapter:

10 1. "Returning dropouts" are resident pupils who  
11 have been enrolled in a public or nonpublic school in  
12 any of grades seven through twelve who withdrew from  
13 school for a reason other than transfer to another  
14 school or school district and who subsequently  
15 enrolled in a public school in the district.

16 2. "Potential dropouts" are resident pupils who  
17 are enrolled in a public or nonpublic school who  
18 demonstrate poor school adjustment as indicated by two  
19 or more of the following:

20 a. High rate of absenteeism, truancy, or frequent  
21 tardiness.

22 b. Limited or no extracurricular participation or  
23 lack of identification with school, including but not  
24 limited to, expressed feelings of not belonging.

25 c. Poor grades, including but not limited to,  
26 failing in one or more school subjects or grade  
27 levels.

28 d. Low achievement scores in reading or  
29 mathematics which reflect achievement at two years or  
30 more below grade level.

31 Sec. 29. NEW SECTION. 257.29 PLANS FOR RETURNING  
32 DROPOUTS AND DROPOUT PREVENTION.

33 The board of directors of a school district  
34 requesting to use additional allowable growth for  
35 programs for returning dropouts and dropout prevention  
36 shall submit applications for approval for the  
37 programs to the department not later than November 1  
38 preceding the fiscal year during which the program  
39 will be offered. The department shall review the  
40 program plans and shall prior to January 15 either  
41 grant approval for the program or return the request  
42 for approval with comments of the department included.  
43 An unapproved request for a program may be resubmitted  
44 with modifications to the department not later than  
45 February 1. Not later than February 15, the  
46 department shall notify the department of management  
47 and the school budget review committee of the names of  
48 the school districts for which programs using  
49 additional allowable growth for funding have been  
50 approved and the approved budget of each program

1 listed separately for each school district having an  
2 approved program.

3 Sec. 30. NEW SECTION. 257.30 FUNDING FOR  
4 PROGRAMS FOR RETURNING DROPOUTS AND DROPOUT  
5 PREVENTION.

6 The budget of an approved program for returning  
7 dropouts and dropout prevention for a school district,  
8 after subtracting funds received from other sources  
9 for that purpose, shall be funded annually on a basis  
10 of one-fourth or more from the district cost of the  
11 school district and up to three-fourths by an increase  
12 in allowable growth as defined in section 257.8.  
13 Annually, the department of management shall establish  
14 a modified allowable growth for each such district  
15 equal to the difference between the approved budget  
16 for the program for returning dropouts and dropout  
17 prevention for that district and the sum of the amount  
18 funded from the district cost of the school district  
19 plus funds received from other sources.

20 Sec. 31. NEW SECTION. 257.31 FUNDS FOR NEW  
21 STANDARDS.

22 In addition to the funding provided under section  
23 257.9, subsection 2, paragraph "c", there is  
24 appropriated from the general fund of the state for  
25 each fiscal year to the department of education for  
26 allocation to school districts for the costs of  
27 implementing educational standards adopted by the  
28 state board of education under section 256.11, the sum  
29 of six million nine hundred thousand dollars, or so  
30 much thereof as is necessary, to be allocated to  
31 school districts based upon each school district's  
32 budget enrollment for the budget year. Moneys  
33 received by school districts under this section are  
34 miscellaneous income. Payments under this section  
35 shall be made in the manner provided in section  
36 257.16.

37 Sec. 32. SPECIAL EDUCATION WEIGHTS. For the  
38 budget years beginning July 1, 1990, July 1, 1991, and  
39 July 1, 1992, in making recommendations to the school  
40 budget review committee under section 281.9,  
41 subsection 4, the director of the department of  
42 education shall consider the changes in the value of  
43 the state cost per pupil established under section  
44 257.9 from the value of the state cost per pupil for  
45 the base year established under section 442.8, Code  
46 1989, and changes in the value of the district cost  
47 per pupil for school districts established in section  
48 257.10 from the value of the district cost per pupil  
49 for school districts established in section 442.9,  
50 Code 1989. Notwithstanding section 281.9, subsection

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1 4, for the budget years commencing July 1, 1990, July  
2 1, 1991, and July 1, 1992, the increase or decrease in  
3 the weighting assigned to each category of children  
4 requiring special education is not limited to two-  
5 tenths of the weighting assigned to pupils in a  
6 regular curriculum.

7 Sec. 33. STATE FOUNDATION BASE. For the budget  
8 year commencing July 1, 1989, notwithstanding section  
9 442.3, the state foundation base is eighty-two percent  
10 of the state cost per pupil.

11 Sec. 34. Section 96.31, Code 1989, is amended to  
12 read as follows:

13 96.31 TAX FOR BENEFITS.

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

19 Sec. 35. Section 111E.4, Code 1989, is amended to  
20 read as follows:

21 111E.4 PAYMENT IN LIEU OF PROPERTY TAXES.

22 As a part of the budget proposal submitted to the  
23 general assembly under section 455A.4, subsection 1,  
24 paragraph "c", the director of the department of  
25 natural resources shall submit a budget request to pay  
26 the property taxes for the next fiscal year on open  
27 space property acquired by the department which would  
28 otherwise be subject to the levy of property taxes.  
29 The assessed value of open space property acquired by  
30 the department shall be that determined under section  
31 427.1, subsection 31, and the director may protest the  
32 assessed value in the manner provided by law for any  
33 property owner to protest an assessment. For the  
34 purposes of chapter ~~442~~ 257, the assessed value of the  
35 open space property acquired by the department shall  
36 be included in the valuation base of the school  
37 district and the payments made pursuant to this  
38 section shall be considered as property tax revenues  
39 and not as miscellaneous income. The county treasurer  
40 shall certify taxes due to the department. The taxes  
41 shall be paid annually from the departmental fund or  
42 account from which the open space property acquisition  
43 was funded. If the departmental fund or account has  
44 no moneys or no longer exists, the taxes shall be paid  
45 from funds as otherwise provided by the general  
46 assembly. If the total amount of taxes due certified  
47 to the department exceeds the amount appropriated, the  
48 taxes due shall be reduced proportionately so that the  
49 total amount equals the amount appropriated. This  
50 section applies to open space property acquired by the

1 department on or after January 1, 1987.

2 Sec. 36. Section 256.21, unnumbered paragraph 4,  
3 Code 1989, is amended to read as follows:

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

16 Sec. 37. Section 265.6, Code 1989, is amended to  
17 read as follows:

18 265.6 STATE AID APPLICABLE.

19 If the state board of regents has established a  
20 laboratory school, it shall receive state aid pursuant  
21 to chapters 257 and 281 and-442 for each pupil  
22 enrolled in the laboratory school in the same amount  
23 as the public school district in which the pupil  
24 resides would receive aid for that pupil and shall  
25 transmit the amount received to the institution of  
26 higher education at which the laboratory school has  
27 been established. If the board of a school district  
28 terminates a contract with the state board of regents  
29 for attendance of pupils in a laboratory school, the  
30 school district shall inform the ~~state-comptroller~~  
31 department of management of the number of these pupils  
32 who are enrolled in the district on the ~~second~~ third  
33 Friday of the following September. The state  
34 ~~comptroller department of management~~ shall pay to the  
35 school district, from funds appropriated in section  
36 ~~442-26~~ 257.16, an amount equal to the amount of state  
37 aid paid for each pupil in that school district for  
38 that school year in payments made as provided in  
39 section ~~442-26~~ 257.16. However, payments shall not be  
40 made for pupils for which an advance is received by  
41 the district under section ~~442-28~~ 257.13.

42 Sec. 38. Section 273.3, subsections 2 and 12, Code  
43 1989, is amended to read as follows:

44 2. Be authorized to receive and expend money for  
45 providing programs and services as provided in  
46 sections 273.1 to 273.9, and chapters 257 and 281 and  
47 442. All costs incurred in providing the programs and  
48 services, including administrative costs, shall be  
49 paid from funds received pursuant to sections 273.1 to  
50 273.9 and chapters 257 and 281 and-442.

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

24 Sec. 39. Section 273.9, Code 1989, is amended to  
25 read as follows:

26 273.9 FUNDING.

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

33 2. School districts shall pay the costs of special  
34 education instructional programs with the moneys  
35 available to the districts for each child requiring  
36 special education, by application of the special  
37 education weighting plan in section 281.9. Special  
38 education instructional programs shall be provided at  
39 the local level if practicable, or otherwise by  
40 contractual arrangements with the area education  
41 agency board as provided in section 273.3, subsection  
42 5, but in each case the total money available through  
43 section 281.9 and chapter ~~442~~ 257 because of weighted  
44 enrollment for each child requiring special education  
45 instruction shall be made available to the district or  
46 agency which provides the special education  
47 instructional program to the child, subject to  
48 adjustments for transportation or other costs which  
49 may be paid by the school district in which the child  
50 is enrolled. Each district shall co-operate with its

1 area education agency to provide an appropriate  
2 special education instructional program for each child  
3 who requires special education instruction, as  
4 identified and counted within the certification by the  
5 area director of special education or as identified by  
6 the area director of special education subsequent to  
7 the certification, and shall not provide a special  
8 education instructional program to a child who has not  
9 been so identified and counted within the  
10 certification or identified subsequent to the  
11 certification.

12 3. The costs of special education support services  
13 provided through the area education agency shall be  
14 funded ~~by an increase in the allowable growth of each~~  
15 ~~school district~~ determined as provided in section  
16 ~~442-7~~ chapter 257. Special education support services  
17 shall not be funded until the program plans submitted  
18 by the special education directors of each area  
19 education agency as required by section 273.5 are  
20 modified as necessary and approved by the director of  
21 the department of education according to the criteria  
22 and limitations of ~~chapter~~ chapters 257 and 281 and  
23 section-442-7.

24 4. The costs of media services provided through  
25 the area education agency shall be funded as provided  
26 in section ~~442-27~~ 257.25. Media services shall not be  
27 funded until the program plans submitted by the  
28 administrators of each area education agency as  
29 required by section 273.4 are modified as necessary  
30 and approved by the director of the department of  
31 education according to the criteria and limitations of  
32 section sections 257.25 and 273.6 ~~and of section~~  
33 ~~442-27~~.

34 5. The costs of educational services provided  
35 through the area education agency shall be funded  
36 within the limitations in section ~~442-27~~ 257.25.

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

40 Sec. 40. Section 273.12, Code 1989, is amended to  
41 read as follows:

42 273.12 FUNDS -- USE RESTRICTED.

43 Funds generated for educational services under the  
44 ~~provisions of~~ section ~~442-27~~ 257.25 and subject to  
45 approval under the provisions of section 273.9,  
46 subsection 5, shall not be expended by an area  
47 education agency for the purpose of assisting either a  
48 public employer or employee organization in collective  
49 bargaining negotiations under chapter 20 if the public  
50 employer is a school district, or the employee

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1 organization consists of employees of a school  
2 district, located within the boundaries of the area  
3 education agency.

4 Sec. 41. Section 273.13, Code 1989, is amended to  
5 read as follows:

6 273.13 ADMINISTRATIVE EXPENDITURES.

7 During the budget year beginning July 1, 1989, and  
8 the three succeeding budget years, the board of  
9 directors of an area education agency in which the  
10 administrative expenditures as a percent of the area  
11 education agency's operating fund for a base year  
12 exceed five percent shall reduce its administrative  
13 expenditures to five percent of the area education  
14 agency's operating fund. During each of the four  
15 years, the board of directors shall reduce  
16 administrative expenditures by twenty-five percent of  
17 the reduction in administrative expenditure required  
18 by this section. Thereafter, the administrative  
19 expenditures shall not exceed five percent of the  
20 operating fund. Annually, the board of directors  
21 shall certify to the department of education the  
22 amounts of the area education agency's expenditures  
23 and its operating fund. For the purposes of this  
24 section, "base year" and "budget year" mean the same  
25 as defined in section 442.6, Code 1989, and section  
26 257.2, and "administrative expenditures" means  
27 expenditures for executive administration.

28 Sec. 42. Section 274.37, unnumbered paragraph 2,  
29 Code 1987, is amended to read as follows:

30 The boards in the respective districts, the  
31 boundaries of which have been changed under this  
32 section, complete in all respects, except for the  
33 passage of time prior to the effective date of the  
34 change, and when ~~all~~ the right of appeal of the change  
35 has expired, may enter into joint contracts for the  
36 construction of buildings for the benefit of the  
37 corporations whose boundaries have been changed, using  
38 funds accumulated under ~~section-278.17-subsection-7~~  
39 the physical plant and equipment levy in section  
40 298.2. The district in which the building is to be  
41 located may use any funds authorized in accordance  
42 with chapter 75. ~~Nothing in this section shall be~~  
43 ~~construed to~~ This section does not permit the changed  
44 districts to expend any funds jointly which they are  
45 not entitled to expend acting individually.

46 Sec. 43. Section 275.12, subsection 5, Code 1989,  
47 is amended to read as follows:

48 5. The petition may also include a provision that  
49 the schoolhouse-tax voter-approved physical plant and  
50 equipment levy provided in section 278.17-subsection-7

1 298.2, will be voted upon at the election conducted  
2 under section 275.18.

3 Sec. 44. Section 275.14, Code 1989, is amended to  
4 read as follows:

5 275.14 OBJECTION -- TIME OF FILING -- NOTICE.

6 Within ten days after the petition is filed, the  
7 area education agency administrator shall fix a final  
8 date for filing objections to the petition which shall  
9 be not more than sixty days after the petition is  
10 filed and shall fix the date for a hearing on the  
11 objections to the petition. Objections shall be filed  
12 in the office of the administrator who shall give  
13 notice at least ten days prior to the final day for  
14 filing objections, by one publication in a newspaper  
15 published within the territory described in the  
16 petition, or if none is published therein in the  
17 territory, in a newspaper published in the county  
18 where the petition is filed, and of general  
19 circulation in the territory described. The notice  
20 shall also list the date, time, and location for the  
21 hearing on the petition as provided in section 275.15.  
22 The cost of publication shall be assessed to each  
23 district whose territory is involved in the ratio that  
24 the number of pupils in basic enrollment for the  
25 budget year, as defined in section ~~442.4~~ 257.6 in each  
26 district bears to the total number of pupils in basic  
27 enrollment for the budget year in the total area  
28 involved. Objections shall be in writing in the form  
29 of an affidavit and may be made by any person residing  
30 or owning land within the territory described in the  
31 petition, or who would be injuriously affected by the  
32 change petitioned for and shall be on file not later  
33 than twelve o'clock noon of the final day fixed for  
34 filing objections.

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

41 Sec. 45. Section 275.20, Code 1989, is amended to  
42 read as follows:

43 275.20 SEPARATE VOTE IN EXISTING DISTRICTS.

44 The voters shall vote separately in each existing  
45 school district affected and voters residing in the  
46 entire existing district are eligible to vote both  
47 upon the proposition to create a new school  
48 corporation and the proposition to levy the  
49 schoolhouse-tax-under-section-278-17-subsection-7  
50 voter-approved physical plant and equipment levy under



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1 section 298.2, if the petition included a provision  
2 for a vote to authorize the levy the-schoolhouse-tax.  
3 If a proposition receives a majority of the votes cast  
4 in each of at least seventy-five percent of the  
5 districts, and also a majority of the total number of  
6 votes cast in all of the districts, the proposition is  
7 carried.

8 Sec. 46. Section 275.33, subsection 2, unnumbered  
9 paragraph 1, Code 1989, is amended to read as follows:  
10 The collective bargaining agreement of the district  
11 with the largest basic enrollment, as defined in  
12 section ~~442.4~~ 257.6, in the new district shall serve  
13 as the base agreement and the employees of the other  
14 districts involved in the formation of the new  
15 district shall automatically be accreted to the  
16 bargaining unit of that collective bargaining  
17 agreement for purposes of negotiating the contracts  
18 for the following years without further action by the  
19 public employment relations board. If only one  
20 collective bargaining agreement is in effect among the  
21 districts which are party to the reorganization, then  
22 that agreement shall serve as the base agreement, and  
23 the employees of the other districts involved in the  
24 formation of the new district shall automatically be  
25 accreted to the bargaining unit of that collective  
26 bargaining agreement for purposes of negotiating the  
27 contracts for the following years without further  
28 action by the public employment relations board. The  
29 board of the newly formed district, using the base  
30 agreement as its existing contract, shall bargain with  
31 the combined employees of the existing districts for  
32 the school year beginning with the effective date of  
33 the reorganization. The bargaining shall be completed  
34 by March 15 prior to the school year in which the  
35 reorganization becomes effective or within one hundred  
36 eighty days after the organization of the new board,  
37 whichever is later. If a bargaining agreement was  
38 already concluded by the board and employees of the  
39 existing district with the contract serving as the  
40 base agreement for the school year beginning with the  
41 effective date of the reorganization, that agreement  
42 shall be void. However, if the base agreement  
43 contains multiyear provisions affecting school years  
44 subsequent to the effective date of the  
45 reorganization, the base agreement shall remain in  
46 effect as specified in the agreement.

47 Sec. 47. Section 275.55, unnumbered paragraph 4,  
48 Code 1989, is amended to read as follows:

49 The attachment is effective July 1 following its  
50 approval. If the dissolution proposal is for the

1 dissolution of a school district with a certified  
2 enrollment of fewer than six hundred, the territory  
3 located in the school district that dissolved is  
4 eligible, if approved by the director of the  
5 department of education, for a reduction in the  
6 uniform foundation property tax levy under section  
7 ~~442.2~~ 257.3, subsection 1. If the director approves a  
8 reduction in the uniform foundation property tax levy  
9 as provided in this section, the director shall notify  
10 the director of the department of management of the  
11 reduction.

12 Sec. 48. Section 276.11, Code 1989, is amended by  
13 striking the section and inserting in lieu thereof the  
14 following:

15 276.11 FUNDING OF COMMUNITY EDUCATION.

16 The costs of community education shall be paid from  
17 moneys in the general fund of the school district.

18 Sec. 49. Section 277.2, Code 1989, is amended to  
19 read as follows:

20 277.2 SPECIAL ELECTION.

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

32 Sec. 50. Section 278.1, subsection 7, Code 1989,  
33 is amended by striking the subsection.

34 Sec. 51. Section 278.1, unnumbered paragraph 4,  
35 Code 1989, is amended by striking the unnumbered  
36 paragraph.

37 Sec. 52. Section 279.26, Code 1989, is amended to  
38 read as follows:

39 279.26 LEASE ARRANGEMENTS.

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

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1 Sec. 53. Section 279.45, Code 1989, is amended to  
2 read as follows:

3 279.45 ADMINISTRATIVE EXPENDITURES.

4 For the budget year beginning July 1, 1989, and  
5 each of the following three budget years, the board of  
6 directors of a school district in which the  
7 administrative expenditures as a percent of the school  
8 district's operating fund for a base year exceed five  
9 percent, shall reduce its administrative expenditures  
10 so that they are one-half percent less as a percent of  
11 the school district's operating fund than they were  
12 for the base year. However, a school district is not  
13 required to reduce its administrative expenditures  
14 below five percent of its operating fund. Thereafter,  
15 a school district shall not increase the percent of  
16 its administrative expenditures compared to its  
17 operating fund. Annually, the board of directors  
18 shall certify to the department of education the  
19 amounts of the school district's administrative  
20 expenditures and its operating fund. For the purposes  
21 of this section, "base year" and "budget year" mean  
22 the same as defined in section 442.6, Code 1989, and  
23 section 257.2, and "administrative expenditures" means  
24 expenditures for executive administration.

25 Sec. 54. Section 279.46, Code 1989, is amended to  
26 read as follows:

27 279.46 RETIREMENT INCENTIVES -- TAX.

28 The board of directors of a school district may  
29 adopt a program for payment of a monetary bonus,  
30 continuation of health or medical insurance coverage,  
31 or other incentives for encouraging its employees to  
32 retire before the normal retirement date as defined in  
33 chapter 97B. The program is available only to  
34 employees between fifty-nine and sixty-five years of  
35 age who notify the board of directors prior to March 1  
36 of the fiscal year that they intend to retire not  
37 later than the next following June 30. An employee  
38 retiring under this section shall apply for a  
39 retirement allowance under chapter 97B or chapter 294.  
40 If the total estimated accumulated cost to a school  
41 district of the bonus or other incentives for  
42 employees who retire under this section does not  
43 exceed the estimated savings in salaries and benefits  
44 for employees who replace the employees who retire  
45 under the program, the board may certify-for include  
46 in the district management levy a-tax-on-all-taxable  
47 property-in-the-school-district an amount to pay the  
48 costs of the program provided in this section. The  
49 levy-certified-under-this-section-is-in-addition-to  
50 any-other-levy-authorized-for-that-school-district-by

1 law-and-is-not-subject-to-budget-limitations-otherwise  
2 provided-by-law.--A-board-may-amend-its-certified  
3 budget-during-a-fiscal-year-to-provide-for-payments  
4 required-under-this-section.--Moneys-received-from-the  
5 levy-imposed-under-this-section-are-miscellaneous  
6 income-for-purposes-of-chapter-442-

7 Sec. 55. NEW SECTION. 279.51 PROGRAMS FOR AT-  
8 RISK CHILDREN.

9 1. School districts operating programs for at-risk  
10 children that meet the requirements of this section  
11 are eligible for funding provided in this section.  
12 The programs that qualify a school district for  
13 funding under this section are the following:

14 a. A preschool educational program for four-year-  
15 old, or three and four-year-old, at-risk children. If  
16 the funding provided in subsection 3 is not sufficient  
17 to ensure that services are provided to all identified  
18 at-risk children in the district, the district shall  
19 provide services to those at-risk children deemed most  
20 educationally disadvantaged. Programs provided under  
21 this paragraph may be provided to children not meeting  
22 at-risk criteria and shall establish a fee for  
23 participation in the program in the manner provided in  
24 section 279.49.

25 b. A full-day kindergarten program. A school  
26 district may qualify to receive funding under this  
27 paragraph if it does not offer a full-day kindergarten  
28 program during the school year beginning July 1, 1989.

29 c. A program for three, four, and five-year-old  
30 children which is a combination of the programs in  
31 paragraphs "a" and "b".

32 2. The state board of education shall adopt rules  
33 under chapter 17A to implement this section, using the  
34 criteria for identification of and operation of  
35 programs for at-risk children adopted by the child  
36 development coordinating council. The state board  
37 shall require that school districts submit program  
38 plans and proposed budgets for each program.

39 3. There is appropriated from the general fund of  
40 the state for each fiscal year to the department of  
41 education the sum of ten million dollars, or as much  
42 thereof as is necessary, to make the payments for  
43 approved programs for at-risk children under this  
44 section and to make payments to area education  
45 agencies. Two hundred seventy-five thousand dollars  
46 of the funds appropriated in this subsection shall be  
47 allocated to the area education agencies to assist  
48 school districts in developing program plans and  
49 proposed budgets. The department of education shall  
50 divide the remainder of the moneys appropriated in

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1 this subsection by the number of kindergarten children  
2 enrolled in school districts in the state on the third  
3 Friday of September of the base year, as base year is  
4 defined in section 257.2, to determine a per pupil  
5 amount. A school district's maximum budget is equal  
6 to the per pupil amount for that fiscal year  
7 multiplied by the number of kindergarten children  
8 enrolled in the district on the third Friday of  
9 September of the base year.

10 4. Payments shall be made to school districts by  
11 the department of education in the same manner as  
12 foundation aid under section 257.16.

13 Sec. 56. NEW SECTION. 279.52 OPTIONAL FUNDING OF  
14 ASBESTOS PROJECTS.

15 The board of directors may pay the actual cost of  
16 an asbestos project from any funds in the general fund  
17 of the district, funds received from the physical  
18 plant and equipment levy, funds received under the  
19 additional enrichment amount for an asbestos project,  
20 or moneys obtained through a federal asbestos loan  
21 program, to be repaid from any of the funds specified  
22 in this subsection.

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

31 Sec. 57. NEW SECTION. 279.53 ADDITIONAL  
32 ENRICHMENT AMOUNT FOR ASBESTOS PROJECTS.

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

37 2. The board shall determine the additional  
38 enrichment amount needed for an asbestos project,  
39 within the limits of this section, and shall direct  
40 the county commissioner of elections to submit the  
41 question of whether to raise that amount under this  
42 section and section 257.54, to the qualified electors  
43 of the school district at a regular school election  
44 held during September of the base year or at a special  
45 election held not later than February 15 of the base  
46 year or February 15, 1995, whichever is earlier. Only  
47 one election on the question shall be held during a  
48 twelve-month period. If a majority of those voting on  
49 the question favors raising the enrichment amount for  
50 an asbestos project, the board may include the

1 approved amount in its certified budget.

2 3. The additional enrichment amount needed for an  
3 asbestos project shall be raised within the limits  
4 provided in this section by a combination of an  
5 enrichment property tax and a school district income  
6 surtax imposed in the proportion of a property tax of  
7 twenty-seven cents per thousand dollars of assessed  
8 valuation of taxable property in the district for each  
9 five percent of income surtax.

10 4. The additional enrichment amount for a district  
11 for an asbestos project is limited to the amount which  
12 may be raised by a combination tax in the prescribed  
13 proportion which does not exceed a property tax of one  
14 dollar and sixty-two cents per thousand dollars of  
15 assessed valuation and an income surtax of thirty  
16 percent.

17 Sec. 58. NEW SECTION. 279.54 COMPUTATION OF  
18 ENRICHMENT AMOUNT FOR AN ASBESTOS PROJECT.

19 If a majority of those voting in an election  
20 approves raising the additional enrichment amount for  
21 an asbestos project under section 257.53 and this  
22 section, the board shall certify to the department of  
23 management that the required procedures have been  
24 carried out, and the department of management shall  
25 establish the amount of additional enrichment property  
26 tax to be levied and the amount of school district  
27 income surtax to be imposed for each school year for  
28 which the additional enrichment amount for an asbestos  
29 project is authorized. The department of management  
30 shall determine these amounts based upon the most  
31 recent figures available for the district's valuation  
32 of taxable property, individual state income tax paid,  
33 and budget enrollment in the district, and shall  
34 certify to the district's county auditor the amount of  
35 enrichment property tax, and to the director of  
36 revenue and finance the amount of school district  
37 income surtax to be imposed.

38 The school district income surtax for an asbestos  
39 project shall be imposed on the state individual  
40 income tax for the calendar year during which the  
41 school's budget year begins, or for a taxpayer's  
42 fiscal year ending during the second half of that  
43 calendar year or the first half of the succeeding  
44 calendar year, and shall be imposed on all individuals  
45 residing in the school district on the last day of the  
46 applicable tax year. As used in this section, "state  
47 individual income tax" means the tax computed under  
48 section 422.5, less the deductions allowed in sections  
49 422.10 through 422.12.

50 An additional enrichment amount for an asbestos

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1 project authorized under section 279.53 is authorized  
2 for the period specified in section 257.52. If the  
3 board wishes to continue any additional enrichment  
4 amount for an asbestos project beyond the period  
5 authorized, it shall reestablish its authority to do  
6 so in the manner provided in section 279.53 within the  
7 twelve-month period prior to termination of the  
8 existing period.

9 Sec. 59. NEW SECTION. 279.55 STATUTES  
10 APPLICABLE.

11 The director of revenue and finance shall  
12 administer any school district income surtax imposed  
13 under this chapter, and sections 422.20, 422.22 to  
14 422.31, 422.68, and 422.72 through 422.75, apply in  
15 respect to administration of the school district  
16 income surtax.

17 Sec. 60. NEW SECTION. 279.56 FORM AND TIME OF  
18 RETURN.

19 The school district income surtax imposed under  
20 this section shall be made a part of the Iowa  
21 individual income tax return subject to the conditions  
22 and restrictions set forth in section 422.21.

23 Sec. 61. NEW SECTION. 279.57 DEPOSIT OF SCHOOL  
24 DISTRICT INCOME SURTAX.

25 The director of revenue and finance shall deposit  
26 the moneys received as school district income surtax  
27 on or before November 1 of the year following the  
28 close of the budget year for which the surtax is  
29 imposed, to the credit of each district from which the  
30 moneys are received, in a "school district income  
31 surtax fund" which is established in the office of the  
32 treasurer of state.

33 All school district surtax moneys received or  
34 refunded after November 1 of the year following the  
35 close of the school budget year for which the surtax  
36 is imposed shall be deposited in or withdrawn from the  
37 general fund of the state and shall be considered part  
38 of the cost of administering the school district  
39 surtax.

40 Sec. 62. NEW SECTION. 279.58 SCHOOL DISTRICT  
41 INCOME SURTAX CERTIFICATION.

42 On or before October 20 each year, the director of  
43 revenue and finance shall make an accounting of the  
44 school district income surtax collected under this  
45 chapter applicable to tax returns for the last  
46 preceding calendar year, or for fiscal year taxpayers,  
47 on the last day of their tax year ending during that  
48 calendar year and after the date of the election  
49 approving the surtax, from taxpayers in each school  
50 district in the state which has imposed a surtax, and

1 shall certify to the department of management and the  
2 department of education the amount of total school  
3 district income surtax credited from the taxpayers of  
4 each school district. Additional returns in process,  
5 if any, at the time of certification shall be  
6 completed and the additional amount of school district  
7 income surtax reported to the department of management  
8 for distribution back to the school district with the  
9 first installment of the following school year.

10 Sec. 63. NEW SECTION. 279.59 SCHOOL DISTRICT  
11 INCOME SURTAX DISTRIBUTION.

12 The director of revenue and finance shall draw  
13 warrants in payment of the amount of surtax payable to  
14 each of the school districts in two installments to be  
15 paid on approximately the first day of December and  
16 the first day of February, and shall cause the  
17 warrants to be delivered to the respective school  
18 districts.

19 Sec. 64. Section 280.4, subsection 4, Code 1989,  
20 is amended to read as follows:

21 4. In order to provide funds for the excess costs  
22 of instruction of non-English-speaking students above  
23 the costs of instruction of pupils in a regular  
24 curriculum, students identified as non-English-  
25 speaking are assigned an additional weighting of ~~two-~~  
26 ~~tenths~~ and that weighting shall be included in the  
27 weighted enrollment of the school district of  
28 residence. The school budget review committee shall  
29 calculate the additional amount for the weighting to  
30 the nearest one-hundredth of one so that, to the  
31 extent possible, the moneys generated by the weighting  
32 will be equivalent to the moneys generated by the two-  
33 tenths weighting provided prior to July 1, 1990.

34 Sec. 65. Section 280.13A, unnumbered paragraph 3,  
35 Code 1989, is amended to read as follows:

36 It is not necessary that school districts that are  
37 parties to an agreement under this section must be  
38 engaged in sharing academic programming and receiving  
39 supplementary weighting under section ~~442-39~~ 257.11.

40 Sec. 66. Section 281.2, subsection 4, Code 1989,  
41 is amended to read as follows:

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



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1 5 and 7.

2 Sec. 67. Section 281.8, unnumbered paragraph 1,  
3 Code 1989, is amended to read as follows:

4 It ~~shall-not-be~~ is not incumbent upon the school  
5 districts to keep a child requiring special education  
6 in regular instruction when the child cannot  
7 sufficiently profit from the work of the regular  
8 classroom, nor to keep ~~such~~ a child requiring special  
9 education in the special class or instruction for  
10 children requiring special education when it is  
11 determined by the director of special education of an  
12 area education agency that the child can no longer  
13 benefit from the instruction or needs more specialized  
14 instruction available in special schools. However,  
15 the school district shall count the child requiring  
16 special education in the enrollment as provided in  
17 sections 257.6, 273.9, and 281.9 and-442-4 and shall  
18 ~~insure~~ ensure that appropriate educational provisions  
19 are made for the child requiring special education  
20 within the limits of ~~funds~~ moneys available under the  
21 ~~provisions-of~~ this chapter and chapters 257 and 273  
22 ~~and-442~~.

23 Sec. 68. Section 281.9, subsections 2, 4, and 9,  
24 Code 1989, are amended to read as follows:

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

33 4. On December 1, 1987, and no later than December  
34 1 every two years thereafter, for the school year  
35 commencing the following July 1, the director of the  
36 department of education shall report to the school  
37 budget review committee the average costs of providing  
38 instruction for children requiring special education  
39 in the categories of the weighting plan established  
40 under this section, and the director of the department  
41 of education shall make recommendations to the school  
42 budget review committee for needed alterations to make  
43 the weighting plan suitable for subsequent school  
44 years. The school budget review committee shall  
45 establish the weighting plan for each school year  
46 after the school year commencing July 1, 1987, and  
47 shall report the plan to the director of the  
48 department of education. Commencing December 1, 1989,  
49 the school budget review committee may establish  
50 weights to the nearest hundredth. The school budget

1 review committee shall not alter the weighting  
2 assigned to pupils in a regular curriculum, but it may  
3 increase or decrease the weighting assigned to each  
4 category of children requiring special education by  
5 not more than two-tenths of the weighting assigned to  
6 pupils in a regular curriculum. The state board of  
7 education shall adopt rules under chapter 17A, to  
8 implement the weighting plan for each year and to  
9 assist in identification and proper indexing of each  
10 child in the state who requires special education.

11 9. Commencing with the school year beginning July  
12 1, 1975, funds generated for special education  
13 instructional programs under this chapter and chapter  
14 ~~442 257~~ shall not be expended for modifications of  
15 school buildings to make them accessible to children  
16 requiring special education. ~~Unenumerated funds~~  
17 ~~generated for special education instructional programs~~  
18 ~~for the school years beginning July 1, 1975 and July~~  
19 ~~1, 1976, shall not be expended for such purpose unless~~  
20 ~~approved by the department of public instruction based~~  
21 ~~upon applications received by the department prior to~~  
22 ~~January 1, 1978 and approved prior to April 1, 1978.~~

23 Sec. 69. Section 282.3, subsection 1, Code 1989,  
24 is amended to read as follows:

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

37 Sec. 70. Section 282.7, subsection 3, Code 1989,  
38 is amended to read as follows:

39 3. Notwithstanding section sections 28E.9 and  
40 282.8 and section 28E.9, a school district may  
41 negotiate an agreement under subsection 1 for  
42 attendance of its pupils in a school district located  
43 in a contiguous state subject to a reciprocal  
44 agreement by the two state boards in the manner  
45 provided in this subsection. Prior to negotiating an  
46 agreement with the school district in the contiguous  
47 state, the board of directors shall file a written  
48 request with the state board of education for a  
49 determination whether the school district in the  
50 contiguous state meets requirements substantially

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1 similar to those required for accredited or approved  
2 school districts in this state and the school district  
3 receives or has available services equivalent to those  
4 that would be provided in this state by an area  
5 education agency. The school district shall also  
6 obtain approval by the department of education of the  
7 sharing proposal, before the agreement becomes  
8 effective. Six months ~~prior-to~~ before making the  
9 request for approval, the district shall request a  
10 feasibility study from the department of education.  
11 If the state board of this state and the corresponding  
12 state board in the contiguous state agree that the  
13 school districts of their respective states meet  
14 substantially similar requirements and have  
15 substantially similar services available to the school  
16 district, and if the Iowa department of education  
17 approves the proposed contract, the two state boards  
18 may sign a reciprocal agreement for attendance of  
19 their pupils in the school district of the other  
20 state, subject to the agreement signed between the  
21 boards of directors of the two districts. A school  
22 district that negotiates an agreement with a school  
23 district in a contiguous state under this subsection  
24 is not eligible for supplementary weighting under  
25 section ~~442-39~~ 257.11 as a result of that agreement.  
26 Sec. 71. NEW SECTION. 282.18A EDUCATIONAL  
27 CHOICE.

28 It is the intent of the general assembly to provide  
29 a means for improvement of public schools and to make  
30 available additional educational opportunities through  
31 a system of enrollment choice within the public school  
32 system for parents or guardians of elementary and  
33 secondary school students. For the school year  
34 commencing July 1, 1991, and each succeeding school  
35 year, a parent or guardian may designate by choice the  
36 public school district within which the parent or  
37 guardian wishes to enroll a child or ward. The  
38 procedure used shall comply with rules adopted by the  
39 state board of education. The rules shall require the  
40 district of residence to pay to the receiving district  
41 tuition representing the lower district cost per pupil  
42 of the sending or receiving district for each student  
43 enrolled under this section.

44 The state board of education shall specify  
45 procedures that provide for significant involvement  
46 and input from residents of various sized school  
47 districts and geographic areas of the state in the  
48 development of the rules. The rules shall provide  
49 adequate safeguards covering, but not limited to, the  
50 following areas:

1 1. Application processes, restrictions, and time  
2 lines.  
3 2. Transportation responsibilities.  
4 3. Voluntary or court-ordered desegregation plans.  
5 4. Availability of classroom space and staff.  
6 5. Eligibility for participation in  
7 extracurricular interscholastic athletics.  
8 The rules of the state board of education shall be  
9 adopted no later than July 1, 1990.  
10 Sec. 72. Section 282.24, subsection 1, unnumbered  
11 paragraph 1, Code 1989, is amended to read as follows:  
12 ~~There-is-established-a~~ The maximum tuition fee that  
13 may be charged for elementary and high school students  
14 residing within another school district or corporation  
15 except students attending school in another district  
16 under section 282.7, subsection 1, or subsections 1  
17 and 3, ~~That-fee~~ is the district cost per pupil of the  
18 receiving district as computed in section ~~442-97~~  
19 ~~subsection-17-paragraph-"a"~~ 257.10.  
20 Sec. 73. Section 282.28, unnumbered paragraph 2,  
21 Code 1989, is amended to read as follows:  
22 The area education agency shall submit a claim to  
23 the department of education by August 1 following the  
24 school year for the actual costs of the special  
25 education programs and services provided at the  
26 training school and juvenile home. The department  
27 shall review and approve or modify the claims by  
28 September 1 and shall notify the department of revenue  
29 and finance of the approved claim amount. The total  
30 amount of the approved claim shall be paid by the  
31 department of revenue and finance to the area  
32 education agency by October 1. The total amount paid  
33 by the department of revenue and finance shall be  
34 deducted monthly from the state foundation aid paid  
35 under section ~~442-26~~ 257.16 during the remainder of  
36 that fiscal year to all school districts in the state.  
37 The portion of the total amount of the approved claim  
38 that shall be deducted from the state aid of a school  
39 district shall be the same as the ratio that the  
40 budget enrollment for the budget year of the school  
41 district bears to the total budget enrollment in the  
42 state for that budget year. The department of revenue  
43 and finance shall transfer the total amount of the  
44 approved claim from the moneys appropriated under  
45 section ~~442-26~~ 257.16 for payment to the area  
46 education agency.  
47 Sec. 74. Section 282.31, subsection 1, paragraph  
48 a, Code 1989, is amended to read as follows:  
49 a. A child who lives in a facility pursuant to  
50 section 282.30, subsection 1, paragraph "a", and who

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1 is not enrolled in the educational program of the  
2 district of residence of the child, shall receive  
3 appropriate educational services. The area education  
4 agency shall submit a proposed program and budget to  
5 the department of education by January 1 for the next  
6 succeeding school year. The department of education  
7 shall review and approve or modify the program and  
8 proposed budget and shall notify the area education  
9 agency by February 1. The area education agency shall  
10 submit a claim to the department of education by  
11 August 1 following the school year for the actual cost  
12 of the program. The department shall review and  
13 approve or modify all expenditures incurred in  
14 compliance with the guidelines pursuant to section  
15 256.7, subsection 12, and shall notify the department  
16 of revenue and finance of the approved claim amount by  
17 September 1. The total amount of the approved claim  
18 shall be paid by the department of revenue and finance  
19 to the area education agency by October 1. The total  
20 amount paid by the department of revenue and finance  
21 shall be deducted monthly from the state school  
22 foundation aid paid under section ~~442-26~~ 257.16 during  
23 the remainder of that fiscal year to all school  
24 districts in the state. The portion of the total  
25 amount of the approved claims that shall be deducted  
26 from the state aid of a school district shall be the  
27 same as the ratio that the budget enrollment for the  
28 budget year of the school district bears to the total  
29 budget enrollment in the state for that budget year.  
30 The department of revenue and finance shall transfer  
31 the total amount of the approved claims from the  
32 moneys appropriated under section ~~442-26~~ 257.16 for  
33 payment to the area education agencies.

34 Sec. 75. Section 282.31, subsection 3, Code 1989,  
35 is amended to read as follows:

36 3. The actual special education instructional  
37 costs, including transportation, for a child who  
38 requires special education shall be paid by the  
39 department of revenue and finance to the school  
40 district in which the facility or home is located,  
41 only when a district of residence cannot be  
42 determined, and the child was not included in the  
43 weighted enrollment of any district pursuant to  
44 section 281.9, and the payment pursuant to subsection  
45 2, paragraph "a", was not made by any district. The  
46 district shall submit a proposed program and budget to  
47 the department of education by January 1 for the next  
48 succeeding school year. The department of education  
49 shall review and approve or modify the program and  
50 proposed budget and shall notify the district by

1 February 1. The district shall submit a claim by  
2 August 1 following the school year for the actual cost  
3 of the program. The department shall review and  
4 approve or modify the claim and shall notify the  
5 department of revenue and finance of the approved  
6 claim amount by September 1. The total amount of the  
7 approved claim shall be paid by the department of  
8 revenue and finance to the school district by October  
9 1. The total amount paid by the department of revenue  
10 and finance shall be deducted monthly from the state  
11 foundation aid paid under section ~~442-26~~ 257.16 during  
12 the remainder of that fiscal year to all school  
13 districts in the state. The portion of the total  
14 amount of the approved claims that shall be deducted  
15 from the state aid of a school district shall be the  
16 same as the ratio that the budget enrollment for the  
17 budget year of the school district bears to the total  
18 budget enrollment in the state for the budget year.  
19 The department of revenue and finance shall transfer  
20 the total amount of the approved claims from moneys  
21 appropriated under section ~~442-26~~ 257.16 for payment  
22 to the school district.

23 Sec. 76. Section 283A.9, Code 1989, is amended to  
24 read as follows:

25 283A.9 BUILDING FOR SCHOOL LUNCH FACILITY.

26 School districts ~~are authorized to~~ may purchase,  
27 erect, or otherwise acquire a building for use as a  
28 school lunch facility, and ~~to equip such a building~~  
29 ~~for such that use, and pay for same~~ the acquisition or  
30 equipping from unencumbered funds on hand in the  
31 schoolhouse fund ~~derived from taxes voted under~~  
32 ~~authority of section 278.17 subsection 77 or 275.32,~~  
33 subject to the terms of this section, or may pay for  
34 ~~same~~ the facility or equipment from the proceeds of  
35 the sale of school property sold under section 297.22,  
36 or from surplus remaining in the schoolhouse fund  
37 ~~after retirement of a bond issue or from a tax voted~~  
38 ~~for said purposes.~~

39 Sec. 77. Section 285.2, unnumbered paragraph 3,  
40 Code 1989, is amended to read as follows:

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

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1 442-5 257.2.

2 Sec. 78. Section 286A.2, subsections 3, 4, and 5,  
3 Code 1989, are amended to read as follows:4 3. "Base year" means base year as defined in  
5 section 442-6 257.2.6 4. "Budget year" means budget year as defined in  
7 section 442-6 257.2.8 5. "State percent of growth" is the state percent  
9 of growth calculated under section 442-7 257.8.10 Sec. 79. Section 286A.14, subsection 1, unnumbered  
11 paragraph 1, Code 1989, is amended to read as follows:12 1. An area school budget review procedure is  
13 established for the school budget review committee  
14 created in section 442-12 257.20. The school budget  
15 review committee, in addition to its duties under  
16 chapter 442 257, shall meet and hold hearings each  
17 year under this chapter to review unusual  
18 circumstances of area schools, either upon the  
19 committee's motion or upon the request of an area  
20 school. The committee may grant supplemental aid to  
21 the area school from funds appropriated to the  
22 department of education for area school budget review  
23 purposes, or an amount may be added to the area school  
24 allowable growth for all cost centers and area school  
25 allowable growth for noninstructional functions for  
26 the budget year either on a temporary or permanent  
27 basis, or the committee may allow both.28 Sec. 80. Section 291.13, Code 1989, is amended to  
29 read as follows:

30 291.13 GENERAL AND SCHOOLHOUSE FUNDS.

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

50 Sec. 81. Section 294A.2, subsections 1 and 2, Code

1 1989, are amended to read as follows:

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

10 2. "Enrollment served" for the fiscal years  
11 beginning July 1, 1987, July 1, 1988, and July 1,  
12 1989, means that area education agency's enrollment  
13 served for the budget year beginning July 1, 1987.  
14 For each school year thereafter, enrollment served  
15 means that area education agency's enrollment served  
16 for the budget year. Enrollment served shall be  
17 determined under section ~~442.27, subsection 12~~ 257.33.

18 Sec. 82. Section 294A.9, Code 1989, is amended to  
19 read as follows:

20 294A.9 PHASE II PROGRAM.

21 Phase II is established to improve the salaries of  
22 teachers. For each fiscal year, the department of  
23 education shall allocate to each school-district-for  
24 the-purpose-of-implementing-phase-II-an-amount-equal  
25 to-seventy-five-dollars-and-ninety-three-cents  
26 multiplied-by-the-district's-certified-enrollment-and  
27 to-each area education agency for the purpose of  
28 implementing phase II an a per pupil amount equal to  
29 three dollars and fifty-five cents multiplied by the  
30 enrollment served in the area education agency, ~~if the~~  
31 ~~general assembly has appropriated sufficient moneys to~~  
32 ~~the fund so that pursuant to section 294A.3, thirty-~~  
33 ~~eight-million-five-hundred-thousand-dollars-will-be~~  
34 ~~allocated by the department to school districts and~~  
35 ~~area education agencies for phase II. If, because of~~  
36 ~~the amount of the appropriation made by the general~~  
37 ~~assembly to the fund, less than thirty-eight million~~  
38 ~~five-hundred-thousand-dollars is allocated for phase~~  
39 ~~II, the department of education shall adjust the~~  
40 ~~amount for each student in certified enrollment and~~  
41 ~~each student in enrollment served based upon the~~  
42 ~~amount allocated for phase II.~~ For the fiscal year  
43 beginning July 1, 1990, and succeeding fiscal years,  
44 the amount allocated to each area education agency is  
45 the sum of the per pupil amount allocated for the  
46 previous fiscal year plus the product of the state  
47 percent of growth for the fiscal year calculated under  
48 section 257.8 and the per pupil amount allocated for  
49 the previous fiscal year multiplied by the enrollment  
50 served in the area education agency.



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1 The department of education shall certify the  
2 amounts of the allocations for each school-district  
3 and area education agency to the department of revenue  
4 and finance and the department of revenue and finance  
5 shall make the payments to school-districts-and area  
6 education agencies.

7 ~~If a school-district has discontinued grades under~~  
8 ~~section-282.77-subsection-17-or-students-attend-school~~  
9 ~~in-another-school-district,-under-an-agreement-with~~  
10 ~~the-board-of-the-other-school-district,-the-board-of~~  
11 ~~directors-of-the-district-of-residence-shall-transmit~~  
12 ~~the-phase-II-moneys-allocated-to-the-district-for~~  
13 ~~those-students-based-upon-the-full-time-equivalent~~  
14 ~~attendance-of-those-students-to-the-board-of-the~~  
15 ~~school-district-of-attendance-of-the-students.~~

16 If a school district uses teachers under a contract  
17 between the district and the area education agency in  
18 which the district is located, the school district  
19 shall transmit to the employing area education agency  
20 a portion of its the phase II allocation moneys in its  
21 budget based upon the portion that the salaries of  
22 teachers employed by the area education agency and  
23 assigned to the school district for a school year  
24 bears to the total teacher salaries paid in the  
25 district for that school year, including the salaries  
26 of the teachers employed by the area education agency.

27 If the ~~school-district-or~~ area education agency is  
28 organized under chapter 20 for collective bargaining  
29 purposes, the board of directors and certified  
30 bargaining representative for the certificated  
31 employees shall mutually agree upon a formula for  
32 distributing the phase II allocation among the  
33 teachers. ~~For-the-school-year-beginning-July-17-1987~~  
34 ~~only,-the-parties-shall-follow-the-procedures~~  
35 ~~specified-in-chapter-20-except-that-if-the-parties~~  
36 ~~reach-an-impasse,-neither-impasse-procedures-agreed-to~~  
37 ~~by-the-parties-nor-sections-20.20-through-20.22-shall~~  
38 ~~apply-and-the-phase-II-allocation-shall-be-divided-as~~  
39 ~~provided-in-section-294A.10.~~ Negotiations under this  
40 section are subject to the scope of negotiations  
41 specified in section 20.9. ~~If-a-board-of-directors~~  
42 ~~and-certified-bargaining-representative-for~~  
43 ~~certificated-employees-have-not-reached-mutual~~  
44 ~~agreement-by-July-15,-1987-for-the-distribution-of-the~~  
45 ~~phase-II-payment,-section-294A.10-will-apply.~~

46 If the ~~school-district-or~~ area education agency is  
47 not organized for collective bargaining purposes, the  
48 board of directors shall determine the method of  
49 distribution.

50 Sec. 83. Section 294A.14, Code 1989, is amended by

1 adding the following new unnumbered paragraph after  
2 unnumbered paragraph 1:

3 NEW UNNUMBERED PARAGRAPH. Notwithstanding the  
4 amount per pupil of the payments specified in this  
5 section, for the fiscal year beginning July 1, 1990,  
6 and succeeding fiscal years, if a school district's or  
7 area education agency's approved phase III plan for a  
8 fiscal year contains a component that includes a  
9 performance-based pay plan, the per pupil amount upon  
10 which the phase III moneys are based shall be  
11 increased by an amount equal to the product of the  
12 state percent of growth calculated under section 257.8  
13 and the per pupil amount for the previous fiscal year.

14 Sec. 84. Section 294A.22, Code 1989, is amended to  
15 read as follows:

16 294A.22 PAYMENTS.

17 Payments for each phase of the educational  
18 excellence program shall be made by the department of  
19 revenue and finance on a quarterly basis, and the  
20 payments shall be separate from state aid payments  
21 made pursuant to sections ~~442-25~~ 257.16 and ~~442-26~~  
22 ~~257.31.~~ ~~For the school year beginning July 1, 1987,~~  
23 ~~the first quarterly payment shall be made not later~~  
24 ~~than October 15, 1987 taking into consideration the~~  
25 ~~relative budget and cash position of the state~~  
26 ~~resources.~~ The payments to a school district or area  
27 education agency may be combined and a separate  
28 accounting of the amount paid for each program shall  
29 be included.

30 Any payments made to school districts or area  
31 education agencies under this chapter are

32 miscellaneous income for purposes of chapter ~~442~~ 257.

33 Sec. 85. Section 294A.25, subsection 1, Code 1989,  
34 is amended to read as follows:

35 1. ~~For each fiscal year commencing with~~ the fiscal  
36 year beginning July 1, ~~1987~~ 1990, there is  
37 appropriated from the general fund of the state to the  
38 department of education the amount of ~~ninety-two~~  
39 ~~fifty-five million one hundred thousand eighty-five~~  
40 ~~eight hundred thirty-nine thousand~~ dollars to be used  
41 to improve teacher salaries. For each fiscal year  
42 thereafter, there is appropriated an amount equal to  
43 the amount appropriated for the fiscal year beginning  
44 July 1, 1990, plus an amount sufficient to pay the  
45 costs of the additional funding provided for those  
46 school districts and area education agencies with a  
47 performance-based pay component in phase III as  
48 provided in section 294A.14. The moneys shall be  
49 distributed as provided in this section.

50 Sec. 86. Section 294A.25, subsection 5, Code 1989,

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1 is amended to read as follows:

2 5. For ~~each~~ the fiscal year beginning July 1,  
3 1990, the remainder of moneys appropriated in  
4 subsection 1 to the department of education shall be  
5 deposited in the educational excellence fund to be  
6 allocated in an amount to meet the minimum salary  
7 requirements of this chapter for phase I, in an amount  
8 of ~~thirty-eight~~ one million five eight hundred  
9 seventy-eight thousand dollars for phase II, and the  
10 remainder of the appropriation for phase III.

11 For each fiscal year thereafter, the phase II  
12 allocation is the amount allocated for the fiscal year  
13 beginning July 1, 1990, plus an amount sufficient to  
14 pay the costs of the additional funding provided for  
15 area education agencies in section 294A.9.

16 Sec. 87. Section 296.7, Code 1989, is amended to  
17 read as follows:

18 296.7 INDEBTEDNESS FOR INSURANCE AUTHORIZED -- TAX  
19 LEVY.

20 A school district or merged area school corporation  
21 ~~is authorized to~~ may contract indebtedness and to  
22 issue general obligation bonds or enter into insurance  
23 agreements obligating the school district or  
24 corporation to make payments beyond its current budget  
25 year to procure or provide for a policy of insurance,  
26 a self-insurance program, or establish and maintain a  
27 local government risk pool to protect the school  
28 district or corporation from tort liability, loss of  
29 property, environmental hazards, or any other risk  
30 associated with the operation of the school district  
31 or corporation. Taxes for the payment of the  
32 principal, premium, or interest on such-a-bond the  
33 bonds, the payment of such-an the premium on the  
34 insurance policy, the payment of the costs of such a  
35 self-insurance program, the payment of the costs of  
36 such a local government risk pool, and the payment of  
37 any amounts payable under any-such an insurance  
38 agreement authorized in this section may be levied in  
39 excess of any tax limitation imposed by statute.  
40 However, for a school district, a tax levied under  
41 this section shall be included in the district  
42 management levy under section 298.4. Such a self-  
43 insurance program or local government risk pool is not  
44 insurance and is not subject to regulation under  
45 chapters 505 through 523C. However, those self-  
46 insurance plans regulated pursuant to section 509A.14  
47 shall remain subject to the requirements of section  
48 509A.14 and rules adopted pursuant to that section.  
49 If the board by resolution restricts the use of  
50 money in a fund as a reserve for uninsured liability

1 or a self-insurance program, the use shall be  
2 restricted and unavailable for any other purpose until  
3 the board removes the restriction. The removal is not  
4 effective until all obligations of the restricted fund  
5 have been satisfied, or the next fiscal year,  
6 whichever occurs later.

7 Sec. 88. NEW SECTION. 297.35 CONTINUATION OF  
8 LOAN AGREEMENT.

9 A loan agreement between a school district and a  
10 bank, investment banker, trust company, insurance  
11 company, or insurance group that was made under  
12 section 297.36, Code 1989, prior to July 1, 1990, in  
13 order to make immediately available proceeds of the  
14 schoolhouse tax approved by the voters prior to July  
15 1, 1990, and the levy of taxes to pay principal and  
16 interest thereafter shall continue in effect for the  
17 duration of the loan agreement.

18 Sec. 89. Section 297.36, Code 1989, is amended to  
19 read as follows:

20 297.36 LOAN AGREEMENTS.

21 In order to make immediately available proceeds of  
22 the schoolhouse-tax voter-approved physical plant and  
23 equipment levy which has been approved by the voters  
24 as provided in section ~~278-17-subsection-7~~ 298.2, the  
25 board of directors may, with or without notice, borrow  
26 money and enter into loan agreements in anticipation  
27 of the collection of the tax with a bank, investment  
28 banker, trust company, insurance company, or insurance  
29 group.

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

42 The loan must mature within the period of time  
43 authorized by the voters and shall bear interest at a  
44 rate which does not exceed the limits provided under  
45 chapter 74A. A loan agreement entered into pursuant  
46 to this section shall be in a form as the board of  
47 directors shall by resolution provide and the loan  
48 shall be payable as to both principal and interest  
49 from the proceeds of the annual levy of the voted-tax  
50 pursuant-to-section-278-17-subsection-7 voter-approved

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1 physical plant and equipment levy, or so much thereof  
2 as will be sufficient to pay the loan and interest on  
3 the loan.

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

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

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

43 Sec. 90. Section 298.1, Code 1989, is amended to  
44 read as follows:

45 298.1 SCHOOL TAXES.

46 The board of each school district shall estimate  
47 the amount of the proposed expenditures and proposed  
48 receipts for the general school purposes at a time and  
49 in a manner to effectuate the provisions of chapter  
50 ~~442~~ 257 and sections 281.9 and 281.11. Compliance

1 with chapter 24 shall be observed.

2 Sec. 91. NEW SECTION. 298.2 IMPOSITION OF  
3 PHYSICAL PLANT AND EQUIPMENT LEVY.

4 1. A physical plant and equipment levy of not  
5 exceeding one dollar per thousand dollars of assessed  
6 valuation in the district is established. The  
7 physical plant and equipment levy consists of the  
8 regular physical plant and equipment levy of not  
9 exceeding thirty-three cents per thousand dollars of  
10 assessed valuation in the district and a voter-  
11 approved physical plant and equipment levy of not  
12 exceeding sixty-seven cents per thousand dollars of  
13 assessed valuation in the district.

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

18 3. The board may, and upon the written request of  
19 twenty-five eligible electors of a district having a  
20 population of five thousand or less or of fifty  
21 eligible electors of any other district shall, direct  
22 the county commissioner of elections to provide for  
23 submitting the proposition of levying the voter-  
24 approved physical plant and equipment levy for a  
25 period of time authorized by the voters in the notice  
26 of election. The proposition is adopted if a majority  
27 of those voting on the proposition approves it.

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

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

46 Sec. 92. NEW SECTION. 298.3 REVENUES FROM THE  
47 LEVIES.

48 The revenue from the regular and voter-approved  
49 physical plant and equipment levies shall be placed in  
50 the schoolhouse fund and expended only for the

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1 following purposes:

2 1. The purchase and improvement of grounds. For  
3 the purpose of this section: "purchase of grounds"  
4 includes the legal costs relating to the property  
5 acquisition, costs of surveys of the property, costs  
6 of relocation assistance under state and federal law,  
7 and other costs incidental to the property  
8 acquisition. "Improvement of grounds" includes  
9 grading, landscaping, paving, seeding, and planting of  
10 shrubs and trees; constructing sidewalks, roadways,  
11 retaining walls, sewers and storm drains, and  
12 installing hydrants; surfacing and soil treatment of  
13 athletic fields and tennis courts; furnishing and  
14 installing flagpoles, gateways, fences, and  
15 underground storage tanks which are not parts of  
16 building service systems; demolition work; and special  
17 assessments against the school district for public  
18 improvements, as defined in section 384.37.

19 2. The construction of schoolhouses or buildings  
20 and opening roads to schoolhouses or buildings.

21 3. The purchase of buildings and the purchase of  
22 equipment exceeding five thousand dollars in value.

23 4. The payment of debts contracted for the  
24 erection or construction of schoolhouses or buildings,  
25 not including interest on bonds.

26 5. Procuring or acquisition of libraries.

27 6. Repairing, remodeling, reconstructing,  
28 improving, or expanding the schoolhouses or buildings.

29 For the purpose of this subsection, "repairing"  
30 means to restore an existing structure or thing to its  
31 original condition, as near as may be, after decay,  
32 waste, injury, or partial destruction, but does not  
33 include maintenance; and "reconstruction" means to re-  
34 build or to restore as an entity a thing which was  
35 lost or destroyed.

36 7. The rental of facilities under chapter 28E.

37 8. Purchase of transportation equipment for trans-  
38 porting students.

39 9. Lease-purchase option agreements for school  
40 buildings.

41 10. Equipment purchases for recreational purposes.

42 Interest earned on money in the schoolhouse fund  
43 may be expended for a purpose listed in this section.

44 Sec. 93. NEW SECTION. 298.4 DISTRICT MANAGEMENT  
45 LEVY.

46 The board of directors of a school district may  
47 certify for levy by March 15 of a school year, a tax  
48 on all taxable property in the school for a district  
49 management levy. The revenue from the tax levied in  
50 this section shall be placed in a district management

1 account of the general fund of the school district and  
2 expended only for the following purposes:

3 1. To pay the cost of unemployment benefits as  
4 provided in section 96.31.

5 2. To pay the costs of liability insurance and the  
6 costs of a judgment or settlement relating to  
7 liability together with interest accruing on the  
8 judgment or settlement to the expected date of  
9 payment.

10 3. To pay the costs of insurance agreements under  
11 section 296.7.

12 4. To pay the costs of a judgment under section  
13 298.16.

14 5. To pay the cost of early retirement benefits to  
15 employees under section 279.46.

16 Sec. 94. Section 298.9, Code 1989, is amended to  
17 read as follows:

18 298.9 SPECIAL LEVIES.

19 If ~~a schoolhouse tax~~ the voter-approved physical  
20 plant and equipment levy is voted at a special  
21 election and certified to ~~said the~~ board after the  
22 regular levy is made, it the board shall at its next  
23 regular meeting levy ~~such the~~ tax and cause ~~the same~~  
24 it to be ~~forthwith~~ entered upon the tax list to be  
25 collected as other school taxes. If the certification  
26 is so filed prior to April 1, ~~said the~~ annual levy  
27 shall begin with the tax levy of the year of filing.  
28 If the certification is filed after April 1 in ~~any a~~  
29 year, ~~such the~~ levy shall begin with the levy of the  
30 fiscal year succeeding the year of the filing of ~~such~~  
31 the certification.

32 Sec. 95. Section 298.10, Code 1989, is amended to  
33 read as follows:

34 298.10 LEVY FOR CASH RESERVE.

35 The board of directors of a school district may  
36 certify for levy by March 15 of a school year, a tax  
37 on all taxable property in the school district in  
38 order to raise an amount for a necessary cash reserve  
39 for a school district's general fund. The amount  
40 raised for a necessary cash reserve does not increase  
41 a school district's authorized expenditures as defined  
42 in section ~~442-57-subsection-2~~ 257.7.

43 Sec. 96. Section 298.16, Code 1989, is amended to  
44 read as follows:

45 298.16 JUDGMENT TAX.

46 If the proper fund is not sufficient, then, unless  
47 its board has provided by the issuance of bonds for  
48 raising the amount necessary to pay such a judgment,  
49 ~~the voters thereof shall at their regular election~~  
50 vote a sufficient tax for the purpose cost of the



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1 judgment shall be included in the district management  
2 levy.

3 Sec. 97. NEW SECTION. 300.5 APPLICABILITY.

4 This chapter applies only to school districts that  
5 have approved the levy and collection of the tax prior  
6 to July 1, 1990, and have not voted to discontinue the  
7 levy under section 300.3.

8 Sec. 98. Section 301.30, unnumbered paragraph 3,  
9 Code 1989, is amended to read as follows:

10 The costs of providing textbook services to  
11 nonpublic school pupils as provided in section 301.1  
12 shall not be included in the computation of district  
13 cost under chapter ~~442~~ 257, but shall be shown in the  
14 budget as an expense from miscellaneous income. Any  
15 textbook reimbursements received by a local school  
16 district for serving nonpublic school pupils shall not  
17 affect district cost limitations of chapter ~~442~~ 257.  
18 The reimbursements provided in this section are  
19 miscellaneous income as defined in section ~~442-5~~  
20 257.2.

21 Sec. 99. Section 331.512, subsection 12, Code  
22 1989, is amended to read as follows:

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

25 Sec. 100. Section 422.9, subsection 6, unnumbered  
26 paragraph 3, Code 1989, is amended to read as follows:

27 ~~The provisions of this~~ This subsection ~~shall~~ does  
28 not affect the amount of the taxpayer's checkoff to  
29 the Iowa election campaign fund under section 56.18,  
30 the checkoff for the fish and game protection fund in  
31 section 107.16, the credits from tax provided in  
32 sections ~~422.107-422.11A7~~ and through 422.12 and the  
33 allocation of these credits between spouses if the  
34 taxpayers filed separate returns or separately on  
35 combined returns, or the amount of the taxpayer's  
36 school district income surtax liability under section  
37 ~~442-15~~ 257.23 as these items were properly computed or  
38 claimed on taxpayers' returns.

39 Sec. 101. Section 613A.7, Code 1989, is amended to  
40 read as follows:

41 613A.7 INSURANCE.

42 The governing body of any a municipality may  
43 purchase a policy of liability insurance insuring  
44 against all or any part of liability which might be  
45 incurred by ~~such~~ the municipality or its officers,  
46 employees, and agents under ~~the provisions of~~ section  
47 613A.2 and section 613A.8 and may similarly purchase  
48 insurance covering torts specified in section 613A.4.  
49 The governing body of any a municipality may adopt a  
50 self-insurance program, including but not limited to

1 the investigation and defense of claims, the  
2 establishment of a reserve fund for claims, the  
3 payment of claims, and the administration and  
4 management of the self-insurance program, to cover all  
5 or any part of the liability. The governing body of  
6 any a municipality may join and pay funds into a local  
7 government risk pool to protect itself against any or  
8 all liability. The governing body of any a  
9 municipality may enter into insurance agreements  
10 obligating the municipality to make payments beyond  
11 its current budget year to provide or procure such  
12 policies of insurance, self-insurance program, or  
13 local government risk pool. The premium costs of such  
14 the insurance, the costs of such a self-insurance  
15 program, the costs of a local government risk pool,  
16 and the amounts payable under any such insurance  
17 agreements may be paid out of the general fund or any  
18 available funds or may be levied in excess of any tax  
19 limitation imposed by statute. However, for school  
20 districts, the costs shall be included in the district  
21 management levy as provided in section 296.7. Any  
22 independent or autonomous board or commission in the  
23 municipality having authority to disburse funds for a  
24 particular municipal function without approval of the  
25 governing body may similarly enter into insurance  
26 agreements, procure liability insurance, adopt a self-  
27 insurance program, or join a local government risk  
28 pool within the field of its operation. The  
29 procurement of such insurance constitutes a waiver of  
30 the defense of governmental immunity as to those  
31 exceptions listed in section 613A.4 to the extent  
32 stated in such the policy but shall have no further  
33 effect on the liability of the municipality beyond the  
34 scope of this chapter, but if a municipality adopts a  
35 self-insurance program or joins and pays funds into a  
36 local government risk pool such action does not  
37 constitute a waiver of the defense of governmental  
38 immunity as to the exceptions listed in section  
39 613A.4. The existence of any insurance which covers  
40 in whole or in part any judgment or award which may be  
41 rendered in favor of the plaintiff, or lack of any  
42 such insurance, shall not be material in the trial of  
43 any action brought against the governing body of any a  
44 municipality, or its officers, employees, or agents  
45 and any reference to such insurance, or lack of same  
46 insurance, shall-be is grounds for a mistrial. A  
47 self-insurance program or local government risk pool  
48 is not insurance and is not subject to regulation  
49 under chapters 505 through 523C.

50 Sec. 102. Section 613A.10, Code 1989, is amended

H-3416

Page 68

1 to read as follows:

2 613A.10 TAX TO PAY JUDGMENT OR SETTLEMENT.

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

18 Sec. 103. If the electors of a school district  
19 have approved, prior to March 15, 1990, the  
20 schoolhouse tax levy to provide for the lease-purchase  
21 of school buildings or other authorized school  
22 district tax levy, the tax levy so approved shall  
23 continue in effect until the expiration period for  
24 which it was approved.

25 Sec. 104. Sections 279.43, 297.5, 294A.11,  
26 294A.24, and 298.17, Code 1989, are repealed effective  
27 July 1, 1990.

28 Sec. 105. 1987 Iowa Acts, chapter 224, section 81,  
29 is repealed.

30 Sec. 106. Chapters 260A and 442, Code 1989, are  
31 repealed effective July 1, 1990.

32 Sec. 107. Section 33 of this Act, being deemed of  
33 immediate importance, takes effect upon enactment.

34 Sec. 108. Sections 1 through 32, 56 through 64,  
35 68, 82, 86, 90 through 93, 100 through 102 of this Act  
36 take effect July 1, 1989, for the purpose of  
37 computations required for payment of state aid to and  
38 levying of property taxes by school districts for the  
39 budget year beginning July 1, 1990.

40 Sec. 109. Sections 34 through 55, 65 through 67,  
41 69 through 81, 83 through 85, 87 through 89, and 94  
42 through 99 of this Act take effect July 1, 1990.

43 Sec. 110. Section 282.17, Code 1989, is repealed  
44 effective July 1, 1991."

By OLLIE of Clinton  
WISE of Lee

H-3416 FILED MARCH 16, 1989

3432  
*Withdrawn 3-21-89 (p.905)*

## HOUSE FILE 535

H-3439

Amend amendment, H-3351, to House File 535 as follows:

- 3 1. Page 5, line 10, by striking the word
- 4 "demographics" and inserting the following: "sparsity
- 5 and density of the population".

By DAGGETT of Adams

H-3439 FILED MARCH 17, 1989

108-3-21-89 (p 913)

## HOUSE FILE 535

H-3428

- 1 Amend House File 535 as follows:  
 2 1. Page 85, by inserting after line 6 the  
 3 following:  
 4 "Sec. \_\_\_\_ . Section 808A.1, subsection 4, paragraph  
 5 d, Code 1989, is amended to read as follows:  
 6 d. A school locker, desk, or other facility or  
 7 space issued or assigned to, or chosen by, the student  
 8 for the storage of personal belongings of any kind,  
 9 which the student locks or is permitted to lock.  
 10 School officials may conduct periodic inspections of  
 11 all school lockers. ~~However, the school district~~  
 12 ~~shall provide notice to the students, at least twenty-~~  
 13 ~~four hours prior to the inspection, of the date and~~  
 14 ~~time of the inspection.~~  
 15 Sec. \_\_\_\_ . Section 808A.2, subsection 3, paragraph  
 16 c, Code 1989, is amended by striking the paragraph."  
 17 2. By renumbering as necessary.

By SPENNER of Henry

H-3428 FILED MARCH 17, 1989

NOT germane 3-20-89 (p. 857)

HOUSE FILE 535

H-3432

- 1 Amend the amendment, H-3416, to House File 535 as  
 2 follows:  
 3 1. By striking page 1, line 4 through page 68,  
 4 line 44 and inserting the following:  
 5 ""Section 1. 1987 Iowa Acts, chapter 224, section  
 6 81, is repealed.""  
 7 2. Page 68, by inserting after line 44 the  
 8 following:  
 9 " \_\_\_\_ . Title page, by striking lines 2 through 7  
 10 and inserting the following: "districts and area  
 11 education agencies.""

By STROMER of Hancock

H-3432 FILED MARCH 17, 1989

cut of order 3-21-89 (p. 905)

HOUSE FILE 535

H-3433

- 1 Amend the amendment, H-3351, to House File 535 as  
 2 follows:  
 3 1. Page 5, by striking line 3 and inserting the  
 4 following:  
 5 " \_\_\_\_ . By striking page 33, line 34, through page  
 6 34, line 10, and".

By OLLIE of Clinton

H-3433 FILED MARCH 17, 1989

Adopted 3-21-89 (p. 912)

## HOUSE FILE 535

7-3442

Amend House File 535 as follows:

1. Page 33, by inserting after line 33 the following:

3 following:  
4 "\_\_\_\_\_. At the request of a school district meeting  
5 the requirements of this subsection, the committee may  
6 establish a modified allowable growth for a budget  
7 year by increasing the allowable growth of the  
8 district on a temporary basis to provide additional  
9 moneys for programs for gifted and talented pupils.  
10 The amount that may be raised by additional allowable  
11 growth is equal to nine-tenths percent multiplied by  
12 the product of the district cost per pupil of the  
13 district for the budget year beginning July 1, 1989,  
14 multiplied by the district's budget enrollment for the  
15 budget year beginning July 1, 1989, less the funding  
16 received by the district under the amount added to  
17 district cost per pupil for those programs under  
18 section 257.10 for the budget year for which the  
19 request is made multiplied by the district's budget  
20 enrollment for that budget year.

21 In order to receive the increase in allowable  
22 growth for a budget year, the school district must  
23 meet both of the following:

24 a. The school district is not receiving revenues  
25 from the instructional support program for the budget  
year.

26 b. The school district is using funding in an  
27 amount equal to three-tenths percent multiplied by the  
28 product of the district cost per pupil of the district  
29 for the budget year beginning July 1, 1989, and the  
30 district's budget enrollment for the budget year  
31 beginning July 1, 1989, obtained from its district  
32 cost for the budget year for which the request is made  
33 to fund the costs of the program for gifted and  
34 talented pupils."

35  
36 2. Page 85, by inserting after line 27 the  
37 following:

38 "Sec. 103A. PROGRAMS FOR TALENTED AND GIFTED  
39 PUPILS FOR 1990-1991.

40 \_\_\_\_\_ At the request of a school district meeting  
41 the requirements of this subsection, the school budget  
42 review committee may establish a modified allowable  
43 growth for the budget year beginning July 1, 1990, by  
44 increasing the allowable growth of the district on a  
45 temporary basis to provide additional moneys for  
46 programs for gifted and talented pupils. The amount  
47 that may be raised by additional allowable growth is  
48 equal to nine-tenths percent multiplied by the product  
49 of the district cost per pupil of the district for the  
50 budget year beginning July 1, 1989, multiplied by the

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1 district's budget enrollment for the budget year  
 2 beginning July 1, 1989, less the funding received by  
 3 the district under section 103 for the program.  
 4 In order to receive the increase in allowable  
 5 growth for the budget year beginning July 1, 1990, the  
 6 school district must use funding in an amount equal to  
 7 three-tenths percent multiplied by the product of the  
 8 district cost per pupil of the district for the budget  
 9 year beginning July 1, 1989, and the district's budget  
 10 enrollment for the budget year beginning July 1, 1989,  
 11 obtained from its district cost for the budget year  
 12 beginning July 1, 1990, to fund the costs of the  
 13 program for gifted and talented pupils."  
 14 3. Page 85, line 34, by striking the word and  
 15 figure "and 103" and inserting the following: "103,  
 16 and 103A".

By CARPENTER of Polk  
 OLLIE of Clinton  
 SIEGRIST of Pottawattamie

H-3442 FILED MARCH 17, 1989  
*adopted 3-20-89 (p. 857)*  
 HOUSE FILE 535

H-3443

1 Amend amendment, H-3351, to House File 535 as  
 2 follows:  
 3 1. Page 5, line 10, by striking the word  
 4 "demographics" and inserting the following: "density  
 5 of the population".

By BUHR of Polk	SHONING of Woodbury
CONNORS of Polk	BEATTY of Warren
CARPENTER of Polk	NIELSEN of Linn
BRAMMER of Linn	DODERER of Johnson
CHAPMAN of Linn	METCALF of Polk
PONCY of Wapello	SHOULTZ of Black Hawk
DIEMER of Black Hawk	GRONINGA of Cerro Gordo
CONNOLLY of Dubuque	BISIGNANO of Polk
HANSEN of Woodbury	HOLVECK of Polk
HERMANN of Scott	JOCHUM of Dubuque
SHERZAN of Polk	LYKAM of Scott
HARPER of Black Hawk	PAVICH of Pottawattamie
TEAFORD of Black Hawk	PETERS of Woodbury
RENAUD of Polk	DVORSKY of Johnson
LUNDBY of Linn	SIEGRIST of Pottawattamie

H-3443 FILED MARCH 17, 1989  
*adopted 3-21-89 (p. 913)*

## HOUSE FILE 535

H-3446

1 Amend House File 535 as follows:

2 1. Page 47, by inserting after line 14 the  
3 following:

34724 "Sec. \_\_\_\_ . Section 256A.3, subsection 5, Code  
5 1989, is amended to read as follows:

6 5. Subject to the availability of funds  
7 appropriated or otherwise available for the purpose of  
8 providing child development services, award grants for  
9 programs that provide new or additional child  
10 development services to at-risk children and that  
11 provide programs for three and four year old children.

12 Sec. \_\_\_\_ . Section 256A.3, Code 1989, is amended by  
13 adding the following new subsections:

347214 NEW SUBSECTION. 9. Subject to a decision by the  
15 council to initiate the programs, develop criteria for  
16 and award grants under section 279.51, subsection 1,  
17 paragraph "b".

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

22 2. By striking page 57, line 8, through page 58,  
23 line 4, and inserting the following:

24 "Sec. \_\_\_\_ . NEW SECTION. 279.51 PROGRAMS FOR AT-  
25 RISK CHILDREN.

26 1. There is appropriated from the general fund of  
27 the state to the department of education for the  
28 fiscal year beginning July 1, 1990, the sum of eleven  
29 million two hundred thousand dollars. For each  
30 succeeding fiscal year, there is appropriated the  
31 amount appropriated for the previous fiscal year plus  
32 an additional amount equal to the state percent of  
33 growth as calculated in section 257.8 multiplied by  
34 the amount appropriated the previous fiscal year as  
35 follows:

347236 a. Two hundred fifty thousand dollars of the funds  
37 appropriated shall be allocated to the area education  
38 agencies to assist school districts in developing  
39 program plans and budgets under this section and to  
40 assist school districts in meeting other  
41 responsibilities in early childhood education.

347242 b. Six million one hundred fifteen thousand  
43 dollars of the funds appropriated shall be allocated  
44 to the child development coordinating council  
45 established in chapter 256A for the purposes set out  
46 in subsection 2 of this section and section 256A.3.

347247 c. For each of the fiscal years during the fiscal  
48 period beginning July 1, 1990, and ending June 30,  
49 1994, eight hundred thousand dollars of the funds  
50 appropriated shall be allocated for the school-based



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1 youth services education program established in  
2 subsection 3. Subject to the approval of the state  
3 board of education, the allocation made in this  
4 paragraph may be renewed for additional four-year  
5 periods of time.

6 d. Four million dollars of the funds appropriated  
7 shall be allocated as grants to school districts that  
8 have schools that demonstrate the greatest need for  
9 programs for at-risk students with preference given to  
10 innovative programs for the early elementary school  
11 years.

12 2. Funds allocated under subsection 1, paragraph  
13 "b", shall be used by the child development  
14 coordinating council to continue funding for programs  
15 previously funded by grants awarded under section  
16 256A.3.

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

39 Additional objectives of the programs shall be: to  
40 increase the ability of existing agencies within the  
41 community to address the multiple problems of  
42 teenagers and to coordinate their activities, to  
43 provide an accessible and attractive center for  
44 teenagers in or near school that they are most likely  
45 to use, and to facilitate joint planning to make the  
46 most economic and innovative use of community  
47 resources. Programs shall at a minimum provide job  
48 training and employment services, mental health and  
49 family counseling services, and primary health care  
50 services that include but are not limited to physical

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1 examinations, immunizations, hearing and vision  
2 screening, and preventive and primary health care  
3 services, in the context of the educational needs of  
31654 the students. The department shall give additional  
5 consideration to program proposals that provide access  
6 to the center after school, in the evening and on  
7 weekends, and during the summer; that provides a  
8 twenty-four hour telephone hotline or similar service;  
9 and that provides access to day care or on-site day  
347210 care.

3160 11 The plan shall include the appointment by the board  
12 of a local advisory board for each proposed program,  
13 which at a minimum shall include a representative of  
14 the private industry council serving the area, parents  
15 of children enrolled in the school, a teacher  
16 recommended by the local teachers association, a  
17 representative from the health and mental health com-  
18 munity in the area, teenagers enrolled in the school  
19 and recommended by the school student government, a  
20 representative from the nonprofit provider community,  
21 and a representative from the juvenile court system  
344522 serving the area. Management of the program may be by  
23 the school, a single nonprofit organization, or a  
24 public organization that receives and administers  
25 funds.

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

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

3473, 3461-42 Program proposals shall include a contribution of  
43 at least twenty percent of the total costs of the  
44 program, which can include "in-kind" services.

5483, 3478-45 Partnerships between the public and private sectors  
46 are particularly encouraged. The budget for a  
47 proposed program shall not exceed two hundred thousand  
48 dollars per year.

3472-49 4. The state board of education shall adopt rules  
50 under chapter 17A for the administration of this

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1 section.""

By NEUHAUSER of Johnson

H-3446 FILED MARCH 17, 1989

Adopted 3-20-89 (p. 867)

## HOUSE FILE 535

H-3447

1 Amend the amendment, H-3368, to House File 535 as  
2 follows:

3 1. Page 1, by striking lines 2 through 19 and  
4 inserting the following:

5 "\_\_\_\_\_. Page 47, by inserting after line 14 the  
6 following:

7 "Sec. \_\_\_\_\_. Section 256A.3, subsection 5, Code  
8 1989, is amended to read as follows:

9 5. Subject to the availability of funds  
10 appropriated or otherwise available for the purpose of  
11 providing child development services, award grants for  
12 programs that provide new or additional child  
13 development services to at-risk children and that  
14 provide programs for three and four year old children.

15 Sec. \_\_\_\_\_. Section 256A.3, Code 1989, is amended by  
16 adding the following new subsections:

17 NEW SUBSECTION. 9. Subject to a decision by the  
18 council to initiate the programs, develop criteria for  
19 and award grants under section 279.51, subsection 1,  
20 paragraph "b".

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

25 \_\_\_\_\_. By striking page 57, line 8, through page  
26 58, line 4, and inserting the following:

27 "Sec. \_\_\_\_\_. NEW SECTION. 279.51 PROGRAMS FOR AT-  
28 RISK CHILDREN.

29 1. There is appropriated from the general fund of  
30 the state to the department of education for the  
31 fiscal year beginning July 1, 1990, the sum of eleven  
32 million two hundred thousand dollars. For each  
33 succeeding fiscal year, there is appropriated the  
34 amount appropriated for the previous fiscal year plus  
35 an additional amount equal to the state percent of  
36 growth as calculated in section 257.8 multiplied by  
37 the amount appropriated the previous fiscal year as  
38 follows:

39 a. Two hundred fifty thousand dollars of the funds  
40 appropriated shall be allocated to the area education  
41 agencies to assist school districts in developing  
42 program plans and budgets under this section and to  
43 assist school districts in meeting other  
44 responsibilities in early childhood education.

45 b. Six million one hundred fifteen thousand  
46 dollars of the funds appropriated shall be allocated  
47 to the child development coordinating council  
48 established in chapter 256A for the purposes set out  
49 in subsection 2 of this section and section 256A.3.

50 c. For each of the fiscal years during the fiscal

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1 period beginning July 1, 1990, and ending June 30,  
2 1994, eight hundred thousand dollars of the funds  
3 appropriated shall be allocated for the school-based  
4 youth services education program established in  
5 subsection 3. Subject to the approval of the state  
6 board of education, the allocation made in this  
7 paragraph may be renewed for additional four-year  
8 periods of time.

9 d. Four million dollars of the funds appropriated  
10 shall be allocated as grants to school districts that  
11 have schools that demonstrate the greatest need for  
12 programs for at-risk students with preference given to  
13 innovative programs for the early elementary school  
14 years.

15 2. Funds allocated under subsection 1, paragraph  
16 "b", shall be used by the child development  
17 coordinating council to continue funding for programs  
18 previously funded by grants awarded under section  
19 256A.3.

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

42 Additional objectives of the programs shall be: to  
43 increase the ability of existing agencies within the  
44 community to address the multiple problems of  
45 teenagers and to coordinate their activities, to  
46 provide an accessible and attractive center for  
47 teenagers in or near school that they are most likely  
48 to use, and to facilitate joint planning to make the  
49 most economic and innovative use of community  
50 resources. Programs shall at a minimum provide job

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1 training and employment services, mental health and  
2 family counseling services, and primary health care  
3 services that include but are not limited to physical  
4 examinations, immunizations, hearing and vision  
5 screening, and preventive and primary health care  
6 services, in the context of the educational needs of  
7 the students. The department shall give additional  
8 consideration to program proposals that provide access  
9 to the center after school, in the evening and on  
10 weekends, and during the summer; that provides a  
11 twenty-four hour telephone hotline or similar service;  
12 and that provides access to day care or on-site day  
13 care.

14 The plan shall include the appointment by the board  
15 of a local advisory board for each proposed program,  
16 which at a minimum shall include a representative of  
17 the private industry council serving the area, parents  
18 of children enrolled in the school, a teacher  
19 recommended by the local teachers association, a  
20 representative from the health and mental health com-  
21 munity in the area, teenagers enrolled in the school  
22 and recommended by the school student government, a  
23 representative from the nonprofit provider community,  
24 and a representative from the juvenile court system  
25 serving the area. Management of the program may be by  
26 the school, a single nonprofit organization, or a  
27 public organization that receives and administers  
28 funds.

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

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

45 Program proposals shall include a contribution of  
46 at least twenty percent of the total costs of the  
47 program, which can include "in-kind" services.  
48 Partnerships between the public and private sectors  
49 are particularly encouraged. The budget for a  
50 proposed program shall not exceed two hundred thousand

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Page 4

1 dollars per year.

2 4. The state board of education shall adopt rules

3 under chapter 17A for the administration of this

4 section."

By NEUHAUSER of Johnson

H-3447 FILED MARCH 17, 1989

Withdrawn 3-20-89 (p.854)

## HOUSE FILE 535

H-3453

Amend the amendment, H-3451, to House File 535 as follows:

- 3 1. Page 1, line 8, by inserting after the word
- 4 "fewer" the following: ", and to each area education
- 5 agency in which there are fewer than an average of
- 6 three and one-half public school pupils per square
- 7 mile,".
- 8 2. Page 1, line 9, by inserting after the words
- 9 "adjustment payment" the following: "for school
- 10 districts".
- 11 3. Page 1, line 16, by inserting after the word
- 12 "hundred." the following: "The size adjustment
- 13 payment for area education agencies is forty dollars
- 14 multiplied by the enrollment served in the area
- 15 education agency."
- 16 4. Page 1, line 25, by inserting after the word
- 17 "districts" the following: "and area education
- 18 agencies".

By DAGGETT of Adams

H-3453 FILED MARCH 20, 1989

*(OPT 3-21-89 (p. 905))*

HOUSE FILE 535

H-3454

1 Amend the amendment, H-3416, to House File 535 as

2 follows:

- 3 1. Page 1, by striking lines 17 through 22 and
- 4 inserting the following:
- 5 "For the budget year commencing July 1, 1990, the
- 6 regular program foundation base per pupil is eighty-
- 7 three percent of the regular program state cost per
- 8 pupil. For each succeeding budget year, the regular
- 9 program foundation base shall increase five-tenths
- 10 percent per year until the foundation base reaches
- 11 eighty-five percent of the regular program state cost
- 12 per pupil. For the budget year commencing July 1,
- 13 1990, the special education support services
- 14 foundation base is eighty-three percent of the special
- 15 education support services state cost per pupil. The
- 16 combined foundation base is the sum".

By BENNETT of Ida

H-3454 FILED MARCH 20, 1989

*auto of order 3-21-89 (p. 905)*

HOUSE FILE 535

H-3460

1 Amend amendment, H-3446, to House File 535 as

2 follows:

- 3 1. Page 3, by striking lines 22 through 25 and
- 4 inserting the following: "serving the area.
- 5 Management of the program shall be by the school."

By GARMAN of Story

H-3460 FILED MARCH 20, 1989

*OPTED 3-20-89 (p. 863)*



## HOUSE FILE 535

H-3451

1 Amend House File 535 as follows:

2 1. Page 28, by inserting after line 35 the  
3 following:

4 "Sec. \_\_\_\_ . NEW SECTION. 257.17A SIZE ADJUSTMENT  
5 PAYMENT.

343- 6 Annually the department of education shall pay to  
7 each school district in which the basic enrollment for  
8 the budget year is five hundred or fewer a size  
3568- 9 adjustment payment. The size adjustment payment is an  
10 amount determined by multiplying the size adjustment  
11 percent by an amount equal to the state cost per pupil  
12 multiplied by the basic enrollment of the district for  
13 the budget year. The size adjustment percent is the  
14 square of the difference between five hundred and the  
15 district's basic enrollment for the budget year,  
16 divided by eight hundred.

17 There is appropriated from the general fund of the  
18 state to the department of education for each fiscal  
19 year the sum of three million five hundred thousand  
20 (3,500,000) dollars, or so much thereof as is  
21 necessary, to pay the size adjustment payments to  
22 school districts in the amount calculated under this  
23 section. Size adjustment payments are miscellaneous  
24 income. If the amount appropriated is insufficient to  
3453 25 pay the size adjustment payments to school districts  
26 in full, the department of education shall prorate the  
27 amounts of the payments.

28 The department of education shall submit  
29 recommendations to the general assembly meeting in  
30 1993 for fully funding the size adjustment."

31 2. By renumbering as necessary.

By DAGGETT of Adams

H-3451 FILED MARCH 20, 1989

lost 3-21-89 (p 909)

## HOUSE FILE 535

H-3466

1 Amend the amendment, H-3446, to House File 535 as  
2 follows:  
3 1. Page 3, line 22, by inserting after the word  
4 "area." the following: "The plan shall also include a  
5 requirement that written consent of the parent or  
6 guardian be provided for each pupil participating in  
7 the program."

By GARMAN of Story

H-3466 FILED MARCH 20, 1989

LOST 3-20-89 (p. 863)

## HOUSE FILE 535

H-3468

1 Amend the amendment, H-3348, to House File 535 as  
2 follows:  
3 1. Page 1, by striking lines 4 through 7 and  
4 inserting the following:  
5 ""\_\_\_\_. Resident pupils attending school in another  
6 school district under section 282.18 shall be counted  
7 in the district of residence as six-tenths of a pupil  
8 during the first year of attendance, eight-tenths of a  
9 pupil during the second year, and shall be counted in  
10 the district of residence as a pupil during the third  
11 and succeeding years.""

By STROMER of Hancock

H-3468 FILED MARCH 20, 1989

Out of Order 3-21-89 (p. 911)

## HOUSE FILE 535

H-3461

1 Amend amendment, H-3446, to House File 535 as  
2 follows:

3 1. Page 3, by striking lines 45 and 46 and  
4 inserting the following: "The budget for a".

By GARMAN of Story

H-3461 FILED MARCH 20, 1989

LOST 3-20-89 (p. 863)

## HOUSE FILE 535

H-3464

1 Amend the amendment, H-3416, to House File 535 as  
2 follows:

3 1. Page 23, lines 16 and 17, by striking the  
4 words "assessed valuation in" and inserting the  
5 following: "individual income tax paid by residents  
6 of".

7 2. Page 23, lines 18 and 19, by striking the  
8 words "assessed valuation" and inserting the  
9 following: "income tax".

10 3. Page 23, lines 19 and 20, by striking the  
11 words "assessed valuation in" and inserting the  
12 following: "total individual income tax paid by  
13 residents of".

14 4. Page 23, line 22, by striking the word  
15 "valuation" and inserting the following: "income  
16 tax".

17 5. Page 23, by striking line 24 and inserting the  
18 following: "income tax per pupil to the district's  
19 income tax per".

20

By STROMER of Hancock

H-3464 FILED MARCH 20, 1989

Out of Order 3-21-89 (p. 905)

HOUSE FILE 535

H-3465

1 Amend amendment, H-3446, to House File 535 as  
2 follows:

3 1. Page 3, line 4, by inserting after the word  
4 "students." the following: "Programs shall not  
5 include abortion counseling or the dispensing of  
6 contraceptive materials."

By PLASIER of Sioux  
KNAPP of Dubuque

H-3465 FILED MARCH 20, 1989

ADOPTED 3-20-89 (p. 862)

## HOUSE FILE 535

H-3472

Amend the amendment, H-3446, to House File 535 as follows:

1. Page 1, by striking lines 5 through 11 and inserting the following: "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."

2. Page 1, by striking lines 16 and 17 and inserting the following: "and award grants under section 279.51, subsection 2."

3. Page 1, line 36, by striking the word "fifty" and inserting the following: "seventy-five".

4. Page 1, line 42, by striking the word "fifteen" and inserting the following: "twenty-five".

5. Page 2, line 8, by inserting before the word "schools" the following: "elementary".

6. Page 2, by inserting after line 11 the following:

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

7. Page 2, by striking lines 12 through 16 and inserting the following:

"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."

8. Page 3, line 10, by inserting after the word "care." the following: "Moneys allocated for programs under this subsection shall not be used for

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Page 2

1 contraceptive services."

2 9. Page 3, by inserting after line 48 the  
3 following:

4 " . The department shall seek assistance from  
5 the first in the nation in education foundation

A 6 established in chapter 257A and other foundations and  
7 public and private agencies in the evaluation of the  
8 programs funded under this section, and in the  
9 provision of support to school districts in developing  
10 and implementing the programs funded under this  
11 section."

12 10. By renumbering as necessary.

By NEUHAUSER of Johnson

H-3472 FILED MARCH 20, 1989

DIVISION A - ADOPTED, DIVISION B - WITHDRAWN

3-20-89 (p.865)

HOUSE FILE 535

H-3473

1 Amend the amendment H-3446 to House File 535 as  
2 follows:

3 1. Page 1, by striking lines 47 through 49 and  
4 inserting the following:

5 "c. Two hundred thousand dollars of the funds".

6 2. Page 2, by striking lines 2 through 5 and  
7 inserting the following: "subsection 3. A grant made  
8 under subsection 3 may be renewed for additional one-  
9 year periods of time."

10 3. Page 2, line 24, by striking the word "four-  
11 year" and inserting the following: "one-year".

12 4. Page 3, by striking lines 46 through 48 and  
13 inserting the following: "are particularly  
14 encouraged."

By CORBETT of Linn

H-3473 FILED MARCH 20, 1989

lost 3-20-89 (p.866)

HOUSE FILE 535

H-3474

1 Amend amendment H-3348 to House File 535 as  
2 follows:

3 1. Page 1, by striking lines 33 through 35 and  
4 inserting the following: "than fifty dollars per  
5 student from this fund."

By STROMER of Hancock

H-3474 FILED MARCH 20, 1989

out of order 3-21-89 (p.915)

## HOUSE FILE 535

H-3475

1 Amend House File 535 as follows:

2 1. Page 6, by inserting after line 9 the  
3 following:

4 "\_\_\_\_. Resident pupils enrolled in a home  
5 instruction program or private education program shall  
6 be counted as provided in section 299A.4."

7 2. Page 81, by inserting after line 6 the  
8 following:

9 "Sec. \_\_\_\_ . NEW SECTION. 299A.1 DEFINITIONS.

10 As used in this chapter, unless the context  
11 otherwise requires:

12 1. "Academic progress" means academic growth or  
13 development equal to a composite score reflecting  
14 growth of five grade equivalent points as evidenced by  
15 the child's scores on a nationally normed standardized  
16 test.

17 2. "Non-accredited private school" means a  
18 nonpublic school which is not accredited by the state  
19 board of education under section 256.11, but which  
20 meets the requirements of this chapter.

21 3. "Certificated teacher" means a person who holds  
22 a teacher's certificate issued by the state board of  
23 educational examiners.

24 4. "Dual enrollment" means the registration of a  
25 child in a public school while enrolled in a  
26 nonaccredited private school or a home education  
27 program.

28 5. "Home education program" means an educational  
29 program provided in a home by a parent or guardian to  
30 one or more students, who have reached the age of  
31 seven and are under sixteen years of age, who are  
32 siblings.

33 6. "Home instructor" means a parent or guardian  
34 providing instruction in a home education program, who  
35 holds a minimum of a high school diploma or its  
36 equivalent under chapter 259A.

37 7. "Local school district" means the public school  
38 district in which the child is enrolled.

39 8. "Private education program" means an  
40 educational program provided in a nonaccredited  
41 private school or home education program.

42 9. "Private instructor" means a person providing  
43 instruction in a nonaccredited private school who  
44 holds a minimum of a high school diploma or its  
45 equivalent under chapter 259A.

46 10. "Public school" means a school directly  
47 supported in whole or in part by taxation and  
48 accredited by the state board of education under  
49 section 256.11.

50 11. "Teaching or classroom assistant" means a

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1 person who is not a private or home instructor, but  
2 who assists a private or home instructor in the  
3 provision of instruction in a nonaccredited private  
4 school or home education program and who holds a  
5 minimum of a high school diploma or its equivalent  
6 under chapter 259A.

7 Sec. \_\_\_\_ . NEW SECTION. 299A.2 COMPULSORY

8 ATTENDANCE.

9 Notwithstanding any conflicting provisions in  
10 chapters 280, 282, and 299, a parent or guardian of a  
11 child may place the child under instruction for one  
12 hundred sixty days per calendar year in one of the  
13 following:

14 1. A nonaccredited private school.

15 2. A home education program.

16 Sec. \_\_\_\_ . NEW SECTION. 299A.3 NOTICE OF INTENT.

17 A parent or guardian who places a child in a  
18 nonaccredited private school or a home education  
19 program shall annually provide written notice of  
20 intent to the superintendent of schools of the local  
21 school district each school year. The notice shall  
22 include the name and age of the child, the period of  
23 time during which the child has been or will be  
24 receiving instruction in a private education program,  
25 an outline and summary of the course of study, and the  
26 name, address, the educational qualifications of the  
27 private or home instructor and any teaching or  
28 classroom assistants, evidence of required  
29 immunizations of the child, and the results of a  
30 routine physical examination of the child completed no  
31 more than two months before the delivery of the  
32 notice. The term "course of study" shall include the  
33 subjects covered and the time spent on the areas of  
34 study.

35 Sec. \_\_\_\_ . NEW SECTION. 299A.4 DUAL ENROLLMENT.

36 A child who is receiving instruction in a private  
37 education program under this chapter shall also  
38 register in a public school for dual enrollment  
39 purposes. The child shall be permitted to participate  
40 on the same basis as public school children in any  
41 extracurricular activities available to children in  
42 the child's grade or group. The child shall be  
43 included in the public school's enrollment under  
44 section 442.4, Code 1989, or section 257.6, as  
45 applicable, and shall be counted as five-tenths of a  
46 pupil, unless the child is receiving academic  
47 remediation. If a child has received or will be  
48 receiving academic remediation under section 299A.9,  
49 299A.10, or 299A.11 in a school year in which the  
50 child was or would have been counted as five-tenths of

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1 a pupil, the child shall be counted as one pupil in  
2 the succeeding school year.

3 Sec. \_\_\_\_ . NEW SECTION. 299A.5 QUALIFICATIONS OF  
4 PRIVATE INSTRUCTORS.

5 For every thirty children enrolled in a  
6 nonaccredited private school, the board of directors  
7 or governing body of the school shall employ one  
8 private instructor who holds a bachelor's degree from  
9 a postsecondary institution. Any nonaccredited  
10 private school which does not meet the requirements of  
11 this section by July 1, 1989, may continue to conduct  
12 private instruction, but must provide proof of  
13 compliance with the requirements by July 1, 1994.

14 Sec. \_\_\_\_ . NEW SECTION. 299A.6 INSTRUCTION.

15 A private instruction program shall include, but is  
16 not limited to, language arts, social studies,  
17 mathematics, science, health and physical education,  
18 art, and music.

19 Sec. \_\_\_\_ . NEW SECTION. 299A.7 PREENROLLMENT  
20 ASSESSMENT.

21 Before a parent or guardian enrolls a child in a  
22 private or home education program, the child must  
23 submit to a preenrollment assessment administered  
24 through the local school district. The assessment  
25 shall be developmentally appropriate for the child's  
26 perceived level of intellectual functioning or  
27 discerned grade level, and is not required for other  
28 than the first year of enrollment.

29 Sec. \_\_\_\_ . NEW SECTION. 299A.8 ANNUAL TEST.

30 Each child enrolled in a private education program  
31 shall annually complete a nationally normed,  
32 standardized test, administered through the local  
33 school district. The test shall be chosen by the  
34 parent or guardian of the child from a list of no less  
35 than five tests selected and approved by the  
36 department of education for use under this chapter.  
37 The test shall be administered in the building or  
38 facility where the private education program is  
39 conducted. The results of the test shall be  
40 submitted to the superintendent of the local school  
41 district.

42 Sec. \_\_\_\_ . NEW SECTION. 299A.9 ACADEMIC  
43 REMEDIATION.

44 If a child enrolled in a private education program  
45 fails to demonstrate academic progress as evidenced by  
46 the child's scores on the test administered pursuant  
47 to section 299A.8, the private or home instructor  
48 shall modify the private education program with the  
49 assistance of a certificated teacher employed by the  
50 local school district, to remediate the academic



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1 problem. The modified private education program shall  
2 continue for one semester, after which the child shall  
3 be tested, using a test approved under section 299A.8.  
4 If the results of the test indicate that remediation  
5 has resulted in academic progress, the private or home  
6 instructor may return to an unsupervised private  
7 education program. The test used to determine whether  
8 remediation has resulted in academic progress shall be  
9 in addition to the annual test required under section  
10 299A.8.

11 Sec. \_\_\_\_ . NEW SECTION. 299A.10 EDUCATION  
12 ASSISTANCE PROGRAM.

13 If a child fails to achieve academic progress after  
14 one semester of remediation as described in section  
15 299A.9, the superintendent of the local school  
16 district shall implement an education assistance  
17 program for the child. The board of directors shall  
18 assign a certificated teacher to assist the private or  
19 home instructor for not more than ten hours per week.  
20 The education assistance program shall continue for  
21 one semester, after which the child shall be tested,  
22 using a test approved under section 299A.8. If the  
23 results of the test indicate that the education  
24 assistance program has resulted in academic progress,  
25 the private or home instructor may return to an  
26 unsupervised private education program and further  
27 assistance by a certificated teacher shall not be  
28 required. The test administered under this section is  
29 in addition to the test administered under section  
30 299A.8 or 299A.9.

31 Sec. \_\_\_\_ . NEW SECTION. 299A.11 ACADEMIC FAILURE.

32 If a child has not achieved academic progress  
33 following an education assistance program conducted  
34 under section 299A.10, the board of directors of the  
35 local school district shall require the parent or  
36 guardian of the child to enroll the child in either a  
37 public school, a nonpublic school which has been  
38 accredited by the state board of education under  
39 section 256.11, a nonaccredited private school if the  
40 child has been enrolled in a home education program,  
41 or a home education program if the child has been  
42 enrolled in a nonaccredited private school, or may  
43 require the continuation of the education assistance  
44 program for an additional semester. In determining  
45 which placement will best serve the child's  
46 educational development, the board shall consider the  
47 interests of the parent or guardian, the  
48 recommendations of the certificated teacher assigned  
49 to assist in the education assistance program, and the  
50 results of the tests administered under sections

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1 299A.8, 299A.9, and 299A.10.

2 Sec. \_\_\_\_ . NEW SECTION. 299A.12 APPEAL.

3 The decision of the board of directors of the local  
4 school district may be appealed to the state board of  
5 education under chapter 290. A decision by the state  
6 board of education constitutes final agency action for  
7 purposes of judicial review. Except where the  
8 district court has granted a parent's or guardian's  
9 special application for relief, the private education  
10 program from which the child is being removed shall  
11 not be continued during the pendency of the appeal.  
12 Enrollment of a child under section 299A.10 in a  
13 public school or a nonpublic school, which has been  
14 accredited by the state board of education under  
15 section 256.11, shall not preclude reenrollment of a  
16 child in a private education program if a parent or  
17 guardian establishes to the board of directors of the  
18 local school district that the private education  
19 program to be offered will result in academic  
20 progress.

21 Sec. \_\_\_\_ . NEW SECTION. 299A.13 HOME INSTRUCTION  
22 ASSISTANCE.

23 A public school shall develop a home instruction  
24 assistance program which shall be implemented upon  
25 request by a home instructor. The program shall not  
26 be available to a private instructor or a teaching or  
27 classroom assistant. The program shall include, but  
28 need not be limited to, providing a certificated  
29 teacher to meet regularly with the child and the home  
30 instructor to assist in instructional planning to  
31 achieve academic progress in one or more of the  
32 subject areas specified in section 299A.6.

33 Notwithstanding the provisions of this section,  
34 this chapter shall not be construed to apply to home  
35 instruction programs in effect prior to the enactment  
36 of this Act.

37 Sec. \_\_\_\_ . NEW SECTION. 299A.14 INSTRUCTOR  
38 OTHERWISE NOT QUALIFIED.

39 A private or home instructor or a teaching or  
40 classroom assistant who does not hold a teacher's  
41 certificate issued by the state board of educational  
42 examiners is not a certificated teacher.

43 Sec. \_\_\_\_ . NEW SECTION. 299A.15 NOT TAX EXEMPT.

44 A home used for a private education program under  
45 this chapter is not eligible for tax exemption under  
46 section 427.1.

47 Sec. \_\_\_\_ . NEW SECTION. 299A.16 VIOLATIONS.

48 A person who violates the provisions of this  
49 chapter is guilty of a serious misdemeanor, punishable  
50 by a fine not exceeding one thousand dollars,

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1 confinement not exceeding one year, or the performance  
2 of up to one hundred twenty hours of unpaid community  
3 services, or any combination of a fine, confinement,  
4 or community services."

H-3475 FILED MARCH 20, 1989 By CORBETT of Linn

Not. Germane 3-21-89 (p. 90-1)

HOUSE FILE 535

H-3478

- 1 Amend the amendment H-3446 to House File 535 as
- 2 follows:
- 3 1. Page 3, line 46, by inserting after the word
- 4 "encouraged." the following: "Private sector
- 5 partnerships shall represent both secular and
- 6 nonsecular views."

By SVOBODA of Tama

H-3478 FILED MARCH 20, 1989

LOST 3-20-89 (p. 866)

HOUSE FILE 535

H-3483

- 1 Amend the amendment, H-3446, to House File 535 as
- 2 follows:
- 3 1. Page 3, line 46, by inserting after the word
- 4 "encouraged." the following: "Partnerships with
- 5 organizations that provide abortions or referrals for
- 6 abortions are prohibited."

By GARMAN of Story

H-3483 FILED MARCH 20, 1989

ADOPTED 3-20-89 (p. 866)

HOUSE FILE 535

H-3489

- 1 Amend House File 535 as follows:
- 2 1. By striking page 57, line 8, through page 58,
- 3 line 4.
- 4 2. Page 85, line 34, by striking the figure
- 5 "54,".

By STROMER of Hancock

H-3489 FILED MARCH 20, 1989

LOST 3-21-89 (p. 899)

HOUSE FILE 535

H-3508

- 1 Amend the amendment, H-3451, to House File 535 as
- 2 follows:
- 3 1. Page 1, line 9, by inserting after the word
- 4 "payment" the following: "if the district cost per
- 5 pupil of the district for that budget year is less
- 6 than one hundred ten percent of the state cost per
- 7 pupil for that budget year".

By STROMER of Hancock

H-3508 FILED MARCH 21, 1989

ADOPTED 3-21-89 (p. 909)

HOUSE FILE 535

H-3520

1 Amend the amendment, H-3348, to House File 535 as  
2 follows:

3 1. Page 1, by striking lines 25 through 28 and  
4 inserting the following:

5 " . Page 77, line 3, by inserting after the  
6 word "established" the following: "except as  
7 otherwise provided in this subsection".

8 . Page 77, line 15, by inserting after the  
9 figure "5." the following: "However for the budget  
10 year beginning July 1, 1991, if both the regular and  
11 voter-approved levies are imposed, the levy shall not  
A 12 exceed a rate that will generate more than three  
13 hundred dollars per pupil in the district's basic  
14 enrollment for the budget year as "budget year" and  
15 "basic enrollment" are defined in chapter 257. For  
16 each budget year thereafter, the limitation shall be  
17 changed from the previous year's limitation by an  
18 amount equal to the previous year's limitation  
19 multiplied by the change in the percent of the taxable  
20 valuation in the state from the second preceding  
21 January 1 to the preceding January 1. If the levy for  
22 a school district is less than one dollar for a budget  
23 year because of the limitation on the amount  
24 generated, the voter-approved physical plant and  
25 equipment levy shall be reduced to comply with the  
26 limitation of this section.""

27 2. Page 1, by striking lines 30 through 35 and  
28 inserting the following:

29 " . Page 79, line 32, by striking the words  
30 "district and" and inserting the following:  
31 "district. However, the revenues generated from the  
32 district management levy for a budget year, as budget  
33 year is defined in chapter 257, shall not exceed the  
34 revenues generated from the district management levy  
B 35 for the previous year adjusted by the percent of  
36 change in the taxable valuation in the state from the  
37 second preceding January 1 to the preceding January 1.  
38 For the budget year beginning July 1, 1991, the  
39 revenues generated from the district management levy  
40 for the previous year include the sum of the revenues  
41 generated by the separate levies included in the  
42 district management levy under this section. The  
43 district management levy shall be"."

By STROMER of Hancock

H-3520 FILED MARCH 21, 1989

DIVISIONS A AND B ADOPTED 3-21-89 (p 914)

HOUSE FILE 535

H-3514

1 Amend the amendment, H-3351, to House File 535 as  
2 follows:

3 1. Page 2, line 6, by inserting after the word  
4 "revenues," the following: "adjusted for changes in  
5 rates or basis and".

By BENNETT of Ida

H-3514 FILED MARCH 21, 1989

ADOPTED 3-21-89 (910)

HOUSE FILE 535

H-3512

1 Amend the amendment, H-3351, to House File 535 as  
2 follows:

3 1. By striking page 1, line 47, through page 3,  
4 line 18, and inserting the following:

5 "1. CALCULATION BY DEPARTMENT OF MANAGEMENT. On  
6 or before September 15, of each year, the department  
7 of management shall compute a state percent of growth  
8 for the next budget year.

9 2. BUDGET YEAR CALCULATION. For the budget year,  
10 the state percent of growth is an average of the  
11 difference in the percents of change in receipts of  
12 state general fund revenues, adjusted for changes in  
13 rates or basis and computed or estimated by the state  
14 revenue estimating conference created in section 8.22A  
15 as follows:

16 a. The percent of change between the revenues  
17 received during the second year preceding the base  
18 year and the revenues received during the year  
19 preceding the base year.

20 b. The percent of change between the revenues  
21 received during the year preceding the base year and  
22 the revenues received during the base year.

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

28 3. NEGATIVE PERCENT. If the state percent of  
29 growth computed for a budget year is negative, that  
30 percent shall not be used and the state percent of  
31 growth shall be zero.

32 4. RECOMPUTATION. On or before September 15 of  
33 the base year, the department of management shall  
34 recompute the state percent of growth for the previous  
35 year using adjusted estimates and the actual figures  
36 available. The difference between the recomputed  
37 state percent of growth for the previous year and the  
38 original computation shall be added to or subtracted  
39 from the state percent of growth for the budget year.  
40 However, on or before September 15, 1990, the  
41 department of management shall recompute the state  
42 percent of growth for the previous year in the manner  
43 provided in section 442.7, Code 1989."

By OLLIE of Clinton

H-3512 FILED MARCH 21, 1989

LOST 3-21-89 (P. 10)

Senate Education 3-27-89, p. 1009  
Amend & Do pass per amend. 3508 3-31-89 (p. 1115)

HOUSE FILE 535  
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HSB 217.1)

(As Amended and Passed by the House March 21, 1989)

Re Passed House, Date 4-23-89 (p. 113) Passed Senate, Date 4-4-89 (p. 1173)  
Vote: Ayes 76 Nays 24 Vote: Ayes 43 Nays 4

Approved Item Voted 5/5/89 (p. 2588)

Motion to override Item Voted  
5/6/89 (p. 2657)  
57-36

A BILL FOR

Repassed Senate 4-26-89 (p. 1675)  
Ayes 31 Nays 19

1 An Act relating to the financing of education programs of school  
2 districts and area education agencies including the  
3 establishment of a school foundation formula, the provision of  
4 property tax levies, allocation of educational excellence  
5 program moneys, provision for payment of programs for certain  
6 at-risk children, making appropriations, and providing  
7 effective dates.

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

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21

House Amendments \_\_\_\_\_

Deleted Language \*

\* Conference Committee Assigned -

Senator Murphy, Chair

Senators Dieleman, Horn, Conring & Hultman

Appointees to Conference Committee on  
pages 1275-1278 of 410 Senate Journal & were

Confirmed AYES 41 NAYS 0

TLSB 4170HV 73

db/jw/5

5-3508 amendments-

1 Section 1. NEW SECTION. 257.1 STATE SCHOOL FOUNDATION  
2 PROGRAM -- STATE AID.

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

6 2. STATE SCHOOL FOUNDATION AID -- FOUNDATION BASE. For a  
7 budget year, each school district in the state is entitled to  
8 receive foundation aid, in an amount per pupil equal to the  
9 difference between the amount per pupil of foundation property  
10 tax in the district, and the combined foundation base per  
11 pupil or the combined district cost per pupil, whichever is  
12 less. However, if the amount of foundation aid received by a  
13 school district under this chapter is less than three hundred  
14 dollars per pupil, the district is entitled to receive three  
15 hundred dollars per pupil unless the receipt of three hundred  
16 dollars per pupil plus the per pupil amount raised by the  
17 foundation property tax exceeds the district cost per pupil of  
18 the district for the budget year. In which case, the district  
19 is entitled to receive an amount per pupil equal to the  
20 difference between the per pupil amount raised by the  
21 foundation property tax for the budget year and the district  
22 cost per pupil for the budget year.

23 For the budget year commencing July 1, 1991, the regular  
24 program foundation base per pupil is eighty-three and twenty-  
25 five hundredths percent of the regular program state cost per  
26 pupil. For each succeeding budget year, the regular program  
27 foundation base shall increase twenty-five hundredths percent  
28 per year until the foundation base reaches eighty-five percent  
29 of the regular program state cost per pupil. For the budget  
30 year commencing July 1, 1991, the special education support  
31 services foundation base is eighty-three and twenty-five  
32 hundredths percent of the special education support services  
33 state cost per pupil. It shall increase at the same rate as  
34 the regular program foundation base. The combined foundation  
35 base is the sum of the regular program foundation base and the



1 special education support services foundation base.

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

8 Sec. 2. NEW SECTION. 257.2 DEFINITIONS.

9 As used in this chapter:

10 1. "Combined state cost per pupil" is a per pupil amount  
11 determined by adding together the regular program state cost  
12 per pupil for a year and the special education support  
13 services state cost per pupil for that year calculated under  
14 section 257.9.

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

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

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

24 5. "School district" means a school corporation organized  
25 under chapter 274.

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

29 a. Foundation aid.

30 b. Revenue obtained from the foundation property tax.

31 c. Revenue obtained from the additional property tax.

32 7. "Expenditures" means the total amounts paid from the  
33 general fund of a school district.

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

35 1. AMOUNT OF TAX. Except as provided in subsection 2, a

1 school district shall cause to be levied each year, for the  
2 school general fund, a foundation property tax equal to five  
3 dollars and forty cents per thousand dollars of assessed  
4 valuation. The county auditor shall spread the foundation  
5 levy over all taxable property in the district.

6 2. AMOUNT FOR REORGANIZED AND DISSOLVED DISTRICTS. For  
7 purposes of this subsection, a reorganized school district is  
8 one which absorbed at least thirty percent of the enrollment  
9 of the school district affected by a reorganization or  
10 dissolved during a dissolution and in which the reorganization  
11 was approved in an election pursuant to sections 275.18 and  
12 275.20 or dissolution was approved pursuant to section 275.55,  
13 and the reorganization or dissolution takes effect on or after  
14 July 1, 1991. In the budget year following a reorganization  
15 or dissolution, a reorganized school district, as defined in  
16 this subsection, shall cause a foundation property tax of four  
17 dollars and ninety cents per thousand dollars of assessed  
18 valuation to be levied on the taxable property which, in the  
19 school year preceding a reorganization, was within a school  
20 district affected by the reorganization as defined in section  
21 275.1, or in the school year preceding a dissolution was a  
22 part of a school district that dissolved. In the school year  
23 preceding the reorganization or dissolution, the school  
24 district affected by the reorganization or the school district  
25 that dissolved must have had an actual enrollment of fewer  
26 than six hundred in order for the four-dollar-and-ninety-cent  
27 levy to apply. In succeeding school years, the foundation  
28 property tax levy on that portion shall be increased ten cents  
29 per year until it reaches the rate of five dollars and forty  
30 cents per thousand dollars of assessed valuation.

31 The property tax rates of those districts that met the  
32 requirements of section 442.2, subsection 1, Code 1989, prior  
33 to July 1, 1991, shall have the reduced levies that they would  
34 have had under section 442.2, subsection 1, Code 1989, and  
35 those levies shall continue to increase twenty cents per year

1 as provided in that subsection.

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

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

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

19 2. APPLICATION OF TAX. No later than May 1 of each year,  
20 the department of management shall notify the county auditor  
21 of each county the amount, in dollars and cents per thousand  
22 dollars of assessed value, of the additional property tax levy  
23 in each school district in the county. A county auditor shall  
24 spread the additional property tax levy for each school  
25 district in the county over all taxable property in the dis-  
26 trict.

27 Sec. 5. NEW SECTION. 257.5 SUPPLEMENTAL AID.

28 For purposes of this section, a reorganized school district  
29 is one in which reorganization was approved in an election  
30 pursuant to sections 275.18 and 275.20 and took effect on or  
31 after July 1, 1991.

32 Notwithstanding section 257.4, if the rate of the  
33 additional property tax levy determined under section 257.4  
34 for a budget year for a reorganized school district is higher  
35 than the rate of the additional property tax levy determined

\*1 under section 257.4, or section 442.9, Code 1989, for the year  
2 previous to the reorganization for a school district that had  
3 a certified enrollment of less than six hundred and that was a  
4 school district affected by the reorganization as defined in  
5 section 275.1, the department of management shall reduce the  
6 rate of the additional property tax levy in the portion of the  
7 reorganized district where the new rate is higher, to one-half  
8 the difference between the rate that was levied in that  
9 portion of the district during the year preceding the  
10 reorganization and the rate that will be levied for the budget  
11 year, for the five-year period provided in this section. The  
12 department of management shall pay to each reorganized school  
13 district during each of the first five years of existence of  
14 the reorganized district, as supplemental aid, moneys equal to  
15 one-half the difference in revenues that would have been  
16 collected under the additional property tax levy calculated  
17 under section 257.4 and the rate for the year previous to the  
18 reorganization.

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

24 For the purpose of the department of management's  
25 determination of the portion of a school district's budget  
26 that was property tax and the portion that was state aid under  
27 section 257.25, supplemental aid shall be considered property  
28 tax.

29 A reorganized school district receiving supplemental aid  
30 prior to July 1, 1991, under section 442.9A, Code 1989, shall  
31 continue to receive supplemental aid in the amount provided  
32 under that section until the expiration of the five-year  
33 period specified in that section.

34 Sec. 6. NEW SECTION. 257.6 ENROLLMENT.

35 1. ACTUAL ENROLLMENT. Actual enrollment is determined on

1 the third Friday of September in each year and includes all of  
2 the following:

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

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

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

21 d. Eleventh and twelfth grade nonresident pupils who were  
22 residents of the district during the preceding school year and  
23 are enrolled in the district until the pupils graduate.  
24 Tuition for those pupils shall not be charged by the district  
25 in which the pupils are enrolled.

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

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

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

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

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

19     4. BUDGET ENROLLMENT. Budget enrollment for the budget  
20 year shall be calculated for each school district by the  
21 department of management in the manner provided in this  
22 subsection. If the basic enrollment of a school district has  
23 declined from one year to the next during any of the five  
24 years prior to the base year, the district may be eligible for  
25 an enrollment adjustment based upon the percent of the  
26 enrollment decline and the number of years that have elapsed  
27 since the decline occurred. The budget enrollment for the  
28 budget year shall be calculated by adding together the  
29 following percents of enrollment decline in the district's  
30 basic enrollment from one base year to the preceding base year  
31 for each of the five preceding base years, commencing with the  
32 percent of change between the basic enrollment for the budget  
33 year and the basic enrollment for the base year, adding the  
34 sum of the percents to one hundred and multiplying the total  
35 by the basic enrollment for the budget year:

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

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

13 5. BUDGET ENROLLMENT FOR 1991-1992. Notwithstanding  
14 subsections 2 and 4, for the budget year commencing July 1,  
15 1991, a school district's budget enrollment is the larger of  
16 the following:

17 a. The sum of five percent of the basic enrollment for the  
18 budget year beginning July 1, 1986, calculated under chapter  
19 442, Code 1987, and ninety-five percent of the larger of the  
20 basic enrollment for the base year or the basic enrollment for  
21 the budget year.

22 b. The basic enrollment for the budget year.

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

27 6. BUDGET ENROLLMENT FOR 1992-1993. Notwithstanding  
28 subsections 2 and 4, for the budget year commencing July 1,  
29 1992, a school district's budget enrollment is the larger of  
30 the following:

31 a. The sum of five percent of the basic enrollment for the  
32 budget year beginning July 1, 1988, calculated under chapter  
33 442, Code 1989, and ninety-five percent of the larger of the  
34 basic enrollment for the base year or the basic enrollment for  
35 the budget year.

1 b. The basic enrollment for the budget year.

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

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

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

15 Sec. 7. NEW SECTION. 257.7 AUTHORIZED EXPENDITURES.

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

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

29 Sec. 8. NEW SECTION. 257.8 STATE PERCENT OF GROWTH --  
30 ALLOWABLE GROWTH.

31 1. CALCULATION BY DEPARTMENT OF MANAGEMENT. On or before  
32 September 15, 1990, the department of management shall compute  
33 a state percent of growth for the budget year beginning July  
34 1, 1991, and a state percent of growth for the year next  
35 following the budget year.



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

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

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

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

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

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

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

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

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

1 the year ending December 31 in the base year.

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

6 a. The difference in the percents of change in receipts of  
7 state general fund revenues computed or estimated by the state  
8 revenue estimating conference created in section 8.22A as fol-  
9 lows:

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

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

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

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

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

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

33 4. EXCEPTION. If the average of the percents computed or  
34 estimated under paragraph "b" of subsection 2 or 3 exceeds the  
35 average of the percents computed or estimated under paragraph

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

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

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

19 With regard to values of gross national product implicit  
20 price deflators, the recomputation of the state percent of  
21 growth for the previous year shall be made only with respect  
22 to the value of the deflator for the year which occurred  
23 subsequent to the calculation of the state percent of growth  
24 for the previous year. If subsection 4 is used in the  
25 calculation of the state percent of growth for the previous  
26 year, the calculation made in subsection 3, paragraph "b",  
27 shall not be used in the recomputation of the state percent of  
28 growth for the previous year.

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

1 year by the special education support services state cost per  
2 pupil for the base year.

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

8 a. By the school budget review committee under section  
9 257.21.

10 b. By the department of management under section 257.30.  
11 Sec. 9. NEW SECTION. 257.9 STATE COST PER PUPIL.

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

25 a. The general allocation of the school district as  
26 determined under section 405A.2, Code 1989.

27 b. The foundation property tax rate multiplied by the  
28 total actual value of all personal property assessed for  
29 valuation in the school district as of January 1, 1973,  
30 excluding livestock.

31 2. CALCULATION. The total calculated under subsection 1  
32 shall be divided by the total enrollment of all school  
33 districts calculated separately for each using twenty percent  
34 of the basic enrollment for the budget year beginning July 1,  
35 1981, and eighty percent of the higher of the basic enrollment

1 for the budget year beginning July 1, 1989, or the basic  
2 enrollment for the budget year beginning July 1, 1990, except  
3 as otherwise provided in this subsection. For the purpose of  
4 this subsection, "basic enrollment" means basic enrollment as  
5 defined in section 442.4, Code 1989. The regular program  
6 state cost per pupil for the budget year beginning July 1,  
7 1991, is the amount calculated by the department of management  
8 under this subsection plus an allowable growth amount that is  
9 equal to the state percent of growth for the budget year  
10 multiplied by the amount calculated by the department of  
11 management under this subsection, plus fifteen dollars and the  
12 total of twenty dollars times one hundred percent plus the  
13 state percent of growth for the budget year for the cost of  
14 providing programs for gifted and talented pupils.

15 If the enrollment calculated in this subsection for a  
16 school district is less than the basic enrollment for the  
17 budget year for that school district, the basic enrollment for  
18 the budget year for that school district shall be used.

19 3. REGULAR PROGRAM STATE COST PER PUPIL FOR 1992-1993.  
20 For the budget year beginning July 1, 1992, for the regular  
21 program state cost per pupil, the department of management  
22 shall add together the state total of the district costs of  
23 all school districts for the base year, calculated under  
24 section 257.10, subsections 1 and 2, and divide that total by  
25 the total enrollment of all school districts calculated  
26 separately and totaled, using five percent of the basic  
27 enrollment for the budget year beginning July 1, 1986, and  
28 ninety-five percent of the higher of the basic enrollment for  
29 the budget year beginning July 1, 1989, or the basic  
30 enrollment for the budget year beginning July 1, 1990, except  
31 as otherwise provided in this section. The regular program  
32 state cost per pupil for the budget year is the amount  
33 calculated by the department of management under this  
34 subsection plus the sum of the state percent of growth for the  
35 budget year multiplied by an allowable growth amount that is

1 equal to the amount calculated by the department of management  
2 under this subsection plus forty-five dollars.

3 For the purposes of this subsection, basic enrollment for  
4 the base year means basic enrollment as defined in section  
5 257.6 and basic enrollment for the year preceding the base  
6 year means basic enrollment as defined in section 442.4, Code  
7 1989.

8 If the enrollment calculated in this subsection for a  
9 school district is less than the basic enrollment for the  
10 budget year for that school district, the department of  
11 management shall use the basic enrollment for the budget year  
12 for that school district.

13 4. REGULAR PROGRAM STATE COST PER PUPIL FOR 1993-1994.

14 For the budget year beginning July 1, 1993, for the regular  
15 program state cost per pupil, the department of management  
16 shall add together the state total of the district costs of  
17 all school districts for the base year, calculated under  
18 section 257.10, and divide that total by the total of the  
19 budget enrollments of all school districts for the budget year  
20 beginning July 1, 1991, calculated under section 257.6, sub-  
21 section 4, if section 257.6, subsection 4, had been in effect  
22 for that budget year. The regular program state cost per  
23 pupil for the budget year is the amount calculated by the  
24 department of management under this subsection plus an  
25 allowable growth amount that is equal to the state percent of  
26 growth for the budget year multiplied by the amount calculated  
27 by the department of management under this subsection plus  
28 thirty dollars.

29 5. REGULAR PROGRAM STATE COST PER PUPIL FOR 1994-1995 AND  
30 SUCCEEDING YEARS. For the budget year beginning July 1, 1994,  
31 and succeeding budget years, the regular program state cost  
32 per pupil for a budget year is the regular program state cost  
33 per pupil for the base year plus the regular program allowable  
34 growth for the budget year.

35 6. SPECIAL EDUCATION SUPPORT SERVICES STATE COST PER PUPIL

1 FOR 1991-1992. For the budget year beginning July 1, 1991,  
2 for the special education support services state cost per  
3 pupil, the department of management shall divide the total of  
4 the approved budgets of the area education agencies for  
5 special education support services for that year approved by  
6 the state board of education under section 273.3, subsection  
7 12, by the total of the weighted enrollment for special educa-  
8 tion support services in the state for the budget year. The  
9 special education support services state cost per pupil for  
10 the budget year is the amount calculated by the department of  
11 management under this subsection.

12 7. SPECIAL EDUCATION SUPPORT SERVICES STATE COST PER PUPIL  
13 FOR 1992-1993. For the budget year beginning July 1, 1992,  
14 for the special education support services state cost per  
15 pupil, the department of management shall divide the total of  
16 the approved budgets of the area education agencies for  
17 special education support services for that year approved by  
18 the state board of education under section 273.3, subsection  
19 12, by the total of the weighted enrollment for special educa-  
20 tion support services in the state for the budget year. The  
21 special education support services state cost per pupil for  
22 the budget year is the amount calculated by the department of  
23 management under this subsection.

24 8. SPECIAL EDUCATION SUPPORT SERVICES STATE COST PER PUPIL  
25 FOR 1993-1994. For the budget year beginning July 1, 1993,  
26 for the special education support services state cost per  
27 pupil, the department of management shall divide the total of  
28 the approved budgets of the area education agencies for  
29 special education support services for that year approved by  
30 the state board of education under section 273.3, subsection  
31 12, by the total of the weighted enrollment for special educa-  
32 tion support services in the state for the budget year. The  
33 special education support services state cost per pupil for  
34 the budget year is the amount calculated by the department of  
35 management under this subsection.

1 9. SPECIAL EDUCATION SUPPORT SERVICES STATE COST PER PUPIL  
2 FOR 1994-1995 AND SUCCEEDING YEARS. For the budget year  
3 beginning July 1, 1994, and succeeding budget years, the  
4 special education support services state cost per pupil for  
5 the budget year is the special education support services  
6 state cost per pupil for the base year plus the special  
7 education support services allowable growth for the budget  
8 year.

9 10. COMBINED STATE COST PER PUPIL. The combined state  
10 cost per pupil is the sum of the regular program state cost  
11 per pupil and the special education support services state  
12 cost per pupil.

13 Sec. 10. NEW SECTION. 257.10 DISTRICT COST PER PUPIL --  
14 DISTRICT COST.

15 1. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR 1991-1992.  
16 For the budget year beginning July 1, 1991, in order to  
17 determine the regular program district cost per pupil, the de-  
18 partment of management shall divide the regular program  
19 district cost for the base year, as defined in section 442.9,  
20 Code 1989, plus the amount added to district cost pursuant to  
21 section 442.21, Code 1989, for each school district, by the  
22 enrollment of the school district calculated using twenty  
23 percent of the basic enrollment for the budget year beginning  
24 July 1, 1981, and eighty percent of the higher of the basic  
25 enrollment for the budget year beginning July 1, 1989, or the  
26 basic enrollment for the budget year beginning July 1, 1990,  
27 except as otherwise provided in this subsection. Basic  
28 enrollment means basic enrollment as defined in section 442.4,  
29 Code 1989.

30 If the enrollment calculated in this subsection for a  
31 school district is less than the basic enrollment for the  
32 budget year for that school district, the basic enrollment for  
33 the budget year shall be used for that school district  
34 instead.

35 The regular program district cost per pupil for the budget



1 year beginning July 1, 1991, is the amount calculated by the  
2 department of management under this subsection plus the  
3 allowable growth amount calculated for regular program state  
4 cost per pupil under section 257.9, subsection 2, plus fifteen  
5 dollars, except that if the regular program district cost per  
6 pupil for the budget year calculated under this subsection in  
7 any school district exceeds one hundred ten percent of the  
8 regular program state cost per pupil for the budget year minus  
9 twenty dollars times one hundred percent plus the state  
10 percent of growth, the department of management shall reduce  
11 the regular program district cost of that district to an  
12 amount equal to that one hundred ten percent amount and shall  
13 add twenty dollars times one hundred percent plus the state  
14 percent of growth for the budget year for the cost of  
15 providing programs for gifted and talented pupils.

16 2. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR 1992-1993.  
17 For the budget year beginning July 1, 1992, in order to  
18 determine the regular program district cost per pupil, the  
19 department of management shall divide the regular program  
20 district cost for the base year by the enrollment of the  
21 school district, calculated using five percent of the basic  
22 enrollment for the budget year beginning July 1, 1986, and  
23 ninety-five percent of the higher of the basic enrollment for  
24 the budget year beginning July 1, 1989, or the basic  
25 enrollment for the budget year beginning July 1, 1990, except  
26 as otherwise provided in this section. The regular program  
27 district cost per pupil for the budget year beginning July 1,  
28 1992, is the amount calculated by the department of management  
29 under this subsection plus the allowable growth amount  
30 calculated for regular program state cost per pupil under  
31 section 257.9, subsection 3, and plus forty-five dollars,  
32 except that if the regular program district cost per pupil for  
33 the budget year calculated under this subsection in any school  
34 district exceeds one hundred ten percent of the regular  
35 program state cost per pupil for the budget year, the

1 department of management shall reduce the regular program  
2 district cost of that district to an amount equal to one  
3 hundred ten percent of the state cost per pupil.

4 For the purposes of this subsection, basic enrollment for  
5 the base year means basic enrollment as defined in section  
6 257.6 and basic enrollment for the year preceding the base  
7 year means basic enrollment as defined in section 442.4, Code  
8 1989.

9 If the enrollment calculated in this subsection for a  
10 school district is less than the basic enrollment of the  
11 budget year for that school district, the department of  
12 management shall use the basic enrollment for the budget year  
13 for that school district instead.

14 3. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR 1993-1994.  
15 For the budget year beginning July 1, 1993, in order to  
16 determine the regular program district cost per pupil, the  
17 department of management shall divide the regular program  
18 district cost for the base year by the budget enrollment of  
19 the school district for the budget year beginning July 1,  
20 1991, calculated under section 257.6, subsection 4, if section  
21 257.6, subsection 4, had been in effect for that budget year.  
22 The regular program district cost per pupil for the budget  
23 year beginning July 1, 1993, is the amount calculated by the  
24 department of management under this subsection plus the  
25 allowable growth amount calculated for regular program state  
26 cost per pupil under section 257.9, subsection 4, except that  
27 if the regular program district cost per pupil for the budget  
28 year calculated under this subsection in any school district  
29 exceeds one hundred ten percent of the regular program state  
30 cost per pupil for the budget year, the department of  
31 management shall reduce the regular program district cost of  
32 that district to an amount equal to one hundred ten percent of  
33 the state cost per pupil.

34 4. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR 1994-1995  
35 AND SUCCEEDING YEARS. For the budget year beginning July 1,

1 1994, and succeeding budget years, the regular program  
2 district cost per pupil for each school district for a budget  
3 year is the regular program district cost per pupil for the  
4 base year plus the regular program allowable growth for the  
5 budget year.

6 However, the regular program district cost per pupil for a  
7 school district for the budget year shall be adjusted by the  
8 department of management in the manner provided in this  
9 subsection. The department of management shall determine the  
10 ratio of the district cost per pupil to the state cost per  
11 pupil. If that ratio is greater than one, the department of  
12 management shall multiply the percent by which the ratio  
13 exceeds one by the regular program allowable growth for the  
14 budget year and subtract the result from the district cost per  
15 pupil for that district for the budget year. If that ratio is  
16 less than one, the department of management shall multiply  
17 twice the percent by which the ratio is less than one by the  
18 regular program allowable growth for the budget year and add  
19 the result to the regular program district cost per pupil for  
20 that district for the budget year.

21 5. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT COST PER  
22 PUPIL FOR 1991-1992. For the budget year beginning July 1,  
23 1991, for the special education support services district cost  
24 per pupil, the department of management shall divide the  
25 approved budget of each area education agency for special  
26 education support services for that year approved by the state  
27 board of education, under section 273.3, subsection 12, by the  
28 total of the weighted enrollment for special education support  
29 services in the area for that budget year.

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

34 6. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT COST PER  
35 PUPIL FOR 1992-1993. For the budget year beginning July 1,

1 1992, for the special education support services district cost  
2 per pupil, the department of management shall divide the  
3 approved budget of each area education agency for special  
4 education support services for that year approved by the state  
5 board of education under section 273.3, subsection 12, by the  
6 total of the weighted enrollment for special education support  
7 services in the area for the budget year.

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

12 7. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT COST PER  
13 PUPIL FOR 1993-1994. For the budget year beginning July 1,  
14 1993, for the special education support services district cost  
15 per pupil, the department of management shall divide the  
16 approved budget of each area education agency for special  
17 education support services for that year approved by the state  
18 board of education under section 273.3, subsection 12, by the  
19 total of the weighted enrollment for special education support  
20 services in the area for the budget year.

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

25 8. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT COST PER  
26 PUPIL FOR 1994-1995 AND SUCCEEDING YEARS. For the budget year  
27 beginning July 1, 1994, and succeeding budget years, the  
28 special education support services district cost per pupil for  
29 the budget year is the special education support services  
30 district cost per pupil for the base year plus the special  
31 education support services allowable growth for the budget  
32 year.

33 9. COMBINED DISTRICT COST PER PUPIL. The combined  
34 district cost per pupil for a school district is the sum of  
35 the regular program district cost per pupil and the special

1 education support services district cost per pupil. Combined  
2 district cost per pupil does not include additional allowable  
3 growth added for school districts that have a negative balance  
4 of funds raised for special education instruction programs  
5 under section 257.21, additional allowable growth granted by  
6 the school budget review committee for a single school year,  
7 or additional allowable growth added for programs for dropout  
8 prevention.

9 10. REGULAR PROGRAM DISTRICT COST. Regular program  
10 district cost for a school district for a budget year is equal  
11 to the regular program district cost per pupil for the budget  
12 year multiplied by the weighted enrollment for the budget  
13 year.

14 11. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT COST.  
15 Special education support services district cost for a school  
16 district for a budget year is equal to the special education  
17 support services district cost per pupil for the budget year  
18 multiplied by the special education support services weighted  
19 enrollment for the district for the budget year. If the  
20 special education support services district cost for a school  
21 district for a budget year is less than the special education  
22 support services district cost for that district for the base  
23 year, the department of management shall adjust the special  
24 education support services district cost for that district for  
25 the budget year to equal the special education support  
26 services district cost for the base year.

27 12. COMBINED DISTRICT COST. Combined district cost is the  
28 sum of the regular program district cost and the special  
29 education support services district cost, plus the additional  
30 district cost allocated to the district under section 257.27  
31 to fund media services and educational services provided  
32 through the area education agency.

33 A school district may increase its district cost for the  
34 budget year to the extent that an excess tax levy is  
35 authorized by the school budget review committee under section

1 257.21.

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

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

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

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

31 3. WHOLE GRADE SHARING. For the budget years beginning  
32 July 1, 1991, and July 1, 1992, in districts that have  
33 executed whole grade sharing agreements under sections 282.10  
34 through 282.12, the school budget review committee shall  
35 assign an additional weighting equal to one plus an additional

1 portion equal to one times the percent of the pupil's school  
2 day in which a pupil attends classes in another district or an  
3 area school, attends classes taught by a teacher who is  
4 employed jointly under section 280.15, or attends classes  
5 taught by a teacher who is employed by another district. The  
6 additional weighting for whole grade sharing shall be assigned  
7 by the school budget review committee to a district for a  
8 maximum of five years. If the school district reorganizes  
9 between July 1, 1991, and July 1, 1993, the weighting for  
10 whole grade sharing shall be continued in the enrollment of  
11 the reorganized school district so that the total years of  
12 weighting for whole grade sharing equals ten.

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

16 5. SHARED ADMINISTRATORS. Pupils enrolled in a school  
17 district in which the superintendent is employed jointly under  
18 section 280.15 or under section 273.7A, are assigned a  
19 weighting of one plus an additional portion equal to one for  
20 the superintendent who is jointly employed times the percent  
21 of the superintendent's time in which the superintendent is  
22 employed in the school district. However, the total  
23 additional weighting assigned under this subsection for a  
24 budget year for a school district shall not exceed seven and  
25 one-half and the total additional weighting added cumulatively  
26 to the enrollment of a school district sharing a  
27 superintendent shall not exceed twelve and one-half.

28 The additional weighting assigned under this subsection may  
29 be assigned to a district for a maximum of five years and,  
30 thereafter, the additional weighting shall not be assigned to  
31 the same district under this section, but may be assigned  
32 under section 257.12.

33 6. SHARED MATHEMATICS, SCIENCE, AND LANGUAGE COURSES. A  
34 school district receiving additional funds under subsection 2  
35 for its pupils at the ninth grade level and above that are

1 enrolled in sequential mathematics courses at the advanced  
2 algebra level and above; chemistry, advanced chemistry,  
3 physics or advanced physics courses; or foreign language  
4 courses at the second year level and above shall have an  
5 additional weighting of one pupil added to its total.

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

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

16 In determining weighted enrollment under section 257.6, a  
17 reorganized school district shall include, for a period of  
18 five years following the effective date of the reorganization,  
19 additional pupils added under section 257.11, subsection 5, in  
20 the year preceding the reorganization. However, the weighting  
21 shall be reduced by the supplementary weighting added for a  
22 pupil whose residency is not within the reorganized district.  
23 For purposes of this section, a reorganized district is one in  
24 which the reorganization was approved in an election pursuant  
25 to sections 275.18 and 275.20 and takes effect on or after  
26 July 1, 1986.

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

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



1 advance is miscellaneous income.

2 If a district receives an advance under this section for a  
3 budget year, the department of management shall determine the  
4 amount of the advance which would have been generated by local  
5 property tax revenues if the actual enrollment for the budget  
6 year had been used in determining district cost for that  
7 budget year, shall reduce the district's total state school  
8 aids otherwise available under this chapter for the next  
9 following budget year by the amount so determined, and shall  
10 increase the district's additional property tax levy for the  
11 next following budget year by the amount necessary to  
12 compensate for the reduction in state aid, so that the local  
13 property tax for the next following year will be increased  
14 only by the amount which it would have been increased in the  
15 budget year if the enrollment calculated in this section could  
16 have been used to establish the levy.

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

22 Sec. 14. NEW SECTION. 257.14 BUDGET ADJUSTMENT.

23 For the budget years commencing July 1, 1991, and July 1,  
\*24 1992, if the department of management determines that the  
25 regular program district cost of a school district for a  
26 budget year is less than the total of the regular program  
27 district cost plus any adjustment added under this section for  
28 the base year for that school district, the department of  
29 management shall provide a budget adjustment for that district  
30 for that budget year that is equal to the difference.

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

1 year regular program district cost. For the budget year  
2 beginning July 1, 1991, in calculating the district's regular  
3 program district cost, the department of management shall  
4 subtract from the district's district cost per pupil the  
5 twenty dollars times one hundred percent plus the state  
6 percent of growth for the budget year added under section  
7 257.10, subsection 1.

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

9 1. PROPERTY TAX ADJUSTMENTS FOR 1991-1992, 1992-1993, AND  
10 1993-1994. For each of the budget years beginning July 1,  
11 1991, July 1, 1992, and July 1, 1993, the department of  
12 management shall calculate for each district the difference  
13 between the sum of the revenues generated by the foundation  
14 property tax and the additional property tax in the district  
15 calculated under this chapter and the revenues that would have  
16 been generated by the foundation property tax and the  
17 additional property tax in that district for that budget year  
18 calculated under chapter 442, Code 1989, if chapter 442 were  
19 in effect, except that the revenues that would have been  
20 generated by the additional property tax levy under chapter  
21 442 shall not include revenues generated for gifted and  
22 talented children programs and for the school improvement  
23 program. If the property tax revenues for a district  
24 calculated under this chapter, excluding the amount generated  
25 pursuant to section 257.18, exceed the property tax revenues  
26 for that district calculated under chapter 442, Code 1989, the  
27 department of management shall reduce the revenues raised by  
28 the additional property tax levy in that district under this  
29 chapter by that difference and the department of education  
30 shall pay property tax adjustment aid to the district equal to  
31 that difference.

32 2. PROPERTY TAX ADJUSTMENT AID FOR 1994-1995 AND  
33 SUCCEEDING YEARS. For the budget year beginning July 1, 1994,  
34 and succeeding budget years, the department of education shall  
35 pay property tax adjustment aid to a school district equal to

1 the amount paid to the district for the base year less an  
2 amount equal to the product of the percent by which the  
3 taxable valuation in the district increased, if the taxable  
4 valuation increased, from January 1 of the year prior to the  
5 base year to January 1 of the base year and the property tax  
6 adjustment aid. The department of management shall adjust the  
7 rate of the additional property tax accordingly and notify the  
8 department of education of the amount of aid to be paid to  
9 each district.

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

17 Sec. 16. NEW SECTION. 257.16 APPROPRIATIONS.

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

20 All state aids paid under this chapter, unless otherwise  
21 stated, shall be paid in monthly installments beginning on  
22 September 15 of a budget year and ending on June 15 of the  
23 budget year and the installments shall be as nearly equal as  
24 possible as determined by the department of management, taking  
25 into consideration the relative budget and cash position of  
26 the state resources. However, the state aid paid to school  
27 districts under section 257.13 shall be paid in monthly  
28 installments beginning on December 15 and ending on June 15 of  
29 a budget year.

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

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

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

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

13 For the budget year beginning July 1, 1991, and succeeding  
14 budget years, the board of directors may elect by resolution  
15 to receive additional funding for an instructional support  
16 program for a period not exceeding five years. However, the  
17 board of directors may waive its authority to adopt the  
18 instructional support program by resolution, or may rescind  
19 its action to adopt the instructional support program by  
20 resolution, and may call an election for authority to adopt  
21 the instructional support program for a five-year period using  
22 the election procedure specified in section 257.19. Prior to  
23 making a decision on the instructional support program, the  
24 board shall hold a public hearing on the question.

25 The board shall set forth its proposal in a resolution and  
26 shall publish the notice of the time and place of a public  
27 hearing on the proposal. Not less than ten nor more than  
28 twenty days before the adoption of the resolution, the board  
29 shall publish the notice at least once in one or more  
30 newspapers. For the purpose of establishing and giving  
31 assured circulation to the proceedings, only a newspaper which  
32 is a newspaper of general circulation issued at a regular  
33 frequency, located in the school district's area, and  
34 regularly delivered or mailed through the post office during  
35 the past two years may be used. Additionally, the newspaper

1 must have a list of subscribers who have paid, or promised to  
2 pay, at more than a nominal rate, for copies to be received  
3 during a stated period. After the public hearing, the board  
4 may make a final determination on the proposal by resolution.  
5 The additional funding for the program is limited to an amount  
6 not exceeding ten percent of the total of regular program  
7 district cost and moneys received under section 257.14 as a  
8 budget adjustment for the budget year. Moneys received by a  
9 district for the instructional support program are  
10 miscellaneous income and may be used for any general fund  
11 purpose.

12 Certification of a board's intent to participate in the  
13 instructional support program for a budget year shall be made  
14 to the department of management not later than March 15 of the  
15 base year. Funding for the instructional support program  
16 shall be obtained from instructional support state aid, and a  
17 combination of an instructional support property tax and an  
18 instructional support income surtax. The department of  
19 management shall calculate the amount to be raised for the  
20 instructional support program in the manner provided in this  
21 section.

22 In order to determine the amount to be raised by the  
23 combination of the instructional support property tax and the  
24 instructional support income surtax for a district, the  
25 department of management shall divide the total assessed  
26 valuation in the state by the total budget enrollment for the  
27 budget year in the state to determine a state assessed  
28 valuation per pupil and shall divide the assessed valuation in  
29 each district by the district's budget enrollment for the  
30 budget year to determine the district valuation per pupil.  
31 The department of management shall multiply the ratio of the  
32 state's valuation per pupil to the district's valuation per  
33 pupil by twenty-five hundredths and subtract that result from  
34 one to determine the portion of the instructional support  
35 budget that is funded by the combination of the instructional

1 support property tax and the instructional support income  
2 surtax. The remainder of the budget of the instructional  
3 support program shall be funded by instructional support state  
4 aid.

5 If a school district has approved the use of the  
6 instructional support program for a budget year, the district  
7 cannot also collect moneys under the additional enrichment  
8 amount approved by the voters under chapter 442 for that  
9 budget year.

10 There is appropriated for each fiscal year from the general  
11 fund of the state to the department of education, an amount  
12 necessary to pay instructional support state aid as provided  
13 in this section and section 257.19. Instructional support  
14 state aid shall be paid at the same time and in the same  
15 manner as foundation aid is paid under section 257.16.

16 The combination of the instructional support property tax  
17 and instructional support income surtax shall be imposed in  
18 the proportion of a property tax of twenty-seven cents per  
19 thousand dollars of assessed valuation of taxable property in  
20 the district for each five percent of income surtax. However,  
21 notwithstanding any other provision of this section and  
22 section 257.18A, the board of directors of a school district,  
23 in which less than twenty-five percent of the assessed  
24 valuations, on January 1 preceding the election, consist of  
25 agricultural property valuations, may decide to impose only an  
26 instructional support property tax for the period of the  
27 instructional support program unless the board of directors  
28 had included on the ballot that the funding would be from a  
29 combination property tax and income surtax.

30 Sec. 19. NEW SECTION. 257.18A COMPUTATION OF  
31 INSTRUCTIONAL SUPPORT AMOUNT.

32 The department of management shall establish the amount of  
33 instructional support property tax to be levied and the amount  
34 of instructional support income surtax to be imposed for each  
35 school year for which the instructional support amount is

1 authorized. The department of management shall determine  
2 these amounts based upon the most recent figures available for  
3 the district's valuation of taxable property, individual state  
4 income tax paid, and budget enrollment in the district, and  
5 shall certify to the district's county auditor the amount of  
6 instructional support property tax, and to the director of  
7 revenue and finance the amount of instructional support income  
8 surtax to be imposed.

9 The instructional support income surtax shall be imposed on  
10 the state individual income tax for the calendar year during  
11 which the school's budget year begins, or for a taxpayer's  
12 fiscal year ending during the second half of that calendar  
13 year or the first half of the succeeding calendar year, and  
14 shall be imposed on all individuals residing in the school  
15 district on the last day of the applicable tax year. As used  
16 in this section, "state individual income tax" means the tax  
17 computed under section 422.5, less the deductions allowed in  
18 sections 422.10 through 422.12.

19 Sec. 20. NEW SECTION. 257.18B STATUTES APPLICABLE.

20 The director of revenue and finance shall administer the  
21 instructional support income surtax imposed under this  
22 chapter, and sections 422.20, 422.22 to 422.31, 422.68, and  
23 422.72 to 422.75 shall apply in respect to administration of  
24 the instructional support income surtax.

25 Sec. 21. NEW SECTION. 257.18C FORM AND TIME OF RETURN.

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

29 Sec. 22. NEW SECTION. 257.18D DEPOSIT OF INSTRUCTIONAL  
30 SUPPORT INCOME SURTAX.

31 The director of revenue and finance shall deposit all  
32 moneys received as instructional support income surtax to the  
33 credit of each district from which the moneys are received, in  
34 an "instructional support income surtax fund" which is  
35 established in the office of the treasurer of state.

1 The director of revenue and finance shall deposit all  
2 instructional support income surtax moneys received on or  
3 before November 1 of the year following the close of the  
4 school budget year for which the surtax is imposed to the  
5 credit of each district from which the moneys are received in  
6 the instructional support income surtax fund. All  
7 instructional support income surtax moneys received or  
8 refunded after November 1 of the year following the close of  
9 the school budget year for which the surtax is imposed shall  
10 be deposited in or withdrawn from the general fund of the  
11 state and shall be considered part of the cost of  
12 administering the instructional support income surtax.

13 Sec. 23. NEW SECTION. 257.18E INSTRUCTIONAL SUPPORT  
14 INCOME SURTAX CERTIFICATION.

15 On or before October 20 each year, the director of revenue  
16 and finance shall make an accounting of the instructional  
17 support income surtax collected under this chapter applicable  
18 to tax returns for the last preceding calendar year, or for  
19 fiscal year taxpayers, on the last day of their tax year  
20 ending during that calendar year and after the date of the  
21 election approving the surtax, from taxpayers in each school  
22 district in the state which has approved the instructional  
23 support program, and shall certify to the department of  
24 management and the department of education the amount of total  
25 instructional support income surtax credited from the  
26 taxpayers of each school district. Additional returns in  
27 process, if any, at the time of certification shall be  
28 completed and the additional amount of instructional support  
29 income surtax reported to the department of management for  
30 distribution back to the school district with the first  
31 installment of the following school year.

32 Sec. 24. NEW SECTION. 257.18F INSTRUCTIONAL SUPPORT  
33 INCOME SURTAX DISTRIBUTION.

34 The director of revenue and finance shall draw warrants in  
35 payment of the amount of surtax payable to each of the school



1 districts in two installments to be paid on approximately the  
2 first day of December and the first day of February, and shall  
3 cause the warrants to be delivered to the respective school  
4 districts.

5 Sec. 25. NEW SECTION. 257.19 CONTINUATION OF  
6 INSTRUCTIONAL SUPPORT PROGRAM.

7 The board of directors may call an election to extend the  
8 instructional support program beyond the five-year period  
9 approved by the board in section 257.18 for a period not  
10 exceeding five years. The initial election to extend the  
11 instructional support program shall be held not later than  
12 July 1, 1993. The board of directors shall direct the county  
13 commissioner of elections to submit the question of whether to  
14 participate in the instructional support program to the  
15 qualified electors residing in the district at a regular  
16 school election or special election held not later than  
17 December 1. If a majority of those voting on the question  
18 favors participating in the instructional support program, the  
19 board shall certify the budget for the program to the  
20 department of management.

21 If the voters do not approve participation in the  
22 instructional support program, the board may resubmit the  
23 proposition to the electors no sooner than sixty days  
24 following the date of the election at which approval was not  
25 given.

26 At the expiration of the five-year period for which the  
27 approval at the election was given, the board may reestablish  
28 its participation in the program in the manner provided in  
29 this section.

30 Sec. 26. NEW SECTION. 257.20 SCHOOL BUDGET REVIEW  
31 COMMITTEE.

32 A school budget review committee is established in the  
33 department of education and consists of the director of the  
34 department of education, the director of the department of  
35 management, and three members appointed by the governor to

1 represent the public and to serve three-year staggered terms.  
2 The committee shall meet and hold hearings each year and shall  
3 continue in session until it has reviewed budgets of school  
4 districts, as provided in section 257.21. It may call in  
5 school board members and employees as necessary for the  
6 hearings. Legislators shall be notified of hearings  
7 concerning school districts in their constituencies.

8 The committee shall adopt its own rules of procedure under  
9 chapter 17A. The director of the department of education  
10 shall serve as chairperson, and the director of the department  
11 of management shall serve as secretary. The committee members  
12 representing the public are entitled to receive their  
13 necessary expenses while engaged in their official duties.  
14 Members may also be eligible to receive compensation as  
15 provided in section 7E.6. Expense payments shall be made from  
16 appropriations to the department of education.

17 Sec. 27. NEW SECTION. 257.21 DUTIES OF THE COMMITTEE.

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

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

34 3. The committee shall review the proposed budget and  
35 certified budget of each school district, and may make

1 recommendations. The committee may make decisions affecting  
2 budgets to the extent provided in this chapter. The costs and  
3 computations referred to in this section relate to the budget  
4 year unless otherwise expressly stated.

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

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

25 a. Any unusual increase or decrease in enrollment.

26 b. Unusual natural disasters.

27 c. Unusual initial staffing problems.

28 d. The closing of a nonpublic school, wholly or in part.

29 e. Substantial reduction in miscellaneous income due to  
30 circumstances beyond the control of the district.

31 f. Unusual necessity for additional funds to permit  
32 continuance of a course or program which provides substantial  
33 benefit to pupils.

34 g. Unusual need for a new course or program which will  
35 provide substantial benefit to pupils, if the district

1 establishes such need and the amount of necessary increased  
2 cost.

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

5 i. Year-round or substantially year-round attendance  
6 programs which apply toward graduation requirements, including  
7 but not limited to trimester or four-quarter programs.

8 Enrollment in such programs shall be adjusted to reflect  
9 equivalency to normal school year attendance.

10 j. Unusual need to continue providing a program or other  
11 special assistance to non-English-speaking pupils after the  
12 expiration of the three-year period specified in section  
13 280.4.

\* 14 6. The committee may grant transportation assistance aid  
15 to a school district from funds appropriated in this  
16 subsection for the purpose of providing additional funds for a  
17 budget year to school districts that have costs for mandatory  
18 school transportation based upon the cost per pupil  
19 transported that exceed one hundred ten percent of the state  
20 average cost of mandatory school transportation based upon the  
21 cost per pupil transported. School districts shall submit to  
22 the department of education the cost of providing mandatory  
23 school transportation in their transportation report filed by  
24 July 15 after each school year. The committee shall  
25 prioritize the requests of school districts ranking the  
26 districts by their mandatory transportation costs based upon  
27 the costs per pupil transported with consideration given to  
28 the geographic size of the district. Within the limits of the  
29 funds appropriated in this subsection, the committee shall pay  
30 transportation assistance to those districts ranked in the  
31 highest priority based upon the criteria listed in this  
32 subsection. The committee shall adopt rules under chapter 17A  
33 establishing a procedure for prioritizing requests.  
34 Transportation assistance payments are equal to the amount  
35 that each district's cost of mandatory transportation based

1 upon the cost per pupil transported exceeds one hundred ten  
2 percent of the state average cost of transportation based upon  
3 the cost per pupil transported multiplied by the district's  
4 basic enrollment for the budget year. Payment for a school  
5 year shall be made by September 1 after each school year.

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

15 There is appropriated from the general fund of the state to  
16 the department of education for the use of the school budget  
17 review committee, for each fiscal year, the amount of three  
18 million five hundred thousand (3,500,000) dollars, or as much  
19 thereof as may be necessary, to pay the transportation  
20 assistance to school districts ranked in the highest priority  
21 under this subsection.

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

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

1 material.

2 8. At the request of a school district meeting the  
3 requirements of this subsection, the committee may establish a  
4 modified allowable growth for a budget year by increasing the  
5 allowable growth of the district on a temporary basis to  
6 provide additional moneys for programs for gifted and talented  
7 pupils. The amount that may be raised by additional allowable  
8 growth is equal to nine-tenths percent multiplied by the  
9 product of the district cost per pupil of the district for the  
10 budget year beginning July 1, 1989, multiplied by the  
11 district's budget enrollment for the budget year beginning  
12 July 1, 1989, less the funding received by the district under  
13 the amount added to district cost per pupil for those programs  
14 under section 257.10 for the budget year for which the request  
15 is made multiplied by the district's budget enrollment for  
16 that budget year.

17 In order to receive the increase in allowable growth for a  
18 budget year, the school district must meet both of the  
19 following:

20 a. The school district is not receiving revenues from the  
21 instructional support program for the budget year.

22 b. The school district is using funding in an amount equal  
23 to three-tenths percent multiplied by the product of the  
24 district cost per pupil of the district for the budget year  
25 beginning July 1, 1989, and the district's budget enrollment  
26 for the budget year beginning July 1, 1989, obtained from its  
27 district cost for the budget year for which the request is  
28 made to fund the costs of the program for gifted and talented  
29 pupils.

30 9. The committee may grant supplemental aid to a school  
31 district from funds appropriated in this subsection for the  
32 purpose of providing additional funds for a budget year to  
33 school districts that have unique needs and additional costs  
34 due to the density of the population of the district.  
35 Districts requesting supplemental aid under this subsection

1 shall document expenses incurred that cannot be funded under  
2 sections 257.1 through 257.19.

3 There is appropriated from the general fund of the state  
4 for each fiscal year to the department of education for the  
5 use of the school budget review committee, the amount of three  
6 million five hundred thousand (3,500,000) dollars, or as much  
7 thereof as may be necessary, to pay supplemental aid under  
8 this section.

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

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

16 b. The costs associated with the demolition of an unused  
17 school building, or the conversion of an unused school  
18 building for community use, in a school district involved in a  
19 dissolution or reorganization under chapter 275, if the costs  
20 are incurred within three years of the dissolution or  
21 reorganization.

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

31 11. The committee may approve or modify the initial base  
32 year district cost of any district which changes accounting  
33 procedures.

34 12. When the committee makes a decision under subsections  
35 3 through 11, it shall make all necessary changes in the

1 district cost, budget, and tax levy. It shall give written  
2 notice of its decision, including all such changes, to the  
3 school board through the department of education.

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

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

22 15. The committee shall review the recommendations of the  
23 director of the department of education relating to the  
24 special education weighting plan, and shall establish a  
25 weighting plan for each school year pursuant to section 281.9,  
26 and report the plan to the director of the department of  
27 education.

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

33 17. As soon as possible following June 30 of the base  
34 year, the school budget review committee shall determine for  
35 each school district the balance of funds, whether positive or



1 negative, raised for special education instruction programs  
2 under the special education weighting plan established in  
3 section 281.9. The committee shall certify the balance of  
4 funds for each school district to the director of the  
5 department of management.

6 In determining the balance of funds of a school district  
7 under this subsection, the committee shall subtract the amount  
8 of any reduction in state aid that occurred as a result of a  
9 reduction in allotments made by the governor under section  
10 8.31.

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

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

35 There is appropriated from the general fund of the state to

1 the school budget review committee for each fiscal year an  
2 amount equal to the state aid portion of five percent of the  
3 receipts for special education instruction programs in all  
4 districts that has a positive balance determined under  
5 paragraph "a" for the base year, or the state aid portion of  
6 all of the positive balances determined under paragraph "a"  
7 for the base year, whichever is less, to be used for  
8 supplemental aid payments to school districts. Except as  
9 otherwise provided in this lettered paragraph, supplemental  
10 aid paid to a district is equal to the state aid portion of  
11 the district's negative balance. The school budget review  
12 committee shall direct the director of the department of  
13 management to make the payments to school districts under this  
14 lettered paragraph.

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

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

34 18. Annually the school budget review committee shall  
35 review the amount of property tax levied by each school

1 district for the cash reserve authorized in section 298.10.  
2 If in the committee's judgment, the amount of a district's  
3 cash reserve levy is unreasonably high, the committee shall  
4 instruct the director of the department of management to  
5 reduce that district's tax levy computed under section 257.4  
6 for the following budget year by the amount the cash reserve  
7 levy is deemed excessive. A reduction in a district's  
8 property tax levy for a budget year under this subsection does  
9 not affect the district's authorized budget.

10 19. The committee shall perform the duties assigned to it  
11 under chapter 286A.

12 Sec. 28. NEW SECTION. 257.22 PRIOR ENRICHMENT APPROVAL.

13 If the electors of a school district approved the use of  
14 the additional enrichment amount prior to July 1, 1991, under  
15 chapter 442, Code 1989, or section 279.43, Code 1989, the  
16 approval for use of the enrichment amount shall continue in  
17 effect until the expiration of the period for which it was  
18 approved.

19 Sec. 29. NEW SECTION. 257.23 CASH RESERVE INFORMATION.

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

28 Sec. 30. NEW SECTION. 257.24 AREA EDUCATION AGENCY  
29 PAYMENTS.

30 The department of management shall deduct the amounts  
31 calculated for special education support services, media  
32 services, and educational services for each school district  
33 from the state aid due to the district pursuant to this  
34 chapter and shall pay the amounts to the respective area  
35 education agencies on a monthly basis from September 15

1 through June 15 during each school year. The department of  
2 management shall notify each school district of the amount of  
3 state aid deducted for these purposes and the balance of state  
4 aid shall be paid to the district. If a district does not  
5 qualify for state aid under this chapter in an amount  
6 sufficient to cover its amount due to the area education  
7 agency as calculated by the department of management, the  
8 school district shall pay the deficiency to the area education  
9 agency from other moneys received by the district, on a  
10 quarterly basis during each school year.

11 Sec. 31. NEW SECTION. 257.25 SPECIAL EDUCATION SUPPORT  
12 SERVICES BALANCES.

13 Notwithstanding chapters 273 and 281 and sections of this  
14 chapter relating to the moneys available to area education  
15 agencies for special education support services, for each  
16 school year, the department of education may direct the  
17 department of management to deduct amounts from the portions  
18 of school district budgets that fund special education support  
19 services in an area education agency. The total amount  
20 deducted in an area shall be based upon excess special  
21 education support services unreserved and undesignated fund  
22 balances in that area education agency for a school year. The  
23 department of management shall determine the amount deducted  
24 from each school district in an area education agency on a  
25 proportional basis. The department of management shall  
26 determine from the amounts deducted from the portions of  
27 school district budgets that fund area education agency  
28 special education support services the amount that would have  
29 been local property taxes and the amount that would have been  
30 state aid and for the next following budget year shall  
31 increase the district's total state school aid available under  
32 this chapter for area education agency special education  
33 support services and reduce the district's property tax levy  
34 for area education agency special education support services  
35 by the amount necessary for the property tax portion of the

1 deductions made under this section during the budget year.

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

6 Sec. 32. NEW SECTION. 257.26 FUNDING MEDIA AND  
7 EDUCATIONAL SERVICES.

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

12 1. The total amount funded in each area for media services  
13 in the budget year is equal to nine-tenths percent of the  
14 state cost per pupil for the budget year multiplied by the  
15 enrollment served in the area for the budget year. Thirty  
16 percent of the budget of an area for media services shall be  
17 expended for media resource material which shall only be used  
18 for the purchase or replacement of material required in  
19 section 273.6, subsection 1, paragraphs "a", "b", and "c".  
20 Funds shall be paid to area education agencies as provided in  
21 section 257.25. The costs shall be allocated to school  
22 districts in the area based upon the proportion of the  
23 enrollment served that resides in the district.

24 2. The total amount funded in each area for educational  
25 services in the budget year is equal to one percent of the  
26 state cost per pupil for the budget year multiplied by the  
27 enrollment served in the area for the budget year. Funds  
28 shall be paid to area education agencies as provided in  
29 section 257.25. The costs shall be allocated to school  
30 districts in the area based upon the proportion of the  
31 enrollment served that resides in the district.

32 3. "Enrollment served" means the basic enrollment plus the  
33 number of nonpublic school pupils served with media services  
34 or educational services, as applicable, except that if a  
35 nonpublic school pupil receives services through an area other

1 than the area of the pupil's residence, the pupil shall be  
2 deemed to be served by the area of the pupil's residence,  
3 which shall by contractual arrangement reimburse the area  
4 through which the pupil actually receives services. Each  
5 school district shall include in the third Friday in September  
6 enrollment report the number of nonpublic school pupils within  
7 each school district for media and educational services served  
8 by the area.

9 4. If an area education agency does not serve nonpublic  
10 school pupils in a manner comparable to services provided  
11 public school pupils for media and educational services, as  
12 determined by the state board of education, the state board  
13 shall instruct the department of management to reduce the  
14 funds for media services and educational services one time by  
15 an amount to compensate for such reduced services. The media  
16 services budget shall be reduced by an amount equal to the  
17 product of the cost per pupil in basic enrollment for the  
18 budget year for media services times the difference between  
19 the enrollment served and the basic enrollment recorded for  
20 the area. The educational services budget shall be reduced by  
21 an amount equal to the product of the cost per pupil in basic  
22 enrollment for the budget year for educational services times  
23 the difference between the enrollment served and the basic  
24 enrollment recorded for the area.

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

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

33 Sec. 33. NEW SECTION. 257.27 PROGRAMS FOR RETURNING  
34 DROPOUTS AND DROPOUT PREVENTION.

35 Boards of school districts, individually or jointly with

1 boards of other school districts, requesting to use additional  
2 allowable growth for programs for returning dropouts and  
3 dropout prevention, shall annually submit comprehensive  
4 program plans for the programs and budget costs, including  
5 requests for additional allowable growth for funding the  
6 programs, to the department of education as provided in this  
7 chapter. The program plans shall include:

- 8 1. Program goals, objectives, and activities to meet the  
9 needs of children who may drop out of school.
- 10 2. Student identification criteria and procedures.
- 11 3. Staff in-service education design.
- 12 4. Staff utilization plans.
- 13 5. Evaluation criteria and procedures and performance  
14 measures.
- 15 6. Program budget.
- 16 7. Qualifications required of personnel administering the  
17 program.
- 18 8. A provision for dropout prevention and integration of  
19 dropouts into the educational program of the district.
- 20 9. A provision for identifying dropouts.
- 21 10. A program for returning dropouts.
- 22 11. Other factors the department requires.

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

29 Sec. 34. NEW SECTION. 257.28 DEFINITIONS.

30 As used in this chapter:

- 31 1. "Returning dropouts" are resident pupils who have been  
32 enrolled in a public or nonpublic school in any of grades  
33 seven through twelve who withdrew from school for a reason  
34 other than transfer to another school or school district and  
35 who subsequently enrolled in a public school in the district.

1 2. "Potential dropouts" are resident pupils who are  
2 enrolled in a public or nonpublic school who demonstrate poor  
3 school adjustment as indicated by two or more of the  
4 following:

5 a. High rate of absenteeism, truancy, or frequent  
6 tardiness.

7 b. Limited or no extracurricular participation or lack of  
8 identification with school, including but not limited to,  
9 expressed feelings of not belonging.

10 c. Poor grades, including but not limited to, failing in  
11 one or more school subjects or grade levels.

12 d. Low achievement scores in reading or mathematics which  
13 reflect achievement at two years or more below grade level.

14 Sec. 35. NEW SECTION. 257.29 PLANS FOR RETURNING  
15 DROPOUTS AND DROPOUT PREVENTION.

16 The board of directors of a school district requesting to  
17 use additional allowable growth for programs for returning  
18 dropouts and dropout prevention shall submit applications for  
19 approval for the programs to the department not later than  
20 November 1 preceding the budget year during which the program  
21 will be offered. The department shall review the program  
22 plans and shall prior to January 15 either grant approval for  
23 the program or return the request for approval with comments  
24 of the department included. An unapproved request for a  
25 program may be resubmitted with modifications to the  
26 department not later than February 1. Not later than February  
27 15, the department shall notify the department of management  
28 and the school budget review committee of the names of the  
29 school districts for which programs using additional allowable  
30 growth for funding have been approved and the approved budget  
31 of each program listed separately for each school district  
32 having an approved program.

33 Sec. 36. NEW SECTION. 257.30 FUNDING FOR PROGRAMS FOR  
34 RETURNING DROPOUTS AND DROPOUT PREVENTION.

35 The budget of an approved program for returning dropouts



1 and dropout prevention for a school district, after  
2 subtracting funds received from other sources for that  
3 purpose, shall be funded annually on a basis of one-fourth or  
4 more from the district cost of the school district and up to  
5 three-fourths by an increase in allowable growth as defined in  
6 section 257.8. Annually, the department of management shall  
7 establish a modified allowable growth for each such district  
8 equal to the difference between the approved budget for the  
9 program for returning dropouts and dropout prevention for that  
10 district and the sum of the amount funded from the district  
11 cost of the school district plus funds received from other  
12 sources.

13 Sec. 37. NEW SECTION. 257.31 FUNDS FOR NEW EDUCATIONAL  
14 STANDARDS.

15 In addition to the funding provided through the district  
16 cost of school districts, there is appropriated from the  
17 general fund of the state for each fiscal year to the  
18 department of education for allocation to school districts for  
19 the costs of implementing educational standards adopted by the  
20 state board of education under section 256.11, the sum of six  
21 million nine hundred thousand (6,900,000) dollars, or so much  
22 thereof as is necessary, to be allocated to school districts  
23 based upon each school district's budget enrollment for the  
24 budget year. Moneys received by school districts under this  
25 section are miscellaneous income. Payments under this section  
26 shall be made in the manner provided in section 257.16.

27 Sec. 38. SPECIAL EDUCATION WEIGHTS. For the budget years  
28 beginning July 1, 1991, July 1, 1992, and July 1, 1993, in  
29 making recommendations to the school budget review committee  
30 under section 281.9, subsection 4, the director of the  
31 department of education shall consider the changes in the  
32 value of the state cost per pupil established under section  
33 257.9 from the value of the state cost per pupil for the base  
34 year established under section 442.8, Code 1989, and changes  
35 in the value of the district cost per pupil for school

1 districts established in section 257.10 from the value of the  
2 district cost per pupil for school districts established in  
3 section 442.9, Code 1989. Notwithstanding section 281.9,  
4 subsection 4, for the budget years commencing July 1, 1990,  
5 July 1, 1991, and July 1, 1992, the increase or decrease in  
6 the weighting assigned to each category of children requiring  
7 special education is not limited to two-tenths of the  
8 weighting assigned to pupils in a regular curriculum.

9 Sec. 39. Section 96.31, Code 1989, is amended to read as  
10 follows:

11 96.31 TAX FOR BENEFITS.

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

17 Sec. 40. Section 111E.4, Code 1989, is amended to read as  
18 follows:

19 111E.4 PAYMENT IN LIEU OF PROPERTY TAXES.

20 As a part of the budget proposal submitted to the general  
21 assembly under section 455A.4, subsection 1, paragraph "c",  
22 the director of the department of natural resources shall  
23 submit a budget request to pay the property taxes for the next  
24 fiscal year on open space property acquired by the department  
25 which would otherwise be subject to the levy of property  
26 taxes. The assessed value of open space property acquired by  
27 the department shall be that determined under section 427.1,  
28 subsection 31, and the director may protest the assessed value  
29 in the manner provided by law for any property owner to  
30 protest an assessment. For the purposes of chapter ~~442~~ 257,  
31 the assessed value of the open space property acquired by the  
32 department shall be included in the valuation base of the  
33 school district and the payments made pursuant to this section  
34 shall be considered as property tax revenues and not as  
35 miscellaneous income. The county treasurer shall certify

1 taxes due to the department. The taxes shall be paid annually  
2 from the departmental fund or account from which the open  
3 space property acquisition was funded. If the departmental  
4 fund or account has no moneys or no longer exists, the taxes  
5 shall be paid from funds as otherwise provided by the general  
6 assembly. If the total amount of taxes due certified to the  
7 department exceeds the amount appropriated, the taxes due  
8 shall be reduced proportionately so that the total amount  
9 equals the amount appropriated. This section applies to open  
10 space property acquired by the department on or after January  
11 1, 1987.

12 Sec. 41. Section 256.21, unnumbered paragraph 4, Code  
13 1989, is amended to read as follows:

14 A sabbatical grant to a teacher shall be equal to the costs  
15 to the school district of the teacher's regular compensation  
16 as defined in section 294A.2 plus the cost to the district of  
17 the fringe benefits of the teacher. The grant shall be paid  
18 to the school district, and the district shall continue to pay  
19 the teacher's regular compensation as well as the cost to the  
20 district of the substitute teacher. Teachers and boards of  
21 school districts are encouraged to seek funding from other  
22 sources to pay the costs of sabbaticals for teachers. Grant  
23 moneys are miscellaneous income for purposes of chapter 442  
24 257.

25 Sec. 42. Section 256A.3, subsection 5, Code 1989, is  
26 amended by adding the following new unnumbered paragraph:

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

33 Sec. 43. Section 256A.3, Code 1989, is amended by adding  
34 the following new subsections:

35 NEW SUBSECTION. 9. Subject to a decision by the council

1 to initiate the programs, develop criteria for and award  
2 grants under section 279.51, subsection 2.

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

7 Sec. 44. Section 265.6, Code 1989, is amended to read as  
8 follows:

9 265.6 STATE AID APPLICABLE.

10 If the state board of regents has established a laboratory  
11 school, it shall receive state aid pursuant to chapters 257  
12 and 281 and-442 for each pupil enrolled in the laboratory  
13 school in the same amount as the public school district in  
14 which the pupil resides would receive aid for that pupil and  
15 shall transmit the amount received to the institution of  
16 higher education at which the laboratory school has been  
17 established. If the board of a school district terminates a  
18 contract with the state board of regents for attendance of  
19 pupils in a laboratory school, the school district shall  
20 inform the ~~state-comptroller~~ department of management of the  
21 number of these pupils who are enrolled in the district on the  
22 second third Friday of the following September. The state  
23 ~~comptroller~~ department of management shall pay to the school  
24 district, from funds appropriated in section ~~442-26~~ 257.16, an  
25 amount equal to the amount of state aid paid for each pupil in  
26 that school district for that school year in payments made as  
27 provided in section ~~442-26~~ 257.16. However, payments shall  
28 not be made for pupils for which an advance is received by the  
29 district under section ~~442-28~~ 257.13.

30 Sec. 45. Section 273.3, subsections 2 and 12, Code 1989,  
31 is amended to read as follows:

32 2. Be authorized to receive and expend money for providing  
33 programs and services as provided in sections 273.1 to 273.9,  
34 and chapters 257 and 281 and-442. All costs incurred in  
35 providing the programs and services, including administrative

1 costs, shall be paid from funds received pursuant to sections  
2 273.1 to 273.9 and chapters 257 and 281 and-442.

3 12. Prepare an annual budget estimating income and  
4 expenditures for programs and services as provided in sections  
5 273.1 to 273.9 and chapter 281 within the limits of funds  
6 provided under section 281.9 and chapter ~~442~~ 257. The board  
7 shall give notice of a public hearing on the proposed budget  
8 by publication in an official county newspaper in each county  
9 in the territory of the area education agency in which the  
10 principal place of business of a school district that is a  
11 part of the area education agency is located. The notice  
12 shall specify the date, which shall be not later than November  
13 ~~10~~ February 1 of each year, the time, and the location of the  
14 public hearing. The proposed budget as approved by the board  
15 shall then be submitted to the state board of education, on  
16 forms provided by the department, no later than December-1  
17 February 15 preceding the next fiscal year for approval. The  
18 state board shall review the proposed budget of each area  
19 education agency and shall ~~prior-to January-1~~ before March 1,  
20 either grant approval or return the budget without approval  
21 with comments of the state board included. Any An unapproved  
22 budget shall be resubmitted to the state board for final  
23 approval.

24 Sec. 46. Section 273.5, subsection 6, Code 1989, is  
25 amended to read as follows:

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

31 Sec. 47. Section 273.9, Code 1989, is amended to read as  
32 follows:

33 273.9 FUNDING.

34 1. For the school year beginning July 1, 1975, and each  
35 succeeding school year, school districts shall pay for the

1 programs and services provided through the area education  
2 agency and shall include expenditures for the programs and  
3 services in their budgets, in accordance with ~~the provisions~~  
4 of this section.

5 2. School districts shall pay the costs of special  
6 education instructional programs with the moneys available to  
7 the districts for each child requiring special education, by  
8 application of the special education weighting plan in section  
9 281.9. Special education instructional programs shall be  
10 provided at the local level if practicable, or otherwise by  
11 contractual arrangements with the area education agency board  
12 as provided in section 273.3, subsection 5, but in each case  
13 the total money available through section 281.9 and chapter  
14 ~~442~~ 257 because of weighted enrollment for each child  
15 requiring special education instruction shall be made  
16 available to the district or agency which provides the special  
17 education instructional program to the child, subject to  
18 adjustments for transportation or other costs which may be  
19 paid by the school district in which the child is enrolled.  
20 Each district shall co-operate with its area education agency  
21 to provide an appropriate special education instructional  
22 program for each child who requires special education  
23 instruction, as identified and counted within the  
24 certification by the area director of special education or as  
25 identified by the area director of special education  
26 subsequent to the certification, and shall not provide a  
27 special education instructional program to a child who has not  
28 been so identified and counted within the certification or  
29 identified subsequent to the certification.

30 3. The costs of special education support services  
31 provided through the area education agency shall be funded by  
32 ~~an-increase-in-the-allowable-growth-of-each-school-district,~~  
33 ~~determined as provided in section-442.7~~ chapter 257. Special  
34 education support services shall not be funded until the  
35 program plans submitted by the special education directors of

1 each area education agency as required by section 273.5 are  
2 modified as necessary and approved by the director of the  
3 department of education according to the criteria and  
4 limitations of ~~chapter~~ chapters 257 and 281 and-section-442-7.

5 4. The costs of media services provided through the area  
6 education agency shall be funded as provided in section ~~442-27~~  
7 257.26. Media services shall not be funded until the program  
8 plans submitted by the administrators of each area education  
9 agency as required by section 273.4 are modified as necessary  
10 and approved by the director of the department of education  
11 according to the criteria and limitations of ~~section~~ sections  
12 257.26 and 273.6 and-of-section-442-27.

13 5. The costs of educational services provided through the  
14 area education agency shall be funded within the limitations  
15 in section ~~442-27~~ 257.26.

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

19 Sec. 48. Section 273.12, Code 1989, is amended to read as  
20 follows:

21 273.12 FUNDS -- USE RESTRICTED.

22 Funds generated for educational services under the  
23 ~~provisions-of~~ section ~~442-27~~ 257.26 and subject to approval  
24 under the provisions of section 273.9, subsection 5, shall not  
25 be expended by an area education agency for the purpose of  
26 assisting either a public employer or employee organization in  
27 collective bargaining negotiations under chapter 20 if the  
28 public employer is a school district, or the employee  
29 organization consists of employees of a school district,  
30 located within the boundaries of the area education agency.

31 Sec. 49. Section 273.13, Code 1989, is amended to read as  
32 follows:

33 273.13 ADMINISTRATIVE EXPENDITURES.

34 During the budget year beginning July 1, 1989, and the  
35 three succeeding budget years, the board of directors of an

1 area education agency in which the administrative expenditures  
2 as a percent of the area education agency's operating fund for  
3 a base year exceed five percent shall reduce its  
4 administrative expenditures to five percent of the area  
5 education agency's operating fund. During each of the four  
6 years, the board of directors shall reduce administrative  
7 expenditures by twenty-five percent of the reduction in  
8 administrative expenditure required by this section.

9 Thereafter, the administrative expenditures shall not exceed  
10 five percent of the operating fund. Annually, the board of  
11 directors shall certify to the department of education the  
12 amounts of the area education agency's expenditures and its  
13 operating fund. For the purposes of this section, "base year"  
14 and "budget year" mean the same as defined in section 442.6,  
15 Code 1989, and section 257.2, and "administrative  
16 expenditures" means expenditures for executive administration.

17 Sec. 50. Section 274.37, unnumbered paragraph 2, Code  
18 1987, is amended to read as follows:

19 The boards in the respective districts, the boundaries of  
20 which have been changed under this section, complete in all  
21 respects, except for the passage of time prior to the  
22 effective date of the change, and when ~~all~~ the right of appeal  
23 of the change has expired, may enter into joint contracts for  
24 the construction of buildings for the benefit of the  
25 corporations whose boundaries have been changed, using funds  
26 accumulated under ~~section-278-17-subsection-7~~ the physical  
27 plant and equipment levy in section 298.2. The district in  
28 which the building is to be located may use any funds  
29 authorized in accordance with chapter 75. ~~Nothing-in-this~~  
30 ~~section-shall-be-construed-to~~ This section does not permit the  
31 changed districts to expend any funds jointly which they are  
32 not entitled to expend acting individually.

33 Sec. 51. Section 275.12, subsection 5, Code 1989, is  
34 amended to read as follows:

35 5. The petition may also include a provision that the



1 schoolhouse-tax voter-approved physical plant and equipment  
2 levy provided in section ~~278.17-subsection-7~~ 298.2, will be  
3 voted upon at the election conducted under section 275.18.

4 Sec. 52. Section 275.14, Code 1989, is amended to read as  
5 follows:

6 275.14 OBJECTION -- TIME OF FILING -- NOTICE.

7 Within ten days after the petition is filed, the area  
8 education agency administrator shall fix a final date for  
9 filing objections to the petition which shall be not more than  
10 sixty days after the petition is filed and shall fix the date  
11 for a hearing on the objections to the petition. Objections  
12 shall be filed in the office of the administrator who shall  
13 give notice at least ten days prior to the final day for  
14 filing objections, by one publication in a newspaper published  
15 within the territory described in the petition, or if none is  
16 published ~~therein~~ in the territory, in a newspaper published  
17 in the county where the petition is filed, and of general  
18 circulation in the territory described. The notice shall also  
19 list the date, time, and location for the hearing on the  
20 petition as provided in section 275.15. The cost of  
21 publication shall be assessed to each district whose territory  
22 is involved in the ratio that the number of pupils in basic  
23 enrollment for the budget year, as defined in section ~~442-4~~  
24 257.6 in each district bears to the total number of pupils in  
25 basic enrollment for the budget year in the total area  
26 involved. Objections shall be in writing in the form of an  
27 affidavit and may be made by any person residing or owning  
28 land within the territory described in the petition, or who  
29 would be injuriously affected by the change petitioned for and  
30 shall be on file not later than twelve o'clock noon of the  
31 final day fixed for filing objections.

32 Objection forms shall be prescribed by the department of  
33 education and may be obtained from the area education agency  
34 administrator. Objection forms that request that property be  
35 removed from a proposed district shall include the correct

1 legal description of the property to be removed.

2 Sec. 53. Section 275.20, Code 1989, is amended to read as  
3 follows:

4 275.20 SEPARATE VOTE IN EXISTING DISTRICTS.

5 The voters shall vote separately in each existing school  
6 district affected and voters residing in the entire existing  
7 district are eligible to vote ~~both~~ upon the proposition to  
8 create a new school corporation and the proposition to levy  
9 ~~the schoolhouse-tax-under-section-278-17-subsection-7 voter-~~  
10 approved physical plant and equipment levy under section  
11 298.2, if the petition included a provision for a vote to  
12 authorize the levy the-schoolhouse-tax. If a proposition  
13 receives a majority of the votes cast in each of at least  
14 seventy-five percent of the districts, and also a majority of  
15 the total number of votes cast in all of the districts, the  
16 proposition is carried.

17 Sec. 54. Section 275.31, unnumbered paragraph 1, Code  
18 1989, is amended to read as follows:

19 If necessary to equalize the division and distribution, the  
20 board or boards may provide for the levy of additional taxes,  
21 which shall be sufficient to satisfy the mandatory levy  
22 required in section 76.2 or other liabilities of the  
23 districts, upon the property of a corporation or part of a  
24 corporation and for the distribution of the tax revenues so as  
25 to effect equalization. When the board or boards are  
26 considering the equalization levy, the division and  
27 distribution shall not impair the security for outstanding  
28 obligations of each affected corporation. Any owner of bonds  
29 of an affected corporation may bring suit in equity for  
30 adjustment of the division and distribution in compliance with  
31 this section. If the property tax levy for the amount  
32 estimated and certified to apply on principal and interest on  
33 lawful bonded indebtedness for a newly formed community school  
34 district is greater than the property tax levy for the amount  
35 estimated and certified to apply on principal and interest in

1 the year preceding the reorganization or dissolution for a  
2 school district that is a party to the reorganization or  
3 dissolution, and that had a certified enrollment of less than  
4 six hundred for the year prior to the reorganization or  
5 dissolution, the board of the newly formed district shall  
6 inform the department of management. The department of  
7 management shall pay debt service aid to the newly formed  
8 district in an amount equal to one-half the amount that ~~will~~  
9 would reduce the rate of the property tax levy for lawful  
10 bonded indebtedness in the portion of the newly formed  
11 district where the new rate is higher, to the rate that was  
12 levied in that portion of the district during the year  
13 preceding the reorganization or dissolution.

14 Sec. 55. Section 275.33, subsection 2, unnumbered  
15 paragraph 1, Code 1989, is amended to read as follows:

16 The collective bargaining agreement of the district with  
17 the largest basic enrollment, as defined in section ~~442-4~~  
18 257.6, in the new district shall serve as the base agreement  
19 and the employees of the other districts involved in the  
20 formation of the new district shall automatically be accreted  
21 to the bargaining unit of that collective bargaining agreement  
22 for purposes of negotiating the contracts for the following  
23 years without further action by the public employment  
24 relations board. If only one collective bargaining agreement  
25 is in effect among the districts which are party to the  
26 reorganization, then that agreement shall serve as the base  
27 agreement, and the employees of the other districts involved  
28 in the formation of the new district shall automatically be  
29 accreted to the bargaining unit of that collective bargaining  
30 agreement for purposes of negotiating the contracts for the  
31 following years without further action by the public  
32 employment relations board. The board of the newly formed  
33 district, using the base agreement as its existing contract,  
34 shall bargain with the combined employees of the existing  
35 districts for the school year beginning with the effective

1 date of the reorganization. The bargaining shall be completed  
2 by March 15 prior to the school year in which the  
3 reorganization becomes effective or within one hundred eighty  
4 days after the organization of the new board, whichever is  
5 later. If a bargaining agreement was already concluded by the  
6 board and employees of the existing district with the contract  
7 serving as the base agreement for the school year beginning  
8 with the effective date of the reorganization, that agreement  
9 shall be void. However, if the base agreement contains  
10 multiyear provisions affecting school years subsequent to the  
11 effective date of the reorganization, the base agreement shall  
12 remain in effect as specified in the agreement.

13 Sec. 56. Section 275.55, unnumbered paragraph 4, Code  
14 1989, is amended to read as follows:

15 The attachment is effective July 1 following its approval.  
16 If the dissolution proposal is for the dissolution of a school  
17 district with a certified enrollment of fewer than six  
18 hundred, the territory located in the school district that  
19 dissolved is eligible, if approved by the director of the  
20 department of education, for a reduction in the uniform  
21 foundation property tax levy under section ~~442-2~~ 257.3,  
22 subsection 1. If the director approves a reduction in the  
23 uniform foundation property tax levy as provided in this  
24 section, the director shall notify the director of the  
25 department of management of the reduction.

26 Sec. 57. Section 276.11, Code 1989, is amended by striking  
27 the section and inserting in lieu thereof the following:

28 276.11 FUNDING OF COMMUNITY EDUCATION.

29 The costs of community education shall be paid from moneys  
30 in the general fund of the school district.

31 Sec. 58. Section 277.2, Code 1989, is amended to read as  
32 follows:

33 277.2 SPECIAL ELECTION.

34 The board of directors in ~~any~~ a school corporation may call  
35 a special election at which ~~election~~ the voters shall have the

1 powers exercised at the regular election with reference to the  
2 sale of school property and the application to be made of the  
3 proceeds, the authorization of seven members on the board of  
4 directors, the authorization to establish or change the  
5 boundaries of director districts, and the authorization of a  
6 schoolhouse-tax voter-approved physical plant and equipment  
7 levy or indebtedness, as provided by law.

8 Sec. 59. Section 278.1, subsection 7, Code 1989, is  
9 amended by striking the subsection.

10 Sec. 60. Section 278.1, unnumbered paragraph 4, Code 1989,  
11 is amended by striking the unnumbered paragraph.

12 Sec. 61. Section 279.26, Code 1989, is amended to read as  
13 follows:

14 279.26 LEASE ARRANGEMENTS.

15 The board of directors of a local school district for which  
16 a schoolhouse-tax voter-approved physical plant and equipment  
17 levy has been voted pursuant to section ~~278.17-subsection-7~~  
18 298.2, may enter into a rental or lease arrangement,  
19 consistent with the purposes for which the schoolhouse-tax  
20 voter-approved physical plant and equipment levy has been  
21 voted, for a period not exceeding ten years and not exceeding  
22 the period for which the schoolhouse-tax voter-approved  
23 physical plant and equipment levy has been authorized by the  
24 voters.

25 Sec. 62. Section 279.45, Code 1989, is amended to read as  
26 follows:

27 279.45 ADMINISTRATIVE EXPENDITURES.

28 For the budget year beginning July 1, 1989, and each of the  
29 following three budget years, the board of directors of a  
30 school district in which the administrative expenditures as a  
31 percent of the school district's operating fund for a base  
32 year exceed five percent, shall reduce its administrative  
33 expenditures so that they are one-half percent less as a  
34 percent of the school district's operating fund than they were  
35 for the base year. However, a school district is not required

1 to reduce its administrative expenditures below five percent  
2 of its operating fund. Thereafter, a school district shall  
3 not increase the percent of its administrative expenditures  
4 compared to its operating fund. Annually, the board of  
5 directors shall certify to the department of education the  
6 amounts of the school district's administrative expenditures  
7 and its operating fund. For the purposes of this section,  
8 "base year" and "budget year" mean the same as defined in  
9 section 442.6, Code 1989, and section 257.2, and  
10 "administrative expenditures" means expenditures for executive  
11 administration.

12 Sec. 63. Section 279.46, Code 1989, is amended to read as  
13 follows:

14 279.46 RETIREMENT INCENTIVES -- TAX.

15 The board of directors of a school district may adopt a  
16 program for payment of a monetary bonus, continuation of  
17 health or medical insurance coverage, or other incentives for  
18 encouraging its employees to retire before the normal  
19 retirement date as defined in chapter 97B. The program is  
20 available only to employees between fifty-nine and sixty-five  
21 years of age who notify the board of directors prior to March  
22 1 of the fiscal year that they intend to retire not later than  
23 the next following June 30. An employee retiring under this  
24 section shall apply for a retirement allowance under chapter  
25 97B or chapter 294. If the total estimated accumulated cost  
26 to a school district of the bonus or other incentives for  
27 employees who retire under this section does not exceed the  
28 estimated savings in salaries and benefits for employees who  
29 replace the employees who retire under the program, the board  
30 may ~~certify-for~~ include in the district management levy a-tax  
31 ~~on-all-taxable-property-in-the-school-district~~ an amount to  
32 pay the costs of the program provided in this section. The  
33 ~~levy-certified-under-this-section-is-in-addition-to-any-other~~  
34 ~~levy-authorized-for-that-school-district-by-law-and-is-not~~  
35 ~~subject-to-budget-limitations-otherwise-provided-by-law.--A~~

1 ~~board may amend its certified budget during a fiscal year to~~  
2 ~~provide for payments required under this section. -- Moneys~~  
3 ~~received from the levy imposed under this section are~~  
4 ~~miscellaneous income for purposes of chapter 442.~~

5 Sec. 64. NEW SECTION. 279.51 PROGRAMS FOR AT-RISK  
6 CHILDREN.

7 1. There is appropriated from the general fund of the  
8 state to the department of education for the fiscal year  
9 beginning July 1, 1990, the sum of eleven million two hundred  
10 thousand (11,200,000) dollars. For each succeeding fiscal  
11 year, there is appropriated the amount appropriated for the  
12 previous fiscal year plus an additional amount equal to the  
13 state percent of growth as calculated in section 257.8  
14 multiplied by the amount appropriated the previous fiscal year  
15 as follows:

16 a. Two hundred seventy-five thousand (275,000) dollars of  
17 the funds appropriated shall be allocated to the area  
18 education agencies to assist school districts in developing  
19 program plans and budgets under this section and to assist  
20 school districts in meeting other responsibilities in early  
21 childhood education.

22 b. Six million one hundred twenty-five thousand  
23 (6,125,000) dollars of the funds appropriated shall be  
24 allocated to the child development coordinating council  
25 established in chapter 256A for the purposes set out in  
26 subsection 2 of this section and section 256A.3.

27 c. For each of the fiscal years during the fiscal period  
28 beginning July 1, 1990, and ending June 30, 1994, eight  
29 hundred thousand (800,000) dollars of the funds appropriated  
30 shall be allocated for the school-based youth services  
31 education program established in subsection 3. Subject to the  
32 approval of the state board of education, the allocation made  
33 in this paragraph may be renewed for additional four-year  
34 periods of time.

35 d. Four million (4,000,000) dollars of the funds

1 appropriated shall be allocated as grants to school districts  
2 that have elementary schools that demonstrate the greatest  
3 need for programs for at-risk students with preference given  
4 to innovative programs for the early elementary school years.

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

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

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

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

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

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

24 3. A school-based youth services education program is  
25 established. The department of education, in consultation  
26 with the department of human services, the department of  
27 employment services, the Iowa department of public health, and  
28 the division of job training and entrepreneurship assistance  
29 of the department of economic development, shall develop a  
30 four-year demonstration grant program that commences in the  
31 fiscal year beginning July 1, 1990. The department shall  
32 provide grants to individual middle schools or high schools to  
33 establish school-based youth services programs based upon  
34 program plans filed by the board of directors of the school  
35 district. Priority shall be given to schools with student



1 populations characterized by high rates of a number of the  
2 following: school dropout and absenteeism; teenage pregnancy;  
3 juvenile court involvement; unemployment; teenage suicide; and  
4 teenage mental health, substance abuse, and other health  
5 problems. The department shall evaluate proposed programs  
6 based upon the department's analysis of effectiveness in  
7 reducing these rates within the schools.

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

29 The plan shall include the appointment by the board of a  
30 local advisory board for each proposed program, which at a  
31 minimum shall include a representative of the private industry  
32 council serving the area, parents of children enrolled in the  
33 school, a teacher recommended by the local teachers  
34 association, a representative from the health and mental  
35 health community in the area, teenagers enrolled in the school

1 and recommended by the school student government, a  
2 representative from the nonprofit provider community, and a  
3 representative from the juvenile court system serving the  
4 area. Management of the program shall be by the school.

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

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

20 Program proposals shall include a contribution of at least  
21 twenty percent of the total costs of the program, which can  
22 include "in-kind" services. Partnerships between the public  
23 and private sectors are particularly encouraged. Partnerships  
24 with organizations that provide abortions or referrals for  
25 abortions are prohibited. The budget for a proposed program  
26 shall not exceed two hundred thousand dollars per year.

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

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

35 Sec. 65. NEW SECTION. 279.52 OPTIONAL FUNDING OF

1 ASBESTOS PROJECTS.

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

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

16 Sec. 66. NEW SECTION. 279.53 ADDITIONAL ENRICHMENT  
17 AMOUNT FOR ASBESTOS PROJECTS.

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

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

34 3. The additional enrichment amount needed for an asbestos  
35 project shall be raised within the limits provided in this

1 section by a combination of an enrichment property tax and a  
2 school district income surtax imposed in the proportion of a  
3 property tax of twenty-seven cents per thousand dollars of  
4 assessed valuation of taxable property in the district for  
5 each five percent of income surtax.

6 4. The additional enrichment amount for a district for an  
7 asbestos project is limited to the amount which may be raised  
8 by a combination tax in the prescribed proportion which does  
9 not exceed a property tax of one dollar and sixty-two cents  
10 per thousand dollars of assessed valuation and an income  
11 surtax of thirty percent.

12 Sec. 67. NEW SECTION. 279.54 COMPUTATION OF ENRICHMENT  
13 AMOUNT FOR AN ASBESTOS PROJECT.

14 If a majority of those voting in an election approves  
15 raising the additional enrichment amount for an asbestos  
16 project under section 279.53 and this section, the board shall  
17 certify to the department of management that the required  
18 procedures have been carried out, and the department of  
19 management shall establish the amount of additional enrichment  
20 property tax to be levied and the amount of school district  
21 income surtax to be imposed for each school year for which the  
22 additional enrichment amount for an asbestos project is  
23 authorized. The department of management shall determine these  
24 amounts based upon the most recent figures available for the  
25 district's valuation of taxable property, individual state  
26 income tax paid, and budget enrollment in the district, and  
27 shall certify to the district's county auditor the amount of  
28 enrichment property tax, and to the director of revenue and  
29 finance the amount of school district income surtax to be  
30 imposed.

31 The school district income surtax for an asbestos project  
32 shall be imposed on the state individual income tax for the  
33 calendar year during which the school's budget year begins, or  
34 for a taxpayer's fiscal year ending during the second half of  
35 that calendar year or the first half of the succeeding

1 calendar year, and shall be imposed on all individuals  
2 residing in the school district on the last day of the  
3 applicable tax year. As used in this section, "state  
4 individual income tax" means the tax computed under section  
5 422.5, less the deductions allowed in sections 422.10 through  
6 422.12.

7 An additional enrichment amount for an asbestos project  
8 authorized under section 279.53 is authorized for the period  
9 specified in section 279.52. If the board wishes to continue  
10 any additional enrichment amount for an asbestos project  
11 beyond the period authorized, it shall reestablish its  
12 authority to do so in the manner provided in section 279.53  
13 within the twelve-month period prior to termination of the  
14 existing period.

15 Sec. 68. NEW SECTION. 279.55 STATUTES APPLICABLE.

16 The director of revenue and finance shall administer any  
17 school district income surtax imposed under this chapter, and  
18 sections 422.20, 422.22 to 422.31, 422.68, and 422.72 through  
19 422.75, apply in respect to administration of the school  
20 district income surtax.

21 Sec. 69. NEW SECTION. 279.56 FORM AND TIME OF RETURN.

22 The school district income surtax imposed under section  
23 279.54 shall be made a part of the Iowa individual income tax  
24 return subject to the conditions and restrictions set forth in  
25 section 422.21.

26 Sec. 70. NEW SECTION. 279.57 DEPOSIT OF SCHOOL DISTRICT  
27 INCOME SURTAX.

28 The director of revenue and finance shall deposit the  
29 moneys received as school district income surtax on or before  
30 November 1 of the year following the close of the budget year  
31 for which the surtax is imposed, to the credit of each  
32 district from which the moneys are received, in a "school  
33 district income surtax fund" which is established in the  
34 office of the treasurer of state.

35 All school district surtax moneys received or refunded

1 after November 1 of the year following the close of the school  
2 budget year for which the surtax is imposed shall be deposited  
3 in or withdrawn from the general fund of the state and shall  
4 be considered part of the cost of administering the school  
5 district surtax.

6 Sec. 71. NEW SECTION. 279.58 SCHOOL DISTRICT INCOME  
7 SURTAX CERTIFICATION.

8 On or before October 20 each year, the director of revenue  
9 and finance shall make an accounting of the school district  
10 income surtax collected under this chapter applicable to tax  
11 returns for the last preceding calendar year, or for fiscal  
12 year taxpayers, on the last day of their tax year ending  
13 during that calendar year and after the date of the election  
14 approving the surtax, from taxpayers in each school district  
15 in the state which has imposed a surtax, and shall certify to  
16 the department of management and the department of education  
17 the amount of total school district income surtax credited  
18 from the taxpayers of each school district. Additional  
19 returns in process, if any, at the time of certification shall  
20 be completed and the additional amount of school district  
21 income surtax reported to the department of management for  
22 distribution back to the school district with the first  
23 installment of the following school year.

24 Sec. 72. NEW SECTION. 279.59 SCHOOL DISTRICT INCOME  
25 SURTAX DISTRIBUTION.

26 The director of revenue and finance shall draw warrants in  
27 payment of the amount of surtax payable to each of the school  
28 districts in two installments to be paid on approximately the  
29 first day of December and the first day of February, and shall  
30 cause the warrants to be delivered to the respective school  
31 districts.

32 Sec. 73. Section 280.4, subsection 4, Code 1989, is  
33 amended to read as follows:

34 4. In order to provide funds for the excess costs of  
35 instruction of non-English-speaking students above the costs

1 of instruction of pupils in a regular curriculum, students  
2 identified as non-English-speaking are assigned an additional  
3 weighting of ~~two-tenths~~ and that weighting shall be included  
4 in the weighted enrollment of the school district of residence  
5 for a period not exceeding three years. However, the school  
6 budget review committee may grant supplemental aid or modified  
7 allowable growth, to a school district to continue funding a  
8 program for students after the expiration of the three-year  
9 period. The school budget review committee shall calculate  
10 the additional amount for the weighting to the nearest one-  
11 hundredth of one so that, to the extent possible, the moneys  
12 generated by the weighting will be equivalent to the moneys  
13 generated by the two-tenths weighting provided prior to July  
14 1, 1991.

15 Sec. 74. Section 280.13A, unnumbered paragraph 3, Code  
16 1989, is amended to read as follows:

17 It is not necessary that school districts that are parties  
18 to an agreement under this section must be engaged in sharing  
19 academic programming and receiving supplementary weighting  
20 under section ~~442-39~~ 257.11.

21 Sec. 75. Section 281.2, subsection 4, Code 1989, is  
22 amended to read as follows:

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

31 Sec. 76. Section 281.8, unnumbered paragraph 1, Code 1989,  
32 is amended to read as follows:

33 It ~~shall-not-be~~ is not incumbent upon the school districts  
34 to keep a child requiring special education in regular  
35 instruction when the child cannot sufficiently profit from the

1 work of the regular classroom, nor to keep such a child  
2 requiring special education in the special class or  
3 instruction for children requiring special education when it  
4 is determined by the director of special education of an area  
5 education agency that the child can no longer benefit from the  
6 instruction or needs more specialized instruction available in  
7 special schools. However, the school district shall count the  
8 child requiring special education in the enrollment as  
9 provided in sections 257.6, 273.9, and 281.9 ~~and-442-4~~ and  
10 shall ~~insure~~ ensure that appropriate educational provisions  
11 are made for the child requiring special education within the  
12 limits of ~~funds~~ moneys available under ~~the-provisions-of~~ this  
13 chapter and chapters 257 and 273 ~~and-442~~.

14 Sec. 77. Section 281.9, subsections 2, 4, and 9, Code  
15 1989, are amended to read as follows:

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

23 4. On December 1, 1987, and no later than December 1 every  
24 two years thereafter, for the school year commencing the  
25 following July 1, the director of the department of education  
26 shall report to the school budget review committee the average  
27 costs of providing instruction for children requiring special  
28 education in the categories of the weighting plan established  
29 under this section, and the director of the department of  
30 education shall make recommendations to the school budget  
31 review committee for needed alterations to make the weighting  
32 plan suitable for subsequent school years. The school budget  
33 review committee shall establish the weighting plan for each  
34 school year after the school year commencing July 1, 1987, and  
35 shall report the plan to the director of the department of



1 education. Commencing December 1, 1990, the school budget  
2 review committee may establish weights to the nearest  
3 hundredth. The school budget review committee shall not alter  
4 the weighting assigned to pupils in a regular curriculum, but  
5 it may increase or decrease the weighting assigned to each  
6 category of children requiring special education by not more  
7 than two-tenths of the weighting assigned to pupils in a  
8 regular curriculum. The state board of education shall adopt  
9 rules under chapter 17A, to implement the weighting plan for  
10 each year and to assist in identification and proper indexing  
11 of each child in the state who requires special education.

12 9. Commencing with the school year beginning July 1, 1975,  
13 funds generated for special education instructional programs  
14 under this chapter and chapter ~~442~~ 257 shall not be expended  
15 for modifications of school buildings to make them accessible  
16 to children requiring special education. ~~Unencumbered-funds~~  
17 ~~generated-for-special-education-instructional-programs-for-the~~  
18 ~~school-years-beginning-July-1, 1975-and-July-1, 1976, shall~~  
19 ~~not-be-expended-for-such-purpose-unless-approved-by-the~~  
20 ~~department-of-public-instruction-based-upon-applications~~  
21 ~~received-by-the-department-prior-to-January-1, 1978-and~~  
22 ~~approved-prior-to-April-1, 1978.~~

23 Sec. 78. Section 282.3, subsection 1, Code 1989, is  
24 amended to read as follows:

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

1 Sec. 79. Section 282.7, subsection 3, Code 1989, is  
2 amended to read as follows:

3 3. Notwithstanding ~~section~~ sections 28E.9 and 282.8 and  
4 ~~section-28E-9~~, a school district may negotiate an agreement  
5 under subsection 1 for attendance of its pupils in a school  
6 district located in a contiguous state subject to a reciprocal  
7 agreement by the two state boards in the manner provided in  
8 this subsection. Prior to negotiating an agreement with the  
9 school district in the contiguous state, the board of  
10 directors shall file a written request with the state board of  
11 education for a determination whether the school district in  
12 the contiguous state meets requirements substantially similar  
13 to those required for accredited or approved school districts  
14 in this state and the school district receives or has  
15 available services equivalent to those that would be provided  
16 in this state by an area education agency. The school  
17 district shall also obtain approval by the department of  
18 education of the sharing proposal, before the agreement  
19 becomes effective. Six months ~~prior-to~~ before making the  
20 request for approval, the district shall request a feasibility  
21 study from the department of education. If the state board of  
22 this state and the corresponding state board in the contiguous  
23 state agree that the school districts of their respective  
24 states meet substantially similar requirements and have  
25 substantially similar services available to the school  
26 district, and if the Iowa department of education approves the  
27 proposed contract, the two state boards may sign a reciprocal  
28 agreement for attendance of their pupils in the school  
29 district of the other state, subject to the agreement signed  
30 between the boards of directors of the two districts. A  
31 school district that negotiates an agreement with a school  
32 district in a contiguous state under this subsection is not  
33 eligible for supplementary weighting under section ~~442-39~~  
34 257.11 as a result of that agreement.

35 Sec. 80. Section 282.24, subsection 1, unnumbered

1 paragraph 1, Code 1989, is amended to read as follows:

2 ~~There-is-established-a~~ The maximum tuition fee that may be  
3 charged for elementary and high school students residing  
4 within another school district or corporation except students  
5 attending school in another district under section 282.7,  
6 subsection 1, or subsections 1 and 3, ~~That-fee~~ is the  
7 district cost per pupil of the receiving district as computed  
8 in section ~~442-97-subsection-17-paragraph-"a"~~ 257.10.

9 Sec. 81. Section 282.28, unnumbered paragraph 2, Code  
10 1989, is amended to read as follows:

11 The area education agency shall submit a claim to the  
12 department of education by August 1 following the school year  
13 for the actual costs of the special education programs and  
14 services provided at the training school and juvenile home.  
15 The department shall review and approve or modify the claims  
16 by September 1 and shall notify the department of revenue and  
17 finance of the approved claim amount. The total amount of the  
18 approved claim shall be paid by the department of revenue and  
19 finance to the area education agency by October 1. The total  
20 amount paid by the department of revenue and finance shall be  
21 deducted monthly from the state foundation aid paid under  
22 section ~~442-26~~ 257.16 during the remainder of that fiscal year  
23 to all school districts in the state. The portion of the  
24 total amount of the approved claim that shall be deducted from  
25 the state aid of a school district shall be the same as the  
26 ratio that the budget enrollment for the budget year of the  
27 school district bears to the total budget enrollment in the  
28 state for that budget year. The department of revenue and  
29 finance shall transfer the total amount of the approved claim  
30 from the moneys appropriated under section ~~442-26~~ 257.16 for  
31 payment to the area education agency.

32 Sec. 82. Section 282.31, subsection 1, paragraph a, Code  
33 1989, is amended to read as follows:

34 a. A child who lives in a facility pursuant to section  
35 282.30, subsection 1, paragraph "a", and who is not enrolled

1 in the educational program of the district of residence of the  
2 child, shall receive appropriate educational services. The  
3 area education agency shall submit a proposed program and  
4 budget to the department of education by January 1 for the  
5 next succeeding school year. The department of education  
6 shall review and approve or modify the program and proposed  
7 budget and shall notify the area education agency by February  
8 1. The area education agency shall submit a claim to the  
9 department of education by August 1 following the school year  
10 for the actual cost of the program. The department shall  
11 review and approve or modify all expenditures incurred in  
12 compliance with the guidelines pursuant to section 256.7,  
13 subsection 12, and shall notify the department of revenue and  
14 finance of the approved claim amount by September 1. The  
15 total amount of the approved claim shall be paid by the  
16 department of revenue and finance to the area education agency  
17 by October 1. The total amount paid by the department of  
18 revenue and finance shall be deducted monthly from the state  
19 school foundation aid paid under section 442-26 257.16 during  
20 the remainder of that fiscal year to all school districts in  
21 the state. The portion of the total amount of the approved  
22 claims that shall be deducted from the state aid of a school  
23 district shall be the same as the ratio that the budget  
24 enrollment for the budget year of the school district bears to  
25 the total budget enrollment in the state for that budget year.  
26 The department of revenue and finance shall transfer the total  
27 amount of the approved claims from the moneys appropriated  
28 under section 442-26 257.16 for payment to the area education  
29 agencies.

30 Sec. 83. Section 282.31, subsection 3, Code 1989, is  
31 amended to read as follows:

32 3. The actual special education instructional costs,  
33 including transportation, for a child who requires special  
34 education shall be paid by the department of revenue and  
35 finance to the school district in which the facility or home

1 is located, only when a district of residence cannot be  
 2 determined, and the child was not included in the weighted  
 3 enrollment of any district pursuant to section 281.9, and the  
 4 payment pursuant to subsection 2, paragraph "a", was not made  
 5 by any district. The district shall submit a proposed program  
 6 and budget to the department of education by January 1 for the  
 7 next succeeding school year. The department of education  
 8 shall review and approve or modify the program and proposed  
 9 budget and shall notify the district by February 1. The  
 10 district shall submit a claim by August 1 following the school  
 11 year for the actual cost of the program. The department shall  
 12 review and approve or modify the claim and shall notify the  
 13 department of revenue and finance of the approved claim amount  
 14 by September 1. The total amount of the approved claim shall  
 15 be paid by the department of revenue and finance to the school  
 16 district by October 1. The total amount paid by the  
 17 department of revenue and finance shall be deducted monthly  
 18 from the state foundation aid paid under section ~~442-26~~ 257.16  
 19 during the remainder of that fiscal year to all school  
 20 districts in the state. The portion of the total amount of  
 21 the approved claims that shall be deducted from the state aid  
 22 of a school district shall be the same as the ratio that the  
 23 budget enrollment for the budget year of the school district  
 24 bears to the total budget enrollment in the state for the  
 25 budget year. The department of revenue and finance shall  
 26 transfer the total amount of the approved claims from moneys  
 27 appropriated under section ~~442-26~~ 257.16 for payment to the  
 28 school district.

29 Sec. 84. Section 283A.9, Code 1989, is amended to read as  
 30 follows:

31 283A.9 BUILDING FOR SCHOOL LUNCH FACILITY.

32 School districts ~~are authorized to~~ may purchase, erect, or  
 33 otherwise acquire a building for use as a school lunch  
 34 facility, and to equip ~~such~~ such that use, and  
 35 pay for ~~same~~ the acquisition or equipping from unencumbered

1 funds on hand in the schoolhouse fund ~~derived from taxes voted~~  
2 ~~under authority of section 278.1, subsection 7, or 275.32,~~  
3 subject to the terms of this section, or may pay for ~~same~~ the  
4 facility or equipment from the proceeds of the sale of school  
5 property sold under section 297.22, or from surplus remaining  
6 in the schoolhouse fund after retirement of a bond issue, ~~or~~  
7 ~~from a tax voted for said purposes.~~

8 Sec. 85. Section 285.2, unnumbered paragraph 3, Code 1989,  
9 is amended to read as follows:

10 The costs of providing transportation to nonpublic school  
11 pupils as provided in section 285.1 shall not be included in  
12 the computation of district cost under chapter ~~442~~ 257, but  
13 shall be shown in the budget as an expense from miscellaneous  
14 income. Any transportation reimbursements received by a local  
15 school district for transporting nonpublic school pupils shall  
16 not affect district cost limitations of chapter ~~442~~ 257. The  
17 reimbursements provided in this section are miscellaneous  
18 income as defined in section ~~442-5~~ 257.2.

19 Sec. 86. Section 286A.2, subsections 3, 4, and 5, Code  
20 1989, are amended to read as follows:

21 3. "Base year" means base year as defined in section ~~442-6~~  
22 257.2.

23 4. "Budget year" means budget year as defined in section  
24 ~~442-6~~ 257.2.

25 5. "State percent of growth" is the state percent of  
26 growth calculated under section ~~442-7~~ 257.8.

27 Sec. 87. Section 286A.14, subsection 1, unnumbered  
28 paragraph 1, Code 1989, is amended to read as follows:

29 1. An area school budget review procedure is established  
30 for the school budget review committee created in section  
31 ~~442-12~~ 257.20. The school budget review committee, in  
32 addition to its duties under chapter ~~442~~ 257, shall meet and  
33 hold hearings each year under this chapter to review unusual  
34 circumstances of area schools, either upon the committee's  
35 motion or upon the request of an area school. The committee

1 may grant supplemental aid to the area school from funds  
2 appropriated to the department of education for area school  
3 budget review purposes, or an amount may be added to the area  
4 school allowable growth for all cost centers and area school  
5 allowable growth for noninstructional functions for the budget  
6 year either on a temporary or permanent basis, or the  
7 committee may allow both.

8 Sec. 88. Section 291.13, Code 1989, is amended to read as  
9 follows:

10 291.13 GENERAL AND SCHOOLHOUSE FUNDS.

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

27 Sec. 89. Section 294A.2, subsections 1 and 2, Code 1989,  
28 are amended to read as follows:

29 1. "Certified enrollment in a school district" for the  
30 school years beginning July 1, 1987, July 1, 1988, and July 1,  
31 1989, means that district's basic enrollment for the budget  
32 year beginning July 1, 1987 as defined in section 442.4, Code  
33 1989. For each school year thereafter, certified enrollment  
34 in a school district means that district's basic enrollment  
35 for the budget year as defined in section 257.2.

1 2. "Enrollment served" for the fiscal years beginning July  
2 1, 1987, July 1, 1988, and July 1, 1989, means that area  
3 education agency's enrollment served for the budget year  
4 beginning July 1, 1987. For each school year thereafter,  
5 enrollment served means that area education agency's  
6 enrollment served for the budget year. Enrollment served  
7 shall be determined under section ~~442-277-subsection-12~~  
8 257.27.

9 Sec. 90. Section 294A.9, unnumbered paragraph 1, Code  
10 1989, is amended to read as follows:

11 Phase II is established to improve the salaries of  
12 teachers. For each fiscal year through the fiscal year  
13 beginning July, 1, 1990, the department of education shall  
14 allocate to each school district for the purpose of  
15 implementing phase II an a per pupil amount equal to seventy-  
16 five dollars and ninety-three cents multiplied by the  
17 district's certified enrollment and to each area education  
18 agency for the purpose of implementing phase II an a per pupil  
19 amount equal to three dollars and fifty-five cents multiplied  
20 by the enrollment served in the area education agency, ~~if the~~  
21 ~~general assembly has appropriated sufficient moneys to the~~  
22 ~~fund so that pursuant to section 294A-37 thirty-eight million~~  
23 ~~five hundred thousand dollars will be allocated by the~~  
24 ~~department to school districts and area education agencies for~~  
25 ~~phase II. If, because of the amount of the appropriation made~~  
26 ~~by the general assembly to the fund, less than thirty-eight~~  
27 ~~million five hundred thousand dollars is allocated for phase~~  
28 ~~II, the department of education shall adjust the amount for~~  
29 ~~each student in certified enrollment and each student in~~  
30 ~~enrollment served based upon the amount allocated for phase~~  
31 ~~II.~~ Notwithstanding the per pupil amount of the payments  
32 specified in this section, for the fiscal year beginning July  
33 1, 1991, and each succeeding fiscal year, the per pupil  
34 amounts upon which the phase II moneys are based shall be  
35 increased by an amount equal to the product of the state



1 percent of growth calculated under section 257.8 and the per  
2 pupil amount for the previous fiscal year.

3 Sec. 91. Section 294A.14, Code 1989, is amended by adding  
4 the following new unnumbered paragraph after unnumbered  
5 paragraph 1:

6 NEW UNNUMBERED PARAGRAPH. Notwithstanding the amount per  
7 pupil of the payments specified in this section, for the  
8 fiscal year beginning July 1, 1991, and each succeeding fiscal  
9 year, the per pupil amounts upon which the phase III moneys  
10 are based shall be increased by an amount equal to the product  
11 of the state percent of growth calculated under section 257.8  
12 and the per pupil amount for the previous fiscal year.

13 Sec. 92. Section 294A.22, Code 1989, is amended to read as  
14 follows:

15 294A.22 PAYMENTS.

16 Payments for each phase of the educational excellence  
17 program shall be made by the department of revenue and finance  
18 on a quarterly basis, and the payments shall be separate from  
19 state aid payments made pursuant to sections ~~442-25~~ 257.16 and  
20 ~~442-26~~ 257.24. ~~For the school year beginning July 1, 1987,~~  
21 ~~the first quarterly payment shall be made not later than~~  
22 ~~October 15, 1987 taking into consideration the relative budget~~  
23 ~~and cash position of the state resources.~~ The payments to a  
24 school district or area education agency may be combined and a  
25 separate accounting of the amount paid for each program shall  
26 be included.

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

30 Sec. 93. Section 294A.25, subsection 1, Code 1989, is  
31 amended to read as follows:

32 1. For ~~each fiscal year commencing with~~ the fiscal year  
33 beginning July 1, ~~1987~~ 1990, there is appropriated from the  
34 general fund of the state to the department of education the  
35 amount of ninety-two million one hundred thousand eighty-five

1 (92,100,085) dollars to be used to improve teacher salaries.  
2 For each fiscal year thereafter, there is appropriated an  
3 amount equal to the amount appropriated for the fiscal year  
4 beginning July 1, 1990, plus an amount sufficient to pay the  
5 costs of the additional funding provided for school districts  
6 and area education agencies under sections 294A.9 and 294A.14.  
7 The moneys shall be distributed as provided in this section.

8 Sec. 94. Section 294A.25, subsection 5, Code 1989, is  
9 amended to read as follows:

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

18 Sec. 95. Section 296.7, Code 1989, is amended to read as  
19 follows:

20 296.7 INDEBTEDNESS FOR INSURANCE AUTHORIZED -- TAX LEVY.

21 A school district or merged area school corporation is  
22 ~~authorized to~~ may contract indebtedness and to issue general  
23 obligation bonds or enter into insurance agreements obligating  
24 the school district or corporation to make payments beyond its  
25 current budget year to procure or provide for a policy of  
26 insurance, a self-insurance program, or establish and maintain  
27 a local government risk pool to protect the school district or  
28 corporation from tort liability, loss of property,  
29 environmental hazards, or any other risk associated with the  
30 operation of the school district or corporation. Taxes for  
31 the payment of the principal, premium, or interest on ~~such a~~  
32 ~~bond~~ the bonds, the payment of ~~such an~~ the premium on the  
33 insurance policy, the payment of the costs of ~~such a~~ self-  
34 insurance program, the payment of the costs of ~~such a~~ local  
35 government risk pool, and the payment of any amounts payable

1 under ~~any-such~~ an insurance agreement authorized in this  
2 section may be levied in excess of any tax limitation imposed  
3 by statute. However, for a school district, a tax levied  
4 under this section shall be included in the district  
5 management levy under section 298.4. Such a self-insurance  
6 program or local government risk pool is not insurance and is  
7 not subject to regulation under chapters 505 through 523C.  
8 However, those self-insurance plans regulated pursuant to  
9 section 509A.14 shall remain subject to the requirements of  
10 section 509A.14 and rules adopted pursuant to that section.

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

18 Sec. 96. NEW SECTION. 297.35 CONTINUATION OF LOAN  
19 AGREEMENT.

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

28 Sec. 97. Section 297.36, Code 1989, is amended to read as  
29 follows:

30 297.36 LOAN AGREEMENTS.

31 In order to make immediately available proceeds of the  
32 schoolhouse-tax voter-approved physical plant and equipment  
33 levy which has been approved by the voters as provided in  
34 section ~~278-17-subsection-7~~ 298.2, the board of directors may,  
35 with or without notice, borrow money and enter into loan

1 agreements in anticipation of the collection of the tax with a  
2 bank, investment banker, trust company, insurance company, or  
3 insurance group.

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

15 The loan must mature within the period of time authorized  
16 by the voters and shall bear interest at a rate which does not  
17 exceed the limits ~~provided~~ under chapter 74A. A loan  
18 agreement entered into pursuant to this section shall be in a  
19 form as the board of directors shall by resolution provide and  
20 the loan shall be payable as to both principal and interest  
21 from the proceeds of the annual levy of the ~~voted-tax-pursuant~~  
22 ~~to-section-278-17-subsection-7~~ voter-approved physical plant  
23 and equipment levy, or so much thereof as will be sufficient  
24 to pay the loan and interest on the loan.

25 The proceeds of a loan must be deposited in a fund which is  
26 separate from other district funds. Warrants paid from this  
27 fund must be for purposes authorized ~~by-the-voters-as-provided~~  
28 ~~in-section-278-17-subsection-7~~ for the voter-approved physical  
29 plant and equipment levy.

30 This section does not limit the authority of the board of  
31 directors to levy the full amount of the ~~voted-tax~~ voter-  
32 approved physical plant and equipment levy, but if and to  
33 whatever extent the tax is levied in any year in excess of the  
34 amount of principal and interest falling due in that year  
35 under a loan agreement, the first available proceeds, to an

1 amount sufficient to meet maturing installments of principal  
2 and interest under the loan agreement, shall be paid into the  
3 sinking fund for the loan before the taxes are otherwise made  
4 available to the school corporation for other school purposes,  
5 and the amount required to be annually set aside to pay  
6 principal of and interest on the money borrowed under the loan  
7 agreement ~~shall constitute~~ constitutes a first charge upon the  
8 proceeds of the ~~special-voted-tax~~ voter-approved physical  
9 plant and equipment levy, which tax shall be pledged to pay  
10 the loan and the interest on the loan.

11 This section is supplemental and in addition to existing  
12 statutory authority to finance the purposes specified in  
13 section ~~278-17-subsection-7~~ 298.2 for the physical plant and  
14 equipment levy, and for the borrowing of money and execution  
15 of loan agreements in connection with that section ~~and~~  
16 ~~subsection~~, and is not subject to any other law. The fact  
17 that a school corporation may have previously borrowed money  
18 and entered into loan agreements under authority of this  
19 section does not prevent the school corporation from borrowing  
20 additional money and entering into further loan agreements if  
21 the aggregate of the amount payable under all of the loan  
22 agreements does not exceed the proceeds of the ~~voted-tax~~  
23 voter-approved physical plant and equipment levy.

24 Sec. 98. Section 298.1, Code 1989, is amended to read as  
25 follows:

26 298.1 SCHOOL TAXES.

27 The board of each school district shall estimate the amount  
28 of the proposed expenditures and proposed receipts for the  
29 general school purposes at a time and in a manner to  
30 effectuate the provisions of chapter ~~442~~ 257 and sections  
31 281.9 and 281.11. Compliance with chapter 24 shall be  
32 observed.

33 Sec. 99. NEW SECTION. 298.2 IMPOSITION OF PHYSICAL PLANT  
34 AND EQUIPMENT LEVY.

35 1. A physical plant and equipment levy of not exceeding

1 one dollar per thousand dollars of assessed valuation in the  
2 district is established except as otherwise provided in this  
3 subsection. The physical plant and equipment levy consists of  
4 the regular physical plant and equipment levy of not exceeding  
5 thirty-three cents per thousand dollars of assessed valuation  
6 in the district and a voter-approved physical plant and  
7 equipment levy of not exceeding sixty-seven cents per thousand  
8 dollars of assessed valuation in the district. The levy  
9 limitations of this subsection are subject to subsection 5.  
10 However for the budget year beginning July 1, 1991, if both  
11 the regular and voter-approved levies are imposed, the levy  
12 shall not exceed a rate that will generate more than three  
13 hundred dollars per pupil in the district's basic enrollment  
14 for the budget year as "budget year" and "basic enrollment"  
15 are defined in chapter 257. For each budget year thereafter,  
16 the limitation shall be changed from the previous year's  
17 limitation by an amount equal to the previous year's  
18 limitation multiplied by the change in the percent of the  
19 taxable valuation in the state from the second preceding  
20 January 1 to the preceding January 1. If the levy for a  
21 school district is less than one dollar for a budget year  
22 because of the limitation on the amount generated, the voter-  
23 approved physical plant and equipment levy shall be reduced to  
24 comply with the limitation of this section.

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

29 3. The board may, and upon the written request of twenty-  
30 five eligible electors of a district having a population of  
31 five thousand or less or of fifty eligible electors of any  
32 other district shall, direct the county commissioner of  
33 elections to provide for submitting the proposition of levying  
34 the voter-approved physical plant and equipment levy for a  
35 period of time authorized by the voters in the notice of

1 election not to exceed ten years. The proposition is adopted  
2 if a majority of those voting on the proposition approves it.

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

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

18 5. If the board of directors of a school district in which  
19 the voters have authorized the schoolhouse tax prior to July  
20 1, 1991, has entered into a rental or lease arrangement under  
21 section 279.26, Code 1989, or has entered into a loan  
22 agreement under section 297.36, Code 1989, the levy shall  
23 continue for the period authorized and the maximum levy that  
24 can be authorized under the voter-approved physical plant and  
25 equipment levy is reduced by the rate of the schoolhouse tax.

26 Sec. 100. NEW SECTION. 298.3 REVENUES FROM THE LEVIES.

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

30 1. The purchase and improvement of grounds. For the  
31 purpose of this section: "purchase of grounds" includes the  
32 legal costs relating to the property acquisition, costs of  
33 surveys of the property, costs of relocation assistance under  
34 state and federal law, and other costs incidental to the  
35 property acquisition. "Improvement of grounds" includes

1 grading, landscaping, paving, seeding, and planting of shrubs  
2 and trees; constructing sidewalks, roadways, retaining walls,  
3 sewers and storm drains, and installing hydrants; surfacing  
4 and soil treatment of athletic fields and tennis courts;  
5 furnishing and installing flagpoles, gateways, fences, and  
6 underground storage tanks which are not parts of building  
7 service systems; demolition work; and special assessments  
8 against the school district for public improvements, as  
9 defined in section 384.37.

10 2. The construction of schoolhouses or buildings and  
11 opening roads to schoolhouses or buildings.

12 3. The purchase of buildings and the purchase of a single  
13 unit of equipment exceeding five thousand dollars in value.

14 4. The payment of debts contracted for the erection or  
15 construction of schoolhouses or buildings, not including  
16 interest on bonds.

17 5. Procuring or acquisition of libraries.

18 6. Repairing, remodeling, reconstructing, improving, or  
19 expanding the schoolhouses or buildings and additions to  
20 existing schoolhouses.

21 For the purpose of this subsection, "repairing" means to  
22 restore an existing structure or thing to its original  
23 condition, as near as may be, after decay, waste, injury, or  
24 partial destruction, but does not include maintenance; and  
25 "reconstruction" means to rebuild or to restore as an entity a  
26 thing which was lost or destroyed.

27 7. Expenditures for energy conservation.

28 8. The rental of facilities under chapter 28E.

29 9. Purchase of transportation equipment for transporting  
30 students.

31 10. Lease-purchase option agreements for school buildings.

32 11. Equipment purchases for recreational purposes.

33 Interest earned on money in the schoolhouse fund may be  
34 expended for a purpose listed in this section.

35 Sec. 101. NEW SECTION. 298.4 DISTRICT MANAGEMENT LEVY.



1 The board of directors of a school district may certify for  
2 levy by March 15 of a school year, a tax on all taxable  
3 property in the school for a district management levy. The  
4 revenue from the tax levied in this section shall be placed in  
5 a district management account of the general fund of the  
6 school district. However, the revenues generated from the  
7 district management levy for a budget year, as budget year is  
8 defined in chapter 257, shall not exceed the revenues  
9 generated from the district management levy for the previous  
10 year adjusted by the percent of change in the taxable  
11 valuation in the state from the second preceding January 1 to  
12 the preceding January 1. For the budget year beginning July  
13 1, 1991, the revenues generated from the district management  
14 levy for the previous year include the sum of the revenues  
15 generated by the separate levies included in the district  
16 management levy under this section. The district management  
17 levy shall be expended only for the following purposes:

- 18 1. To pay the cost of unemployment benefits as provided in  
19 section 96.31.
- 20 2. To pay the costs of liability insurance and the costs  
21 of a judgment or settlement relating to liability together  
22 with interest accruing on the judgment or settlement to the  
23 expected date of payment.
- 24 3. To pay the costs of insurance agreements under section  
25 296.7.
- 26 4. To pay the costs of a judgment under section 298.16.
- 27 5. To pay the cost of early retirement benefits to  
28 employees under section 279.46.

29 Sec. 102. Section 298.9, Code 1989, is amended to read as  
30 follows:

31 298.9 SPECIAL LEVIES.

32 If ~~a schoolhouse tax~~ the voter-approved physical plant and  
33 equipment levy is voted at a special election and certified to  
34 said the board after the regular levy is made, it the board  
35 shall at its next regular meeting levy such the tax and cause

1 ~~the same~~ it to be ~~forthwith~~ entered upon the tax list to be  
2 collected as other school taxes. If the certification is so  
3 filed prior to April 1, ~~said~~ the annual levy shall begin with  
4 the tax levy of the year of filing. If the certification is  
5 filed after April 1 in any a year, ~~such~~ the levy shall begin  
6 with the levy of the fiscal year succeeding the year of the  
7 filing of ~~such~~ the certification.

8 Sec. 103. Section 298.10, Code 1989, is amended to read as  
9 follows:

10 298.10 LEVY FOR CASH RESERVE.

11 The board of directors of a school district may certify for  
12 levy by March 15 of a school year, a tax on all taxable  
13 property in the school district in order to raise an amount  
14 for a necessary cash reserve for a school district's general  
15 fund. The amount raised for a necessary cash reserve does not  
16 increase a school district's authorized expenditures as  
17 defined in section ~~442-57-subsection-2~~ 257.7.

18 Sec. 104. Section 298.16, Code 1989, is amended to read as  
19 follows:

20 298.16 JUDGMENT TAX.

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

27 Sec. 105. NEW SECTION. 300.5 APPLICABILITY.

28 This chapter applies only to school districts that have  
29 approved the levy and collection of the tax prior to July 1,  
30 1991, and have not voted to discontinue the levy under section  
31 300.3.

32 Sec. 106. Section 301.30, unnumbered paragraph 3, Code  
33 1989, is amended to read as follows:

34 The costs of providing textbook services to nonpublic  
35 school pupils as provided in section 301.1 shall not be

1 included in the computation of district cost under chapter 442  
 2 257, but shall be shown in the budget as an expense from  
 3 miscellaneous income. Any textbook reimbursements received by  
 4 a local school district for serving nonpublic school pupils  
 5 shall not affect district cost limitations of chapter 442 257.  
 6 The reimbursements provided in this section are miscellaneous  
 7 income as defined in section 442-5 257.2.

8 Sec. 107. Section 331.512, subsection 12, Code 1989, is  
 9 amended to read as follows:

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

12 Sec. 108. Section 422.9, subsection 6, unnumbered  
 13 paragraph 3, Code 1989, is amended to read as follows:

14 ~~The provisions of this~~ This subsection ~~shall~~ does not  
 15 affect the amount of the taxpayer's checkoff to the Iowa  
 16 election campaign fund under section 56.18, the checkoff for  
 17 the fish and game protection fund in section 107.16, the  
 18 credits from tax provided in sections 422.107-422.11A7-and  
 19 through 422.12 and the allocation of these credits between  
 20 spouses if the taxpayers filed separate returns or separately  
 21 on combined returns, or the amount of the taxpayer's school  
 22 district income surtax liability under section 442-15 279.54  
 23 as these items were properly computed or claimed on taxpayers'  
 24 returns.

25 Sec. 109. Section 442.9, subsection 1, paragraph a,  
 26 unnumbered paragraph 1, Code 1989, is amended to read as  
 27 follows:

28 As used in this chapter, regular program district cost per  
 29 pupil for the budget year is equal to the regular program  
 30 district cost per pupil for the base year plus the allowable  
 31 growth. However, regular program district cost per pupil does  
 32 not include additional allowable growth added for programs for  
 33 gifted-and-talented-children, for programs for returning  
 34 dropouts, and for educational improvement projects under  
 35 chapter 260A, for special education support services costs, or

1 for school districts that have a negative balance of funds  
2 raised for special education instruction programs under  
3 section 442.13, subsection 14, paragraph "b", and does not  
4 include additional allowable growth established by the school  
5 budget review committee for a single school year only.

6 Sec. 110. Section 442.39, subsection 4, Code 1989, is  
7 amended to read as follows:

8 4. Pupils enrolled in a school district in which one-or  
9 more-administrators-are the superintendent is employed jointly  
10 under section 280.15, or in-which-one-or-more-administrators  
11 are-employed-under-section 273.7A, are assigned a weighting of  
12 one plus five-hundredths twenty-five thousandths for each  
13 administrator superintendent who is jointly employed times the  
14 percent of the administrator's superintendent's time in which  
15 the administrator superintendent is employed in the school  
16 district. However, the total additional weighting assigned  
17 under this subsection for a budget year for a school district  
18 is fifteen seven and one-half and the total additional  
19 weighting that may be added cumulatively to the enrollment of  
20 school districts sharing an-administrator a superintendent is  
21 twenty-five twelve and one-half.

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

24 a.--Executive-administrators, which includes the  
25 superintendent and such assistants as deputy, associate, and  
26 assistant superintendents who perform activities in the gen-  
27 eral direction and management of the affairs of the local  
28 school districts.

29 b.--School administrators, which includes assistant  
30 principals, and other assistants in general supervision of the  
31 operations of the school.--School administrators does not  
32 include principals.

33 c.--Business administrators, which includes personnel  
34 associated with activities concerned with purchasing, paying  
35 for, transporting, exchanging, and maintaining goods and

1 ~~services-for-the-school-district.~~

2 Effective July 1, 1988, the additional weighting assigned  
3 under this subsection may be assigned to a district for a  
4 maximum of five years and, thereafter, the additional  
5 weighting shall not be assigned to the same district under  
6 this section, but may be assigned under section 442.39A.

7 Additional weighting assigned under this subsection between  
8 July 1, 1988, and June 30, 1989, may be continued under this  
9 subsection for a maximum of five years.

10 Sec. 111. Section 613A.7, Code 1989, is amended to read as  
11 follows:

12 613A.7 INSURANCE.

13 The governing body of any a municipality may purchase a  
14 policy of liability insurance insuring against all or any part  
15 of liability which might be incurred by such the municipality  
16 or its officers, employees, and agents under ~~the-provisions-of~~  
17 section 613A.2 and section 613A.8 and may similarly purchase  
18 insurance covering torts specified in section 613A.4. The  
19 governing body of any a municipality may adopt a self-  
20 insurance program, including but not limited to the  
21 investigation and defense of claims, the establishment of a  
22 reserve fund for claims, the payment of claims, and the  
23 administration and management of the self-insurance program,  
24 to cover all or any part of the liability. The governing body  
25 of any a municipality may join and pay funds into a local  
26 government risk pool to protect itself against any or all  
27 liability. The governing body of any a municipality may enter  
28 into insurance agreements obligating the municipality to make  
29 payments beyond its current budget year to provide or procure  
30 such policies of insurance, self-insurance program, or local  
31 government risk pool. The premium costs of such the  
32 insurance, the costs of such a self-insurance program, the  
33 costs of a local government risk pool, and the amounts payable  
34 under any such insurance agreements may be paid out of the  
35 general fund or any available funds or may be levied in excess

1 of any tax limitation imposed by statute. However, for school  
2 districts, the costs shall be included in the district  
3 management levy as provided in section 296.7. Any independent  
4 or autonomous board or commission in the municipality having  
5 authority to disburse funds for a particular municipal  
6 function without approval of the governing body may similarly  
7 enter into insurance agreements, procure liability insurance,  
8 adopt a self-insurance program, or join a local government  
9 risk pool within the field of its operation. The procurement  
10 of such insurance constitutes a waiver of the defense of  
11 governmental immunity as to those exceptions listed in section  
12 613A.4 to the extent stated in such the policy but shall have  
13 no further effect on the liability of the municipality beyond  
14 the scope of this chapter, but if a municipality adopts a  
15 self-insurance program or joins and pays funds into a local  
16 government risk pool such action does not constitute a waiver  
17 of the defense of governmental immunity as to the exceptions  
18 listed in section 613A.4. The existence of any insurance  
19 which covers in whole or in part any judgment or award which  
20 may be rendered in favor of the plaintiff, or lack of any such  
21 insurance, shall not be material in the trial of any action  
22 brought against the governing body of any a municipality, or  
23 its officers, employees, or agents and any reference to such  
24 insurance, or lack of ~~same~~ insurance, ~~shall-be~~ is grounds for  
25 a mistrial. A self-insurance program or local government risk  
26 pool is not insurance and is not subject to regulation under  
27 chapters 505 through 523C.

28 Sec. 112. Section 613A.10, Code 1989, is amended to read  
29 as follows:

30 613A.10 TAX TO PAY JUDGMENT OR SETTLEMENT.

31 When a final judgment is entered against or a settlement is  
32 made by a municipality for a claim within the scope of section  
33 613A.2 or 613A.8, payment shall be made and the same remedies  
34 shall apply in the case of nonpayment as in the case of other  
35 judgments against the municipality. If ~~said~~ a judgment or

1 settlement is unpaid at the time of the adoption of the annual  
2 budget, ~~it~~ the municipality shall budget an amount sufficient  
3 to pay the judgment or settlement together with interest  
4 accruing thereon on it to the expected date of payment. Such  
5 A tax may be levied in excess of any limitation imposed by  
6 statute. However, for school districts the costs of a  
7 judgment or settlement under this section shall be included in  
8 the district management levy pursuant to section 298.4.

9     Sec. 113. If the electors of a school district have  
10 approved, prior to March 15, 1991, the schoolhouse tax levy to  
11 provide for the lease-purchase of school buildings or other  
12 authorized school district tax levy, the tax levy so approved  
13 shall continue in effect until the expiration period for which  
14 it was approved.

15     Sec. 114. FUNDS FOR NEW EDUCATIONAL STANDARDS. There is  
16 appropriated from the general fund of the state for the fiscal  
17 year commencing July 1, 1990, and ending June 30, 1991, to the  
18 department of education for allocation to school districts for  
19 the costs of implementing educational standards adopted by the  
20 state board of education under section 256.11, the sum of  
21 sixteen million nine hundred thousand (16,900,000) dollars, or  
22 so much thereof as is necessary, to be allocated to school  
23 districts based upon each school district's budget enrollment  
24 for the budget year. From the moneys appropriated in this  
25 section, ten million (10,000,000) dollars shall be allocated  
26 for programs for gifted and talented pupils. Moneys received  
27 by school districts under this section are miscellaneous  
28 income for purposes of chapter 442. Payments under this  
29 section shall be made in the manner provided in section  
30 442.26.

31     Sec. 115. PROGRAMS FOR TALENTED AND GIFTED PUPILS FOR  
32 1990-1991.

33     At the request of a school district meeting the  
34 requirements of this subsection, the school budget review  
35 committee may establish a modified allowable growth for the

1 budget year beginning July 1, 1990, by increasing the  
2 allowable growth of the district on a temporary basis to  
3 provide additional moneys for programs for gifted and talented  
4 pupils. The amount that may be raised by additional allowable  
5 growth is equal to nine-tenths percent multiplied by the  
6 product of the district cost per pupil of the district for the  
7 budget year beginning July 1, 1989, multiplied by the  
8 district's budget enrollment for the budget year beginning  
9 July 1, 1989, less the funding received by the district under  
10 section 103 for the program.

11 In order to receive the increase in allowable growth for  
12 the budget year beginning July 1, 1990, the school district  
13 must use funding in an amount equal to three-tenths percent  
14 multiplied by the product of the district cost per pupil of  
15 the district for the budget year beginning July 1, 1989, and  
16 the district's budget enrollment for the budget year beginning  
17 July 1, 1989, obtained from its district cost for the budget  
18 year beginning July 1, 1990, to fund the costs of the program  
19 for gifted and talented pupils.

20 Sec. 116. Sections 442.31 through 442.36, Code 1989, are  
21 repealed effective July 1, 1990.

22 Sec. 117. Chapter 260A, Code 1989, is repealed effective  
23 July 1, 1991.

24 Sec. 118. Sections 279.43, 294A.11, 294A.24, 297.5, and  
25 298.17, Code 1989, are repealed effective July 1, 1991.

26 Sec. 119. Section 110 of this Act, being deemed of  
27 immediate importance, takes effect upon enactment.

28 Sec. 120. Sections 64, 93, 94, 109, 114, and 115 of this  
29 Act take effect July 1, 1990.

30 Sec. 121. Sections 1 through 39, 47, 48, 57, 63, 65  
31 through 73, 77, 95, 99 through 101, 104, 105, 108, 112, and  
32 113 of this Act take effect July 1, 1990, for the purpose of  
33 computations required for payment of state aid to and levying  
34 of property taxes by school districts for the budget year  
35 beginning July 1, 1991.



1     Sec. 122. Sections 40 through 45, 49 through 56, 58  
2 through 62, 74 through 76, 78 through 92, 96 through 98, 102,  
3 103, 106, 107, and 111 of this Act take effect July 1, 1991.  
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HOUSE FILE 535  
FISCAL NOTE

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A fiscal note for HOUSE FILE 535 AS PASSED BY THE HOUSE is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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House File 535 as passed by the House creates a new school finance plan (chapter 257) to replace the present school foundation program (chapter 442). The new funding formula is phased in over a three year period beginning with the 1991-92 school year. The proposal also makes other changes to the funding of school districts and area education agencies (AEAs) beginning with the 1990-91 school year.

**FOUNDATION PLAN**

Foundation Base. Under current law, the foundation base for 1988-89 is 82.0% of the state cost per pupil, and increases .5% per year until it reaches 85.0%. The proposal sets the foundation base for the 1991-92 school year at 83.25% and would increase .25% per year until it reaches 85%.

Foundation Levy. The foundation property tax levy is established at \$5.40 per thousand dollars of assessed valuation as in current law, except where the foundation levy reduction incentive is in place. It also provides minimum state aid of \$300 per pupil.

Additional Levy. The additional property tax levy is defined as a levy to raise the difference between a school district's district cost (control budget) and the sum of the district's regular program foundation base times its weighted enrollment and its special education support services foundation base times its weighted enrollment for special education support services. This is similar to current law.

Enrollment Calculations. When the formula is fully implemented in 1993-94, the budget enrollment (enrollment used for regular programs) will consist of adjustments to the district's headcount for the previous September using a five year declining enrollment matrix base upon the magnitude of the decline and the years since the decline occurred. This would replace the current law budget enrollment calculation which is the sum of 20% of the 1978 headcount and 80% of the greater of the basic enrollment or the previous year's basic enrollment, or the basic enrollment for the budget year if it is greater. During the phase-in period before the matrix is used, transitional enrollment calculations are used.

Allowable Growth. The proposal uses the same combination of percentages as is used in the present formula, averaging changes in the state revenues and changes in the gross national product implicit price deflator. Under the proposal, allowable growth would be computed an additional year in advance. It would allow for some adjustment to the revenue estimates used, but would not

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allow for adjustments for revenue growth due to tax law changes.

State Cost Per Pupil. The state cost per pupil is recalculated for each of the first three years of the program using transitional enrollments. Added to the current law state cost are the semi-annual apportionment monies (school line), frozen livestock and personal property tax replacements, \$20 per pupil for gifted and talented programs, and an adjustment factor.

District Cost Per Pupil. Regular program district cost per pupil is also recalculated for each of the first three years of implementation. During that period, the district cost per pupil is limited to 110% of the state cost per pupil. Beginning with 1994-95 the allowable growth amount added to a district's district cost would be adjusted by adding to or subtracting from the allowable growth amount, based upon the percent the district cost per pupil is above or below the state cost per pupil. The adjustment for districts below the state cost per pupil would be twice the adjustment for districts above the state cost per pupil.

Special Education. Adjustments to special education weights will be made by the School Budget Review Committee (SBRC) so that current law funding would be maintained.

Sharing Incentives. The weighting for whole grade sharing is discontinued after 1992-93. The weighting may be continued for a total of ten years if the school districts involved reorganize. The weighting for administrative sharing is reduced to one-half the current law level. Administrative sharing is also limited to superintendents beginning July 1, 1989. Current law allows for supplemental weighting for the sharing of most administrative personnel. The administrative weighting may be continued for five years if the school districts reorganize.

Reorganization Incentives. The incentives for reorganization would be reduced to non-half the current law level. The incentives include a foundation levy reduction, supplemental aid for higher additional levies, and debt service aid for districts that have enrollments of less than 600.

Budget Guarantee. For 1991-92 the guarantee is 101% of the regular program, and for 1992-93 the guarantee is 100% of the regular program. Beginning with 1993-94 the guarantee is eliminated.

Property Tax Hold Harmless. Additional state aid is provided for each of the years 1991-92, 1992-93, and 1993-94, to school districts where property taxes within the control budget are greater than they would have been under current law. Beginning 1994-95, the property tax adjustment aid will be equal to the aid paid in 1993-94 less the percent by which the value of taxable property in the district increases from the previous year.

#### GENERAL OPERATING FUND OUTSIDE FOUNDATION FORMULA

School Budget Review Committee. The SBRC is given the same authority as under current law, except that it adds the requirement for recommendations on GAAP reporting and allows the granting of modified allowable growth for environmental hazard costs. It also may grant transportation assistance aid

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(\$3.5 million appropriated) or modified allowable growth to school districts which have higher than average transportation costs, and may grant supplemental aid (\$3.5 million appropriated) for unique needs or high costs due to density beginning 1991-92.

Additional Allowable Growth Programs. The current law mechanism is continued for funding programs for dropouts and returning dropouts using modified allowable growth. The school improvement program is repealed after July 30, 1991. The additional allowable growth program for gifted and talented programs is eliminated. For 1990-91, \$10.0 million is appropriated for allocation to all school districts for gifted and talented programs. Beginning 1991-92 an amount of \$20 per pupil plus growth is allocated to all school districts through the formula for gifted and talented programs. The SBRC may also grant additional allowable growth for talented and gifted programs if the amount generated through the formula is less than what could have been generated under current law.

Standards. An additional \$6.9 million is appropriated to be allocated to school districts for the costs of implementing the new educational standards, beginning with the 1990-91 school year. The proposal also appropriates \$11.2 million to school districts and AEAs for at-risk and early childhood programs beginning 1990-91: \$275,000 to AEAs to assist school districts; \$6.125 million to the Child Development Coordinating Council; \$800,000 for youth services programs; and \$4.0 million for early elementary programs for at-risk children.

Educational Excellence Program. Phase II would remain outside of the formula as under current law, except that allowable growth would be added beginning 1991-92. Allowable growth would also be added to phase III beginning 1991-92, if one component of the phase III plan includes a performance-based pay plan.

Area Education Agencies. Media and education services costs per pupil would be changed to 0.9% and 1.0%, respectively, of the state cost per pupil.

#### DISCRETIONARY SPENDING

Instructional Support Levy. An instructional support levy is established which would allow school districts to raise an additional 10% of their district cost. The levy would be 25% equalized by the state, and the percent of state aid received would be based on the district's assessed valuation per pupil compared to the state's. The required local effort would be a combination property tax and income surtax. If the district's property tax base is comprised of less than 25% agricultural land, the district may choose to levy a property tax only. The levy could be imposed by board action for the first five years. Approval at an election would permit the imposition of the levy for five additional years. A vote would be required after three years. The board may waive its authority for board action after holding a public hearing. This levy would replace the current law enrichment levy which would be limited in use to the costs of asbestos removal, unless the enrichment tax is already in place.

Physical Plant and Equipment Levy. The current law site levy and schoolhouse levy are combined. Use is expanded to include equipment purchases exceeding \$5,000. Of the total \$1.00 per \$1,000 of assessed valuation, \$0.33 may be imposed by board action, and \$0.67 must be approved at an election. The total

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amount generated by the levy, would be limited to \$300 per pupil.

District Management Levy. The current law levies for unemployment insurance, early retirement incentives and tort liability are combined. The management levy would be limited to the amount levied in the previous year plus an adjustment for growth.

Other. The proposal would allow school districts who are currently imposing the playground and recreation levy to continue.

#### ASSUMPTIONS

1. The allowable growth rate is estimated at five percent per year for FY 1991, FY 1992, FY 1993, and FY 1994.
2. Assessed valuation will increase by one percent for FY 1990 budgets and an additional one and one-half in FY 1991. No change in assessed valuation is estimated after FY 1991.
3. Enrollments are based upon past trends in each district.
4. No change in the number of pupils identified for special education.
5. No change in the number of pupils for supplemental weighting.
6. All school districts would have a performance-based component to their phase III plans.
7. In FY 1989, \$1.175 million was appropriated to the Child Development Coordinating Council. This appropriation will continue through FY 1994.

#### FISCAL EFFECT:

If all districts levied at the maximum level allowed under the instructional support levy for FY 1992, the state's 25% share would result in an increase in state aid of \$43.3 million. The local district share would result in an estimated \$78.6 million in income surtax and a \$36.8 million in property taxes, if all districts levied the combination property tax and income surtax. Currently, 55 school districts raise \$4.2 million in enrichment taxes.

In total, 411 school districts levy \$44.4 million from either the schoolhouse or site levy, or both. These levies would comprise the proposed physical plant and equipment levy. Currently, 384 districts levy a total of 13.3 million from one or more of the three levies which would comprise the proposed management levy. However, beginning next year, school districts will be allowed to levy for worker's compensation and for liability insurances of any sort from the tort liability levy.

With respect to the general operating fund of school districts, the proposal would result in no net impact to the general fund of the State nor to property taxes for FY 1990. The proposal would result in a cumulative increase to state aid of \$192.5 million over current law for FY 1991 through FY 1994. The proposal would result in a cumulative decrease in property taxes of \$52.0

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million over current law for FY 1991 through FY 1994. The total cumulative impact to school district general operating fund budget would be \$140.5 million for FY 1991 through FY 1994.

	FY 1991 Current Law (in millions)	FY 1991 Proposed Law (in millions)	FY 1991 Difference (in millions)
Control Budget			
State Aid	\$1,081.3	\$1,081.3	\$ 0.0
Property Tax	627.5a	620.6	(6.9)
Ed. Standards			
State aid	0.0	6.9	6.9
At-Risk Programs			
State aid	1.2	11.2	10.0
Talented & Gifted			
State Aid	0.0	10.0	10.0
Educ. Excellence			
Phase II (state aid)	38.5	38.5	0.0
Phase III (state aid)	42.4	42.4	0.0
Total General Oper.			
State Aid	\$1,163.4	\$1,190.3	\$26.9
Property Tax	627.5	620.6	(6.9)
GRAND TOTAL	<u>\$1,790.9</u>	<u>\$1,810.9</u>	<u>\$20.0</u>

(a) \$6.9 million additional allowable growth for gifted and talented programs is included in the control budget

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	FY 1992 Current Law (in millions)	FY 1992 Proposed Law (in millions)	FY 1992 Difference (in millions)
Control Budget			
State Aid	\$1,145.2	\$1,159.4	\$14.2
Property Tax	630.4a	624.8b	(5.6)
Ed. Standards			
State Aid	0.0	6.9	6.9
At-Risk Programs			
State Aid	1.2	11.8	10.6
Talented & Gifted			
State Aid	0.0	0.0c	0.0
SBRC (state aid)			
Transportation aid	0.0	3.5	3.5
Supplemental aid	0.0	3.5	3.5
Educ. Excellence			
Phase II (state aid)	38.5	40.4	1.9
Phase III (state aid)	<u>42.4</u>	<u>44.5</u>	<u>2.1</u>
Total General Oper.			
State Aid	\$1,227.3	\$1,270.0	\$42.7
Property Tax	<u>630.4</u>	<u>624.8</u>	<u>(5.6)</u>
<b>GRAND TOTAL</b>	<b><u>\$1,857.7</u></b>	<b><u>\$1,894.8</u></b>	<b><u>\$37.1</u></b>

(a) \$6.9 million additional allowable growth for gifted and talented programs is included in the control budget

(b) \$4.2 million of the total is AEA media and educational services increases.

(c) \$10.0 million for gifted and talented programs incorporated into the control budget

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	FY 1993 Current Law (in millions)	FY 1993 Proposed Law (in millions)	FY 1993 Difference (in millions)
Control Budget			
State Aid	\$1,215.6	\$1,241.7	\$26.1
Property Tax	635.5a	617.5b	(18.0)
Ed. Standards			
State Aid	0.0	6.9	6.9
At-Risk Programs			
State Aid	1.2	12.3	11.1
Talented & Gifted			
State Aid	0.0	0.0c	0.0
SBRC (state aid)			
Transportation aid	0.0	3.5	3.5
Supplemental aid	0.0	3.5	3.5
Educ. Excellence			
Phase II (state aid)	38.5	42.4	3.9
Phase III (state aid)	42.4	46.7	4.3
Total General Oper.			
State Aid	\$1,297.7	\$1,357.0	\$59.3
Property Tax	635.5	617.5	(18.0)
GRAND TOTAL	<u>\$1,933.2</u>	<u>\$1,974.5</u>	<u>\$41.3</u>

- (a) \$6.9 million additional allowable growth for gifted and talented programs is included in the control budget
- (b) \$4.2 million of the total is AEA media and educational services increases.
- (c) \$10.0 million for gifted and talented programs incorporated into the control budget



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	<u>FY 1994</u> <u>Current Law</u> <u>(in millions)</u>	<u>FY 1994</u> <u>Proposed Law</u> <u>(in millions)</u>	<u>FY 1994</u> <u>Difference</u> <u>(in millions)</u>
Control Budget			
State Aid	\$1,294.1	\$1,319.2	\$25.1
Property Tax	640.0a	618.5b	(21.5)
Ed. Standards			
State Aid	0.0	6.9	6.9
At-Risk Programs			
State Aid	1.2	13.0	11.8
Talented & Gifted			
State Aid	0.0	0.0c	0.0
SBRC (state aid)			
Transportation aid	0.0	3.5	3.5
Supplemental aid	0.0	3.5	3.5
Educ. Excellence			
Phase II (state aid)	38.5	44.6	6.1
Phase III (state aid)	<u>42.4</u>	<u>49.1</u>	<u>6.7</u>
Total General Oper.			
State Aid	\$1,376.2	\$1,439.8	\$63.6
Property Tax	<u>640.0</u>	<u>618.5</u>	<u>(21.5)</u>
<b>GRAND TOTAL</b>	<b><u>\$2,016.2</u></b>	<b><u>\$2,058.3</u></b>	<b><u>\$42.1</u></b>

- (a) \$6.9 million additional allowable growth for gifted and talented programs is included in the control budget
- (b) \$4.2 million of the total is AEA media and educational services increases.
- (c) \$10.0 million for gifted and talented programs incorporated into the control budget

Sources: Department of Education  
 (USB 4170h) Department of Management

FILED MARCH 31, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR

S-3508

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1 effective July 1, 1992.

3541, 3539-2 Sec. 131. Sections 114, 115, 117, 118, and 125 of  
3 this Act, being deemed of immediate importance, take  
4 effect upon enactment.

3540-5 Sec. 132. Sections 58, 122, and 123 of this Act  
6 take effect July 1, 1989.

7 Sec. 133. Sections 69, 116, and 124 of this Act  
8 take effect July 1, 1990.

9 Sec. 134. Sections 1 through 41, 48 through 50,  
10 53, 55, 57, 62, 66, 68, 70 through 77, 82, 94, 101,  
3548, 3541-11 105 through 107, 110, 112, and 119 through 121 of this  
12 Act take effect July 1, 1990, for the purpose of  
13 computations required for payment of state aid to and  
14 levying of property taxes by school districts for the  
15 budget year beginning July 1, 1991.

16 Sec. 135. Sections 42 through 47, 51, 52, 54, 56,  
17 59 through 61, 63 through 65, 67, 78 through 81, 83  
18 through 93, 95 through 100, 102 through 104, 108, 109,  
19 111, and 113 of this Act take effect July 1, 1991."

By COMMITTEE ON EDUCATION  
LARRY MURPHY, Chairperson

S-3508 FILED MARCH 31, 1989

Adopted 4-4-89 (p1172)

## HOUSE FILE 535

S-3508

1 Amend House File 535, as amended, passed, and re-  
2 printed by the House, as follows:

3 1. By striking everything after the enacting  
4 clause and inserting the following:

5 "Section 1. NEW SECTION. 257.1 STATE SCHOOL  
6 FOUNDATION PROGRAM -- STATE AID.

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

10 2. STATE SCHOOL FOUNDATION AID -- FOUNDATION BASE.  
11 For a budget year, each school district in the state  
12 is entitled to receive foundation aid, in an amount  
13 per pupil equal to the difference between the amount  
14 per pupil of foundation property tax in the district,  
15 and the combined foundation base per pupil or the  
16 combined district cost per pupil, whichever is less.  
17 However, if the amount of foundation aid received by a  
18 school district under this chapter is less than three  
19 hundred dollars per pupil, the district is entitled to  
20 receive three hundred dollars per pupil unless the  
21 receipt of three hundred dollars per pupil plus the  
22 per pupil amount raised by the foundation property tax  
23 exceeds the district cost per pupil of the district  
24 for the budget year. In which case, the district is  
25 entitled to receive an amount per pupil equal to the  
26 difference between the per pupil amount raised by the  
27 foundation property tax for the budget year and the  
28 district cost per pupil for the budget year.

29 For the budget year commencing July 1, 1991, the  
30 regular program foundation base per pupil is eighty-  
31 three and twenty-five hundredths percent of the  
32 regular program state cost per pupil. For each  
33 succeeding budget year, the regular program foundation  
34 base shall increase twenty-five hundredths percent per  
35 year until the foundation base reaches eighty-five  
36 percent of the regular program state cost per pupil.  
37 For the budget year commencing July 1, 1991, the  
38 special education support services foundation base is  
39 eighty-three and twenty-five hundredths percent of the  
40 special education support services state cost per  
41 pupil. It shall increase at the same rate as the  
42 regular program foundation base. The combined  
43 foundation base is the sum of the regular program  
44 foundation base and the special education support  
45 services foundation base.

46 However, increases in the foundation base for a  
47 budget year provided in this section shall be adjusted  
48 by changes in the assessed valuation in the state.  
49 The department of management shall determine the  
50 percent of change in the assessed valuation in the

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1 state from January 1 in the year preceding the base  
2 year to January 1 in the base year. If the percent of  
3 increase in the assessed valuation in the state is one  
4 percent, the foundation base shall increase as  
5 provided in this section. For each additional percent  
6 of increase, the foundation base shall increase an  
7 additional twenty-five hundredths percent, not to  
8 exceed twenty-five hundredths percent. If the value  
9 of the assessed valuation decreases one percent or  
10 more, the foundation base shall not increase the  
11 twenty-five hundredths percent provided in this  
12 section.

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

20 Sec. 2. NEW SECTION. 257.2 DEFINITIONS.

21 As used in this chapter:

22 1. "Combined state cost per pupil" is a per pupil  
23 amount determined by adding together the regular  
24 program state cost per pupil for a year and the  
25 special education support services state cost per  
26 pupil for that year calculated under section 257.9.

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

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

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

37 5. "School district" means a school corporation  
38 organized under chapter 274.

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

42 a. Foundation aid.

43 b. Revenue obtained from the foundation property  
44 tax.

45 c. Revenue obtained from the additional property  
46 tax.

47 7. "Expenditures" means the total amounts paid  
48 from the general fund of a school district.

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

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3548, 3547-1 1. AMOUNT OF TAX. Except as provided in  
2 subsection 2, a school district shall cause to be  
3 levied each year, for the school general fund, a  
4 foundation property tax equal to five dollars and  
5 forty cents per thousand dollars of assessed  
6 valuation. The county auditor shall spread the  
7 foundation levy over all taxable property in the  
8 district.

3548, 3547-9 2. DISTRICTS WITH REDUCED LEVIES. The property  
10 tax rates of those districts that met the requirements  
11 of section 442.2, subsection 1, Code 1989, and were  
12 reduced shall have the reduced levies that they would  
13 have had under section 442.2, subsection 1, Code 1989,  
14 and those levies shall continue to increase twenty  
15 cents per year as provided in that section.

16 3. RAILWAY CORPORATIONS. For purposes of section  
17 257.1, the "amount per pupil of foundation property  
18 tax" does not include the tax levied under subsection  
19 1 or 2 on the property of a railway corporation or on  
20 its trustee if the corporation has been declared  
21 bankrupt or is in bankruptcy proceedings.

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

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

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

45 Sec. 5. NEW SECTION. 257.5 CONTINUING  
46 SUPPLEMENTAL AID.

47 For purposes of this section, a reorganized school  
48 district is one in which reorganization was approved  
49 in an election pursuant to sections 275.18 and 275.20  
50 prior to July 1, 1989, and took effect on or after

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1 July 1, 1986.

2 A reorganized school district receiving  
3 supplemental aid prior to July 1, 1991, under section  
4 442.9A, Code 1989, shall continue to receive  
5 supplemental aid in the same amount under this section  
6 until the expiration of the five-year period specified  
7 in section 442.9A, Code 1989.

8 There is appropriated from the general fund of the  
9 state to the department of management for each fiscal  
10 year an amount sufficient to pay the supplemental aid  
11 to school districts under this section. Supplemental  
12 aid shall be paid in the manner provided in section  
13 257.16.

14 For the purpose of the department of management's  
15 determination of the portion of a school district's  
16 budget that was property tax and the portion that was  
17 state aid under section 257.26, supplemental aid shall  
18 be considered property tax.

19 Sec. 6. NEW SECTION. 257.6 ENROLLMENT.

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

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

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

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

43 d. Eleventh and twelfth grade nonresident pupils  
44 who were residents of the district during the  
45 preceding school year and are enrolled in the district  
46 until the pupils graduate. Tuition for those pupils  
47 shall not be charged by the district in which the  
48 pupils are enrolled.

49 Pupils attending a university laboratory school are  
50 not counted in the actual enrollment of a school

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1 district, but the laboratory school shall report their  
2 enrollment directly to the department of education.

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

11 2. BASIC ENROLLMENT. Basic enrollment for a  
12 budget year is a district's actual enrollment for the  
13 base year. Basic enrollment for the base year is a  
14 district's actual enrollment for the year preceding  
15 the base year.

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

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

31 4. BUDGET ENROLLMENT. Budget enrollment for the  
32 budget year shall be calculated for each school  
33 district by the department of management in the manner  
34 provided in this subsection. If the basic enrollment  
35 of a school district has declined from one year to the  
36 next during any of the five years prior to the base  
37 year, the district may be eligible for an enrollment  
38 adjustment based upon the percent of the enrollment  
39 decline and the number of years that have elapsed  
40 since the decline occurred. The budget enrollment for  
41 the budget year shall be calculated by adding together  
42 the following percents of enrollment decline in the  
43 district's basic enrollment from one base year to the  
44 preceding base year for each of the five preceding  
45 base years, commencing with the percent of change  
46 between the basic enrollment for the budget year and  
47 the basic enrollment for the base year, adding the sum  
48 of the percents to one hundred and multiplying the  
49 total by the basic enrollment for the budget year:

50

	Years between the Base Year
--	-----------------------------

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

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

12 5. BUDGET ENROLLMENT FOR 1991-1992.

13 Notwithstanding subsections 2 and 4, for the budget  
14 year commencing July 1, 1991, a school district's  
15 budget enrollment is the larger of the following:

16 a. The sum of twenty percent of the basic  
17 enrollment for the budget year beginning July 1, 1982,  
18 calculated under chapter 442, Code 1987, and eighty  
19 percent of the larger of the basic enrollment for the  
20 base year or the basic enrollment for the budget year.

21 b. The basic enrollment for the budget year.

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

26 6. BUDGET ENROLLMENT FOR 1992-1993.

27 Notwithstanding subsections 2 and 4, for the budget  
28 year commencing July 1, 1992, a school district's  
29 budget enrollment is the larger of the following:

30 a. The sum of fifteen percent of the basic  
31 enrollment for the budget year beginning July 1, 1987,  
32 calculated under chapter 442, Code 1989, and eighty-  
33 five percent of the larger of the basic enrollment for  
34 the base year or the basic enrollment for the budget  
35 year.

36 b. The basic enrollment for the budget year.

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

41 7. WEIGHTED ENROLLMENT. Weighted enrollment is  
42 the budget enrollment plus the district's additional  
43 enrollment because of special education calculated on  
44 December 1 of the base year plus additional pupils  
45 added due to the application of the supplementary  
46 weighting.

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



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1 Sec. 7. NEW SECTION. 257.7 AUTHORIZED

2 EXPENDITURES.

3335-3 1. BUDGETS. School districts are subject to  
4 chapter 24. The authorized expenditures of a school  
5 district during a base year shall not exceed the  
6 lesser of the budget for that year certified under  
7 section 24.17 plus any allowable amendments permitted  
8 in this section, or the authorized budget, which is  
9 the sum of the district cost for that year, the actual  
10 miscellaneous income received for that year, and the  
11 actual unspent balance from the preceding year.  
12 Expenditures for executive administration are not  
13 authorized expenditures under this chapter.

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

20 Sec. 8. NEW SECTION. 257.8 STATE PERCENT OF  
21 GROWTH --ALLOWABLE GROWTH.

22 1. CALCULATION BY DEPARTMENT OF MANAGEMENT. On or  
23 before September 15, of each year, the department of  
24 management shall compute a state percent of growth for  
25 the next budget year.

26 2. BUDGET YEAR CALCULATION. For the budget year,  
27 the state percent of growth is an average of the  
28 following four percents of growth in paragraphs "a"  
29 and "b" except as otherwise provided in subsection 3:

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

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

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

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

46 b. The difference in the gross national product  
47 implicit price deflators, based to the extent possible  
48 on the latest available values for these deflators,  
49 published by the bureau of economic analysis, United  
50 States department of commerce, computed or estimated

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1 as a percent of change as follows:

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

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

10 3. EXCEPTION. If the average of the percents  
11 computed or estimated under paragraph "b" of  
12 subsection 2 exceeds the average of the percents  
13 computed or estimated under paragraph "a" of  
14 subsection 2, the state percent of growth for that  
15 budget year shall be the average of the two percents  
16 of growth computed or estimated under paragraph "a".

17 4. NEGATIVE PERCENT. If the state percent of  
18 growth computed for a budget year is negative, that  
19 percent shall not be used and the state percent of  
20 growth shall be zero.

21 5. RECOMPUTATION. On or before September 15 of  
22 the base year, the department of management shall  
23 recompute the state percent of growth for the previous  
24 year using adjusted estimates and the actual figures  
25 available. The difference between the recomputed  
26 state percent of growth for the previous year and the  
27 original computation shall be added to or subtracted  
28 from the state percent of growth for the budget year.  
29 However, on or before September 15, 1990, the  
30 department of management shall recompute the state  
31 percent of growth for the previous year in the manner  
32 provided in section 442.7, Code 1989.

33 With regard to values of gross national product  
34 implicit price deflators, the recomputation of the  
35 state percent of growth for the previous year shall be  
36 made only with respect to the value of the deflator  
37 for the year which occurred subsequent to the  
38 calculation of the state percent of growth for the  
39 previous year. If subsection 3 is used in the  
40 calculation of the state percent of growth for the  
41 previous year, the calculation made in subsection 2,  
42 paragraph "b", shall not be used in the recomputation  
43 of the state percent of growth for the previous year.

44 6. ALLOWABLE GROWTH CALCULATION. The department  
45 of management shall calculate the regular program  
46 allowable growth for a budget year by multiplying the  
47 state percent of growth for the budget year by the  
48 regular program state cost per pupil for the base year  
49 and shall calculate the special education support  
50 services allowable growth for the budget year by

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1 multiplying the state percent of growth for the budget  
2 year by the special education support services state  
3 cost per pupil for the base year.

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

10 a. By the school budget review committee under  
11 section 257.22.

12 b. By the department of management under section  
13 257.38.

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

15 1. REGULAR PROGRAM STATE COST PER PUPIL FOR 1991-  
16 1992. For the budget year beginning July 1, 1991, for  
17 the regular program state cost per pupil, the  
18 department of management shall add together the state  
19 total of the district costs of all school districts  
20 for the base year, as district cost is defined in  
21 section 442.9, Code 1989, plus the total of the  
22 amounts added to the district cost of school districts  
23 pursuant to section 442.21, Code 1989, plus the amount  
24 included in the districts' budgets in the state for  
25 the fiscal year beginning July 1, 1986, for the  
26 additional portion of the livestock tax credit  
27 pursuant to section 442.2, subsection 2, as it  
28 appeared in the 1987 Code and plus the difference  
29 between the following amounts:

30 a. The general allocation of the school district  
31 as determined under section 405A.2, Code 1989.

32 b. The foundation property tax rate multiplied by  
33 the total actual value of all personal property  
34 assessed for valuation in the school district as of  
35 January 1, 1973, excluding livestock.

36 2. CALCULATION. The total calculated under  
37 subsection 1 shall be divided by the total enrollment  
38 of all school districts calculated separately for each  
39 using twenty percent of the basic enrollment for the  
40 budget year beginning July 1, 1981, and eighty percent  
41 of the higher of the basic enrollment for the budget  
42 year beginning July 1, 1989, or the basic enrollment  
43 for the budget year beginning July 1, 1990, except as  
44 otherwise provided in this subsection. For the  
45 purpose of this subsection, "basic enrollment" means  
46 basic enrollment as defined in section 442.4, Code  
47 1989. The regular program state cost per pupil for  
48 the budget year beginning July 1, 1991, is the amount  
49 calculated by the department of management under this  
50 subsection plus an allowable growth amount that is

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1 equal to the state percent of growth for the budget  
2 year multiplied by the amount calculated by the  
3 department of management under this subsection, plus  
4 the total of twenty dollars times one hundred percent  
5 plus the state percent of growth for the budget year  
6 for the cost of providing programs for gifted and  
7 talented pupils.

8 If the enrollment calculated in this subsection for  
9 a school district is less than the basic enrollment  
10 for the budget year for that school district, the  
11 basic enrollment for the budget year for that school  
12 district shall be used.

13 3. REGULAR PROGRAM STATE COST PER PUPIL FOR 1992-  
14 1993. For the budget year beginning July 1, 1992, for  
15 the regular program state cost per pupil, the  
16 department of management shall add together the state  
17 total of the district costs of all school districts  
18 for the base year, calculated under section 257.10,  
19 subsections 1 and 2, and divide that total by the  
20 total enrollment of all school districts calculated  
21 separately and totaled, using twenty percent of the  
22 basic enrollment for the budget year beginning July 1,  
23 1986, and eighty percent of the higher of the basic  
24 enrollment for the base year or the basic enrollment  
25 for the year preceding the base year, except as  
26 otherwise provided in this section. The regular  
27 program state cost per pupil for the budget year is  
28 the amount calculated by the department of management  
29 under this subsection plus an allowable growth amount  
30 that is equal to the state percent of growth for the  
31 budget year multiplied by the amount calculated by the  
32 department of management under this subsection.

33 For the purposes of this subsection, basic  
34 enrollment for the base year means basic enrollment as  
35 defined in section 257.6 and basic enrollment for the  
36 year preceding the base year means basic enrollment as  
37 defined in section 442.4, Code 1989.

38 If the enrollment calculated in this subsection for  
39 a school district is less than the basic enrollment  
40 for the budget year for that school district, the  
41 department of management shall use the basic  
42 enrollment for the budget year for that school  
43 district.

44 4. REGULAR PROGRAM STATE COST PER PUPIL FOR 1993-  
45 1994. For the budget year beginning July 1, 1993, for  
46 the regular program state cost per pupil, the  
47 department of management shall add together the state  
48 total of the district costs of all school districts  
49 for the base year, calculated under section 257.10,  
50 and divide that total by the total of the budget

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1 enrollments of all school districts for the budget  
2 year beginning July 1, 1992, calculated under section  
3 257.6, subsection 4, if section 257.6, subsection 4,  
4 had been in effect for that budget year. The regular  
5 program state cost per pupil for the budget year is  
6 the amount calculated by the department of management  
7 under this subsection plus an allowable growth amount  
8 that is equal to the state percent of growth for the  
9 budget year multiplied by the amount calculated by the  
10 department of management under this subsection, and  
11 minus thirteen dollars.

12 5. REGULAR PROGRAM STATE COST PER PUPIL FOR 1994-  
13 1995 AND SUCCEEDING YEARS. For the budget year  
14 beginning July 1, 1994, and succeeding budget years,  
15 the regular program state cost per pupil for a budget  
16 year is the regular program state cost per pupil for  
17 the base year plus the regular program allowable  
18 growth for the budget year.

19 6. SPECIAL EDUCATION SUPPORT SERVICES STATE COST  
20 PER PUPIL FOR 1991-1992. For the budget year  
21 beginning July 1, 1991, for the special education  
22 support services state cost per pupil, the department  
23 of management shall divide the total of the approved  
24 budgets of the area education agencies for special  
25 education support services for that year approved by  
26 the state board of education under section 273.3,  
27 subsection 12, by the total of the weighted enrollment  
28 for special education support services in the state  
29 for the budget year. The special education support  
30 services state cost per pupil for the budget year is  
31 the amount calculated by the department of management  
32 under this subsection.

33 7. SPECIAL EDUCATION SUPPORT SERVICES STATE COST  
34 PER PUPIL FOR 1992-1993. For the budget year  
35 beginning July 1, 1992, for the special education  
36 support services state cost per pupil, the department  
37 of management shall divide the total of the approved  
38 budgets of the area education agencies for special  
39 education support services for that year approved by  
40 the state board of education under section 273.3,  
41 subsection 12, by the total of the weighted enrollment  
42 for special education support services in the state  
43 for the budget year. The special education support  
44 services state cost per pupil for the budget year is  
45 the amount calculated by the department of management  
46 under this subsection.

47 8. SPECIAL EDUCATION SUPPORT SERVICES STATE COST  
48 PER PUPIL FOR 1993-1994. For the budget year  
49 beginning July 1, 1993, for the special education  
50 support services state cost per pupil, the department

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1 of management shall divide the total of the approved  
2 budgets of the area education agencies for special  
3 education support services for that year approved by  
4 the state board of education under section 273.3,  
5 subsection 12, by the total of the weighted enrollment  
6 for special education support services in the state  
7 for the budget year. The special education support  
8 services state cost per pupil for the budget year is  
9 the amount calculated by the department of management  
10 under this subsection.

11 9. SPECIAL EDUCATION SUPPORT SERVICES STATE COST  
12 PER PUPIL FOR 1994-1995 AND SUCCEEDING YEARS. For the  
13 budget year beginning July 1, 1994, and succeeding  
14 budget years, the special education support services  
15 state cost per pupil for the budget year is the  
16 special education support services state cost per  
17 pupil for the base year plus the special education  
18 support services allowable growth for the budget year.

19 10. COMBINED STATE COST PER PUPIL. The combined  
20 state cost per pupil is the sum of the regular program  
21 state cost per pupil and the special education support  
22 services state cost per pupil.

23 Sec. 10. NEW SECTION. 257.10 DISTRICT COST PER  
24 PUPIL -- DISTRICT COST.

25 1. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR  
26 1991-1992. For the budget year beginning July 1,  
27 1991, in order to determine the regular program  
28 district cost per pupil, the department of management  
29 shall divide the regular program district cost for the  
30 base year, as defined in section 442.9, Code 1989,  
31 plus the amount added to district cost pursuant to  
32 section 442.21, Code 1989, for each school district,  
33 by the enrollment of the school district calculated  
34 using twenty percent of the basic enrollment for the  
35 budget year beginning July 1, 1981, and eighty percent  
36 of the higher of the basic enrollment for the budget  
37 year beginning July 1, 1989, or the basic enrollment  
38 for the budget year beginning July 1, 1990, except as  
39 otherwise provided in this subsection. Basic  
40 enrollment means basic enrollment as defined in  
41 section 442.4, Code 1989.

42 If the enrollment calculated in this subsection for  
43 a school district is less than the basic enrollment  
44 for the budget year for that school district, the  
45 basic enrollment for the budget year shall be used for  
46 that school district instead.

47 The regular program district cost per pupil for the  
48 budget year beginning July 1, 1991, is the amount  
49 calculated by the department of management under this  
50 subsection plus the allowable growth amount calculated

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1 for regular program state cost per pupil under section  
2 257.9, subsection 2, except that if the regular  
3 program district cost per pupil for the budget year  
4 calculated under this subsection in any school  
5 district exceeds one hundred ten percent of the  
6 regular program state cost per pupil for the budget  
7 year minus the total of twenty dollars times one  
8 hundred percent plus the state percent of growth for  
9 the budget year, the department of management shall  
10 reduce the regular program district cost of that  
11 district to an amount equal to that one hundred ten  
12 percent amount and shall add to that amount the total  
13 of twenty dollars times one hundred percent plus the  
14 state percent of growth for the budget year for the  
15 cost of providing programs for gifted and talented  
16 pupils.

17 2. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR  
18 1992-1993. For the budget year beginning July 1,  
19 1992, in order to determine the regular program  
20 district cost per pupil, the department of management  
21 shall divide the regular program district cost for the  
22 base year by the enrollment of the school district,  
23 calculated using twenty percent of the basic  
24 enrollment for the budget year beginning July 1, 1986,  
25 and eighty percent of the higher of the basic  
26 enrollment for the base year or the basic enrollment  
27 for the year preceding the base year, except as  
28 otherwise provided in this section. The regular  
29 program district cost per pupil for the budget year  
30 beginning July 1, 1992, is the amount calculated by  
31 the department of management under this subsection  
32 plus the allowable growth amount calculated for  
33 regular program state cost per pupil under section  
34 257.9, subsection 3, except that if the regular  
35 program district cost per pupil for the budget year  
36 calculated under this subsection in any school  
37 district exceeds one hundred ten percent of the  
38 regular program state cost per pupil for the budget  
39 year, the department of management shall reduce the  
40 regular program district cost of that district to an  
41 amount equal to one hundred ten percent of the state  
42 cost per pupil.

43 For the purposes of this subsection, basic  
44 enrollment for the base year means basic enrollment as  
45 defined in section 257.6 and basic enrollment for the  
46 year preceding the base year means basic enrollment as  
47 defined in section 442.4, Code 1989.

48 If the enrollment calculated in this subsection for  
49 a school district is less than the basic enrollment of  
50 the budget year for that school district, the

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1 department of management shall use the basic  
2 enrollment for the budget year for that school  
3 district instead.

4 3. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR  
5 1993-1994. For the budget year beginning July 1,  
6 1993, the regular program district cost per pupil is  
7 the regular program state cost per pupil for that  
8 budget year calculated under section 257.9, subsection  
9 4.

10 4. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR  
11 1994-1995 AND SUCCEEDING YEARS. For the budget year  
12 beginning July 1, 1994, and succeeding budget years,  
13 the regular program district cost per pupil for each  
14 school district for a budget year is the regular  
15 program district cost per pupil for the base year plus  
16 the regular program allowable growth for the budget  
17 year.

18 5. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT  
19 COST PER PUPIL FOR 1991-1992. For the budget year  
20 beginning July 1, 1991, for the special education  
21 support services district cost per pupil, the  
22 department of management shall divide the approved  
23 budget of each area education agency for special  
24 education support services for that year approved by  
25 the state board of education, under section 273.3,  
26 subsection 12, by the total of the weighted enrollment  
27 for special education support services in the area for  
28 that budget year.

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

33 6. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT  
34 COST PER PUPIL FOR 1992-1993. For the budget year  
35 beginning July 1, 1992, for the special education  
36 support services district cost per pupil, the  
37 department of management shall divide the approved  
38 budget of each area education agency for special  
39 education support services for that year approved by  
40 the state board of education under section 273.3,  
41 subsection 12, by the total of the weighted enrollment  
42 for special education support services in the area for  
43 the budget year.

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

48 7. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT  
49 COST PER PUPIL FOR 1993-1994. For the budget year  
50 beginning July 1, 1993, for the special education



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1 support services district cost per pupil, the  
2 department of management shall divide the approved  
3 budget of each area education agency for special  
4 education support services for that year approved by  
5 the state board of education under section 273.3,  
6 subsection 12, by the total of the weighted enrollment  
7 for special education support services in the area for  
8 the budget year.

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

13 8. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT  
14 COST PER PUPIL FOR 1994-1995 AND SUCCEEDING YEARS.

15 For the budget year beginning July 1, 1994, and  
16 succeeding budget years, the special education support  
17 services district cost per pupil for the budget year  
18 is the special education support services district  
19 cost per pupil for the base year plus the special  
20 education support services allowable growth for the  
21 budget year.

22 9. COMBINED DISTRICT COST PER PUPIL. The combined  
23 district cost per pupil for a school district is the  
24 sum of the regular program district cost per pupil and  
25 the special education support services district cost  
26 per pupil. Combined district cost per pupil does not  
27 include additional allowable growth added for school  
28 districts that have a negative balance of funds raised  
29 for special education instruction programs under  
30 section 257.29, additional allowable growth granted by  
31 the school budget review committee for a single school  
32 year, or additional allowable growth added for  
33 programs for dropout prevention.

34 10. REGULAR PROGRAM DISTRICT COST. Regular  
35 program district cost for a school district for a  
36 budget year is equal to the regular program district  
37 cost per pupil for the budget year multiplied by the  
38 weighted enrollment for the budget year.

39 11. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT  
40 COST. Special education support services district  
41 cost for a school district for a budget year is equal  
42 to the special education support services district  
43 cost per pupil for the budget year multiplied by the  
44 special education support services weighted enrollment  
45 for the district for the budget year. If the special  
46 education support services district cost for a school  
47 district for a budget year is less than the special  
48 education support services district cost for that  
49 district for the base year, the department of  
50 management shall adjust the special education support

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1 services district cost for that district for the  
 2 budget year to equal the special education support  
 3 services district cost for the base year.  
 4 12. COMBINED DISTRICT COST. Combined district  
 5 cost is the sum of the regular program district cost  
 6 and the special education support services district  
 7 cost, plus the additional district cost allocated to  
 8 the district under section 257.34 to fund media  
 9 services and educational services provided through the  
 10 area education agency.

11 A school district may increase its district cost  
 12 for the budget year to the extent that an excess tax  
 13 levy is authorized by the school budget review  
 14 committee under section 257.29.

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

17 For the budget years beginning July 1, 1991, and  
 18 July 1, 1992, in order to provide additional funds for  
 19 school districts which send their resident pupils to  
 20 another school district or to an area school for  
 21 classes, which jointly employ and share the services  
 22 of teachers under section 280.15, which use the  
 23 services of a teacher employed by another school  
 24 district, or which jointly employ and share the  
 25 services of school administrators under section  
 26 280.15, a supplementary weighting plan for determining  
 27 enrollment is adopted as follows:

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

33 2. SHARED CLASSES OR TEACHERS. If the school  
 34 budget review committee certifies to the department of  
 35 management that the shared classes or teachers would  
 36 otherwise not be implemented without the assignment of  
 37 additional weighting, pupils attending classes in  
 38 another school district or an area school, attending  
 39 classes taught by a teacher who is employed jointly  
 40 under section 280.15, or attending classes taught by a  
 41 teacher who is employed by another school district,  
 42 are assigned a weighting of one plus an additional  
 43 portion of one times the percent of the pupil's school  
 44 day during which the pupil attends classes in another  
 45 district or area school, attends classes taught by a  
 46 teacher who is jointly employed under section 280.15,  
 47 or attends classes taught by a teacher who is employed  
 48 by another school district.

49 3. WHOLE GRADE SHARING. In districts that have  
 50 executed whole grade sharing agreements under section

1 282.10 through 282.12, the school budget review  
2 committee shall assign an additional weighting equal  
3 to one plus an additional portion of one times the  
4 percent of the pupil's school day in which a pupil  
5 attends classes in another district or an area school,  
6 attends classes taught by a teacher who is employed  
7 jointly under section 280.15, or attends classes  
8 taught by a teacher who is employed by another  
9 district.

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

3549 14 5. SHARED SUPERINTENDENTS. Pupils enrolled in a  
15 school district in which the superintendent is  
16 employed jointly under section 280.15, or is employed  
17 under section 273.7A, are assigned a weighting of one  
18 plus an additional portion of one for each  
19 administrator who is jointly employed times the  
20 percent of the administrator's time in which the  
21 administrator is employed in the school district.  
22 However, the total additional weighting assigned under  
23 this subsection for a budget year for a school  
24 district shall not exceed seven and one-half and the  
25 total additional weighting added cumulatively to the  
26 enrollment of a school district sharing an  
27 administrator shall not exceed twelve and one-half.

3544 28 6. CALCULATION OF WEIGHTS. The school budget  
29 review committee shall calculate the weights to be  
30 used under subsections 2 and 3 to the nearest one-  
31 hundredth of one and under subsection 5 to the next  
32 highest one-hundredth of one so that, to the extent  
33 possible, the moneys generated by the weighting will  
34 be equivalent to the moneys generated by the one-  
35 tenth, five-tenths, and twenty-five-thousands  
36 weighting provided in section 442.39, Code 1989.

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

39 A reorganized school district in which additional  
40 pupils were added under section 442.39A, Code 1989,  
41 shall continue to have additional pupils added,  
42 subject to changes in weighting made under this  
43 chapter until the expiration of the five-year period  
44 provided in that section.

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

47 If a district's actual enrollment for the budget  
48 year, determined under section 257.6, is greater than  
49 its budget enrollment for the budget year, the  
50 district is granted an advance from the state of an

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1 amount equal to its regular program district cost per  
2 pupil for the budget year multiplied by the difference  
3 between the actual enrollment for the budget year and  
4 the budget enrollment for the budget year. The  
5 advance is miscellaneous income.

6 If a district receives an advance under this  
7 section for a budget year, the department of  
8 management shall determine the amount of the advance  
9 which would have been generated by local property tax  
10 revenues if the actual enrollment for the budget year  
11 had been used in determining district cost for that  
12 budget year, shall reduce the district's total state  
13 school aids otherwise available under this chapter for  
14 the next following budget year by the amount so  
15 determined, and shall increase the district's  
16 additional property tax levy for the next following  
17 budget year by the amount necessary to compensate for  
18 the reduction in state aid, so that the local property  
19 tax for the next following year will be increased only  
20 by the amount which it would have been increased in  
21 the budget year if the enrollment calculated in this  
22 section could have been used to establish the levy.

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

29 Sec. 14. NEW SECTION. 257.14 BUDGET ADJUSTMENT.

30 For the budget years beginning July 1, 1991, July  
31 1, 1992, and July 1, 1993, if the department of  
32 management determines that the regular program  
33 district cost of a school district for a budget year  
34 is less than the total of the regular program district  
35 cost plus any adjustment added under this section for  
36 the base year for that school district, the department  
37 of management shall provide a budget adjustment for  
38 that district for that budget year that is equal to  
39 the difference.

40 For the budget year beginning July 1, 1991, the  
41 department of management shall use the regular program  
42 district cost for that budget year of a school  
43 district calculated pursuant to chapter 442, Code  
44 1989, plus the amount added to district cost pursuant  
45 to section 442.21, Code 1989, as the district's base  
46 year regular program district cost. For the budget  
47 year beginning July 1, 1991, in calculating the  
48 district's regular program district cost, the  
49 department of management shall subtract from the  
50 district's district cost per pupil the amount added

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1 under section 257.10, subsection 1, for a program for  
2 gifted and talented pupils.

3548, 35473 Sec. 15. NEW SECTION. 257.15 PROPERTY TAX

4 ADJUSTMENT.

5 1. PROPERTY TAX ADJUSTMENTS FOR 1991-1992, 1992-  
6 1993, AND 1993-1994. For each of the budget years  
7 beginning July 1, 1991, July 1, 1992, and July 1,  
8 1993, the department of management shall calculate for  
9 each district the difference between the sum of the  
10 revenues generated by the foundation property tax and  
11 the additional property tax in the district calculated  
12 under this chapter and the revenues that would have  
13 been generated by the foundation property tax and the  
14 additional property tax in that district for that  
15 budget year calculated under chapter 442, Code 1989,  
16 if chapter 442 were in effect, except that the  
17 revenues that would have been generated by the  
18 additional property tax levy under chapter 442 shall  
19 not include revenues generated for gifted and talented  
20 children programs and for the school improvement  
21 program. If the property tax revenues for a district  
22 calculated under this chapter, excluding the amount  
23 generated pursuant to section 257.20, exceed the  
24 property tax revenues for that district calculated  
25 under chapter 442, Code 1989, the department of  
26 management shall reduce the revenues raised by the  
27 additional property tax levy in that district under  
28 this chapter by that difference and the department of  
29 education shall pay property tax adjustment aid to the  
30 district equal to that difference.

31 2. PROPERTY TAX ADJUSTMENT AID FOR 1994-1995 AND  
32 SUCCEEDING YEARS. For the budget year beginning July  
33 1, 1994, and succeeding budget years, the department  
34 of education shall pay property tax adjustment aid to  
35 a school district equal to the amount paid to the  
36 district for the base year less an amount equal to the  
37 product of the percent by which the taxable valuation  
38 in the district increased, if the taxable valuation  
39 increased, from January 1 of the year prior to the  
40 base year to January 1 of the base year and the  
41 property tax adjustment aid. The department of  
42 management shall adjust the rate of the additional  
43 property tax accordingly and notify the department of  
44 education of the amount of aid to be paid to each  
45 district.

46 3. PROPERTY TAX ADJUSTMENT AID APPROPRIATION.  
47 There is appropriated from the general fund of the  
48 state to the department of education, for each fiscal  
49 year, an amount necessary to pay property tax  
50 adjustment aid to school districts under this section.

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1 Property tax adjustment aid shall be paid to school  
2 districts in the manner provided in section 257.16 for  
3 foundation aid.

4 Sec. 16. NEW SECTION. 257.16 APPROPRIATIONS.

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

8 All state aids paid under this chapter, unless  
9 otherwise stated, shall be paid in monthly  
10 installments beginning on September 15 of a budget  
11 year and ending on June 15 of the budget year and the  
12 installments shall be as nearly equal as possible as  
13 determined by the department of management, taking  
14 into consideration the relative budget and cash  
15 position of the state resources. However, the state  
16 aid paid to school districts under section 257.13  
17 shall be paid in monthly installments beginning on  
18 December 15 and ending on June 15 of a budget year.

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

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

25 State aid payments made pursuant to section 257.16  
26 for a fiscal year shall be reduced by one one-hundred-  
27 eightieth for each day of that fiscal year for which  
28 the school district begins school before the earliest  
29 starting date specified in section 279.10, subsection  
30 i. However, this section does not apply to a school  
31 district that has received approval from the director  
32 of the department of education under section 279.10,  
33 subsection 4, to commence classes for regularly  
34 established elementary and secondary schools in  
35 advance of the starting date established in section  
36 279.10, subsection i.

37 Sec. 18. NEW SECTION. 257.18 SIZE ADJUSTMENT  
38 PAYMENT.

39 Annually the department of education shall pay to  
40 each school district in which the basic enrollment for  
41 the budget year is five hundred or fewer, and to each  
42 area education agency in which there are fewer than an  
43 average of three and one-half public school pupils per  
44 square mile, a size adjustment payment. School  
45 districts are eligible to receive the size adjustment  
46 payment only if the expenditures for executive  
47 administration of the school district as a percent of  
48 the district's operating fund for the base year are  
49 equal to or less than one hundred ten percent of the  
50 average of the base year expenditures for executive

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1 administration of all school districts as a percent of  
2 their operating funds. The size adjustment payment  
3 for school districts is an amount determined by  
4 multiplying the size adjustment percent by an amount  
5 equal to the state cost per pupil multiplied by the  
6 basic enrollment of the district for the budget year.  
7 The size adjustment percent is the square of the  
8 difference between five hundred and the district's  
9 basic enrollment for the budget year, divided by eight  
10 hundred. The size adjustment payment for area  
11 education agencies is forty dollars multiplied by the  
12 enrollment served in the area education agency.

13 There is appropriated from the general fund of the  
14 state to the department of education for each fiscal  
15 year the sum of seven million dollars, or so much  
16 thereof as is necessary, to pay the size adjustment  
17 payments to school districts and area education  
18 agencies in the amounts calculated under this section.  
19 Size adjustment payments are miscellaneous income. If  
20 the amount appropriated is insufficient to pay the  
21 size adjustment payments to school districts and area  
22 education agencies in full, the department of  
23 education shall prorate the amounts of the payments.

24 If any amount of the appropriation is left at the  
25 end of a fiscal year, the department shall distribute  
26 it pro rata to school districts with classes, in  
27 grades kindergarten through sixth grade, which exceed  
28 twenty-five students in size, to assist those  
29 districts to reduce the size of those classes. The  
30 moneys shall be distributed to each such district in  
31 the proportion that the district's number of students  
32 in classes, in grades kindergarten through sixth  
33 grade, which exceed twenty-five students in size is to  
34 the total number of students in such classes in all  
35 districts.

36 The department of education shall submit  
37 recommendations to the general assembly meeting in  
38 1993 for fully funding the size adjustment.

3536-39 Sec. 19. NEW SECTION. 257.19 EDUCATIONAL  
40 IMPROVEMENT PROGRAM.

3542-41 The board of directors of a school district in  
42 which the district cost per pupil is one hundred ten  
43 percent of the state cost per pupil for a budget year  
44 may hold a hearing and call an election in the manner  
45 provided for approval of the instructional support  
46 program in section 257.20. The proposition voted upon  
47 at the election is whether the school district shall  
48 establish an educational improvement program to  
49 provide additional revenues each fiscal year equal to  
50 a specified percent of the district cost of the

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1 district. If a majority of those voting on the  
2 proposition approves it, annually the board shall  
3 certify the amount to be raised under the educational  
4 improvement program to the department of management.

3527-5 The educational improvement program shall be funded  
6 by a combination of an educational improvement  
7 property tax and an educational improvement income  
8 surtax. The combination of the educational  
9 improvement property tax and the educational  
10 improvement income surtax shall be imposed in the  
11 proportion of a property tax of twenty-seven cents per  
12 thousand dollars of assessed valuation of taxable  
13 property in the district for each five percent of  
14 income surtax. However, if the amount of revenue to  
15 be raised for the educational improvement program is  
16 greater than the amount that could be financed by a  
17 property tax of fifty-four cents per thousand dollars  
18 of assessed valuation of taxable property in the  
19 district and ten percent of income surtax, the portion  
20 in excess of those rates shall be financed by property  
21 tax. The department of management shall establish the  
22 amount of the educational improvement property tax to  
23 be levied and the amount of the school district income  
24 surtax to be imposed for each school year that the  
25 educational improvement amount is authorized.

26 Once approved at an election, the authority of the  
27 board to use the educational improvement program shall  
28 continue until the board votes to rescind the  
29 educational improvement program or the voters of the  
30 school district by majority vote order the  
31 discontinuance of the program. The board shall call  
32 an election to vote on the proposition whether to  
33 discontinue the program upon the receipt of a petition  
34 signed by at least ten percent of the number of  
35 electors voting at the last preceding school election.

36 The educational improvement property tax and  
37 educational improvement income surtax shall be levied  
38 and imposed in the same manner as provided for the  
39 instructional support program in sections 257.20  
40 through 257.26. Moneys received under the educational  
41 improvement program are miscellaneous income.

42 Sec. 20. NEW SECTION. 257.20 INSTRUCTIONAL  
43 SUPPORT PROGRAM.

44 For the budget year beginning July 1, 1991, and  
45 succeeding budget years, the board of directors may  
46 call an election to vote on the proposition whether to  
47 provide additional funding for an instructional  
48 support program for a period not exceeding five years.  
49 Prior to calling the election, the board shall hold a  
50 public hearing on the question. The additional



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

8 The board of directors shall direct the county  
9 commissioner of elections to submit the question of  
10 whether to participate in the instructional support  
11 program to the qualified electors residing in the  
12 district at a regular school election or special  
13 election held not later than December 1. If a  
14 majority of those voting on the question favors  
15 participating in the instructional support program,  
16 the board may certify the budget for the program to  
17 the department of management for each of the next five  
18 years.

3528 19 If the voters do not approve participation in the  
20 instructional support program, the school district's  
21 authority to receive additional funding for the  
22 program ends on June 30 of the next following budget  
23 year.

24 After approval at an election, certification of a  
25 board's intent to participate in the instructional  
26 support program for a budget year and the method of  
27 funding shall be made to the department of management  
28 not later than March 15 of the base year. Funding for  
29 the instructional support program shall be obtained  
30 from instructional support state aid, and from either  
31 an instructional support property tax or a combination  
32 of an instructional support property tax and an  
33 instructional support income surtax, as determined by  
34 the board. The department of management shall  
35 calculate the amount to be raised for the  
36 instructional support program and the amount of  
37 instructional support state aid in the manner provided  
38 in this section.

3551 39 In order to determine the amount to be raised by  
40 the instructional support property tax, or by the  
41 combination of the instructional support property tax  
42 and the instructional support income surtax for a  
43 district, the department of management shall divide  
44 the total assessed valuation in the state by the total  
45 budget enrollment for the budget year in the state to  
46 determine a state assessed valuation per pupil and  
47 shall divide the assessed valuation in each district  
48 by the district's budget enrollment for the budget  
49 year to determine the district valuation per pupil.  
50 The department of management shall multiply the ratio

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355 1 of the state's valuation per pupil to the district's  
2 valuation per pupil by twenty-five hundredths and  
3 subtract that result from one to determine the portion  
4 of the instructional support budget that is funded by  
5 the instructional support property tax or the  
6 combination of the instructional support property tax  
7 and the instructional support income surtax. The  
8 remainder of the budget of the instructional support  
9 program shall be funded by instructional support state  
10 aid.

11 If a school district has approved the use of the  
12 instructional support program at an election, the  
13 district cannot also collect moneys under the  
14 additional enrichment amount approved by the voters  
15 under chapter 442 for that budget year.

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

23 The instructional support property tax shall be  
24 levied in the manner provided for the additional  
25 property tax under section 257.4. If an income surtax  
26 is used in combination with the instructional support  
27 property tax, the instructional support income surtax  
28 shall be imposed as provided in sections 257.21  
29 through 257.26.

30 The combination of the instructional support  
31 property tax and instructional support income surtax  
32 shall be imposed in the proportion of a property tax  
33 of twenty-seven cents per thousand dollars of assessed  
34 valuation of taxable property in the district for each  
35 five percent of income surtax, not exceeding a  
36 property tax of one dollar and eight cents per  
37 thousand dollars of assessed valuation and twenty  
38 percent of income surtax.

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

41 If an instructional support income surtax is used  
42 in combination with the instructional support property  
43 tax, the department of management shall establish the  
44 amount of instructional support property tax to be  
45 levied and the amount of instructional support income  
46 surtax to be imposed for each school year for which  
47 the instructional support amount is authorized. The  
48 department of management shall determine these amounts  
49 based upon the most recent figures available for the  
50 district's valuation of taxable property, individual

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3538-1 state income tax, state corporate income tax, and the  
2 state franchise tax paid, and budget enrollment in the  
3 district, and shall certify to the district's county  
4 auditor the amount of instructional support property  
5 tax, and to the director of revenue and finance the  
6 amount of instructional support income surtax to be  
7 imposed if an income surtax is used.

3538-8 The instructional support income surtax shall be  
9 imposed on the state individual income tax, the state  
10 corporate income tax, and the state franchise tax for  
11 the calendar year during which the school's budget  
12 year begins, or for a taxpayer's fiscal year ending  
13 during the second half of that calendar year or the  
14 first half of the succeeding calendar year, and shall  
15 be imposed on the last day of the applicable tax year  
16 on all individuals residing in the school district, on  
17 all corporations whose main office is located within  
18 the district, and on all financial institutions with  
19 an office located within the district. As used in  
20 this section, "state individual income tax" means the  
21 tax computed under section 422.5, less the deductions  
22 allowed in sections 422.10, 422.11 and 422.12, "state  
23 corporate income tax" means the tax computed under  
24 section 422.33, and "state franchise tax" means the  
25 tax computed under section 422.63. However, if the  
26 resident has a child that under open enrollment is  
27 attending school in another district and that district  
28 has imposed an income surtax, and the resident's child  
29 does not meet the economic eligibility requirements  
30 under the federal National School Lunch and Child  
31 Nutrition Acts, 42 U.S.C. § 1751-1785, for free or  
32 reduced price lunches, the resident is liable for the  
33 income surtax imposed by the other school district and  
34 all surtax paid shall be credited to the account of  
35 that district. The resident shall receive a credit  
36 for the income surtax paid in the other school  
37 district for the income surtax imposed in the  
38 resident's school district. The amount of excess  
39 credit is not refundable.

40 Sec. 22. NEW SECTION. 257.22 STATUTES  
41 APPLICABLE.

42 The director of revenue and finance shall  
43 administer the instructional support income surtax  
44 imposed under this chapter, and sections 422.20,  
3538-45 422.22 to 422.41, 422.60 to 422.63, 422.68, and 422.72  
46 to 422.75 shall apply in respect to administration of  
47 the instructional support income surtax.

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

50 The instructional support income surtax shall be

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3538-1 made a part of the Iowa individual income tax,  
2 corporate income tax, and franchise tax returns  
3 subject to the conditions and restrictions set forth  
4 in section 422.21.  
5 Sec. 24. NEW SECTION. 257.24 DEPOSIT OF  
6 INSTRUCTIONAL SUPPORT INCOME SURTAX.  
7 The director of revenue and finance shall deposit  
8 all moneys received as instructional support income  
9 surtax to the credit of each district from which the  
10 moneys are received, in an "instructional support  
11 income surtax fund" which is established in the office  
12 of the treasurer of state.  
13 The director of revenue and finance shall deposit  
14 all instructional support income surtax moneys  
15 received on or before November 1 of the year following  
16 the close of the school budget year for which the  
17 surtax is imposed to the credit of each district from  
18 which the moneys are received in the instructional  
19 support income surtax fund. All instructional support  
20 income surtax moneys received or refunded after  
21 November 1 of the year following the close of the  
22 school budget year for which the surtax is imposed  
23 shall be deposited in or withdrawn from the general  
24 fund of the state and shall be considered part of the  
25 cost of administering the instructional support income  
26 surtax.  
27 Sec. 25. NEW SECTION. 257.25 INSTRUCTIONAL  
28 SUPPORT INCOME SURTAX CERTIFICATION.  
29 On or before October 20 each year, the director of  
30 revenue and finance shall make an accounting of the  
31 instructional support income surtax collected under  
32 this chapter applicable to tax returns for the last  
33 preceding calendar year, or for fiscal year taxpayers,  
34 on the last day of their tax year ending during that  
35 calendar year and after the date of the election  
36 approving the surtax, from taxpayers in each school  
37 district in the state which has approved the  
38 instructional support program, and which is using an  
39 instructional support income surtax in combination  
40 with an instructional support property tax. The  
41 director of the department of revenue and finance  
42 shall certify to the department of management and the  
43 department of education the amount of instructional  
44 support income surtax credited from the taxpayers of  
45 each applicable school district. Additional returns  
46 in process, if any, at the time of certification shall  
47 be completed and the additional amount of  
48 instructional support income surtax reported to the  
49 department of management for distribution back to the  
50 school district with the first installment of the

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1 following school year.

2 Sec. 26. NEW SECTION. 257.26 INSTRUCTIONAL

3 SUPPORT INCOME SURTAX DISTRIBUTION.

4 The director of revenue and finance shall draw  
5 warrants in payment of the amount of surtax payable to  
6 each of the school districts using the instructional  
7 support income surtax in two installments to be paid  
8 on approximately the first day of December and the  
9 first day of February, and shall cause the warrants to  
10 be delivered to the respective school districts.

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

13 At the expiration of the five-year period for which  
14 the approval at the election was given, the board may  
15 reestablish its participation in the program in the  
16 manner provided for initial approval.

17 Sec. 28. NEW SECTION. 257.28 SCHOOL BUDGET  
18 REVIEW COMMITTEE.

19 A school budget review committee is established in  
20 the department of education and consists of the  
21 director of the department of education, the director  
22 of the department of management, and three members  
23 appointed by the governor to represent the public and  
24 to serve three-year staggered terms beginning and  
25 ending as provided in section 69.19. The three  
26 members appointed by the governor are subject to  
27 senate confirmation as provided in section 2.32. The  
28 committee shall meet and hold hearings each year and  
29 shall continue in session until it has reviewed  
30 budgets of school districts, as provided in section  
31 257.29. It may call in school board members and  
32 employees as necessary for the hearings. Members of  
33 the general assembly shall be notified of hearings  
34 concerning school districts in their constituencies.

35 The committee shall adopt its own rules of  
36 procedure under chapter 17A. The director of the  
37 department of education shall serve as chairperson,  
38 and the director of the department of management shall  
39 serve as secretary. The committee members  
40 representing the public are entitled to receive their  
41 necessary expenses while engaged in their official  
42 duties. Members may also be eligible to receive  
43 compensation as provided in section 7E.6. Expense  
44 payments shall be made from appropriations to the  
45 department of education.

46 Sec. 29. NEW SECTION. 257.29 DUTIES OF THE  
47 COMMITTEE.

48 1. The school budget review committee may  
49 recommend the revision of any rules, regulations,  
50 directives, or forms relating to school district

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1 budgeting and accounting, confer with local school  
2 boards or their representatives and make  
3 recommendations relating to any budgeting or  
4 accounting matters, and direct the director of the  
5 department of education or the director of the  
6 department of management to make studies and  
7 investigations of school costs in any school district.

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

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

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

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

- 48 a. Any unusual increase or decrease in enrollment.
- 49 b. Unusual natural disasters.
- 50 c. Unusual initial staffing problems.

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- 1 d. The closing of a nonpublic school, wholly or in  
2 part.
- 3 e. Substantial reduction in miscellaneous income  
4 due to circumstances beyond the control of the  
5 district.
- 6 f. Unusual necessity for additional funds to  
7 permit continuance of a course or program which  
8 provides substantial benefit to pupils.
- 9 g. Unusual need for a new course or program which  
10 will provide substantial benefit to pupils, if the  
11 district establishes such need and the amount of  
12 necessary increased cost.
- 13 h. Unusual need for additional funds for special  
14 education or compensatory education programs.
- 15 i. Year-round or substantially year-round  
16 attendance programs which apply toward graduation  
17 requirements, including but not limited to trimester  
18 or four-quarter programs. Enrollment in such programs  
19 shall be adjusted to reflect equivalency to normal  
20 school year attendance.
- 21 j. Unusual need to continue providing a program or  
22 other special assistance to non-English-speaking  
23 pupils after the expiration of the three-year period  
24 specified in section 280.4.
- 25 k. Any unique problems of districts.
- 26 6. For each of the budget years beginning July 1,  
27 1991, July 1, 1992, July 1, 1993, and July 1, 1994,  
28 the committee may establish a modified allowable  
29 growth for those school districts that used an in-  
30 crease in allowable growth for the budget year  
31 beginning July 1, 1989, for funding gifted and  
32 talented children programs under section 442.35, Code  
33 1989, and will receive less funding by the addition to  
34 district cost per pupil for programs for gifted and  
35 talented pupils under section 257.10. The amount of  
36 additional allowable growth granted by the committee  
37 shall not exceed the difference between the amount of  
38 revenues received from the additional allowable growth  
39 for the budget year beginning July 1, 1989, and the  
40 funds that will be generated for the district for  
41 programs for gifted and talented pupils under section  
42 257.10 for that budget year. The additional allowable  
43 growth granted by the committee for each of the budget  
44 years beginning July 1, 1991, July 1, 1992, and July  
45 1, 1993, is temporary and the additional allowable  
46 growth granted for the budget year beginning July 1,  
47 1994, is permanent.
- 48 7. The committee shall establish a modified  
49 allowable growth for a district by increasing its  
50 allowable growth when the district submits evidence

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1 that it requires additional funding for removal,  
2 management, or abatement of environmental hazards due  
3 to a state or federal requirement. Environmental  
4 hazards shall include but are not limited to the  
5 presence of asbestos, radon, or the presence of any  
6 other hazardous material dangerous to health and  
7 safety.

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

16 8. At the request of a school district, the  
17 committee may establish a modified allowable growth  
18 for that district by increasing its allowable growth  
19 on a permanent basis when the district cost per pupil  
20 of the district is lower than the state cost per pupil  
21 and the school district presents evidence that the  
22 educational program of the school district is  
23 adversely affected by the lower authorized  
24 expenditures. For the first budget year after the  
25 request is granted, the committee may grant additional  
26 allowable growth in an amount that shall increase  
27 district cost per pupil by one-third of the difference  
28 between the district cost per pupil and the state cost  
29 per pupil. For the second budget year, the committee  
30 may grant additional allowable growth in an amount  
31 that will increase district cost per pupil by one-half  
32 of the remaining difference. For the third budget  
33 year the committee may grant additional allowable  
34 growth so that district cost per pupil equals state  
35 cost per pupil. The committee shall not grant  
36 additional allowable growth in excess of the funding  
37 required for the district cost per pupil to equal the  
38 state cost per pupil.

39 9. Commencing July 1, 1993, the committee may  
40 grant supplemental aid to a school district from funds  
41 appropriated in this subsection for the purpose of  
42 reimbursing school districts for additional costs that  
43 are incurred when a district sends its resident pupils  
44 to another school district or to an area school for  
45 classes either under a whole grade sharing agreement  
46 or for individual pupils, when a district jointly  
47 employs and shares teachers or administrators under  
48 section 280.15, or when a district uses the services  
49 of a teacher employed by another school district.  
50 Additional costs incurred may include, but are not



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1 limited to, transportation costs, additional  
2 instructional costs, and additional personnel costs.  
3 There is appropriated from the general fund of the  
4 state to the department of education for the use of  
5 the school budget review committee, an amount  
6 necessary to reimburse school districts for the  
7 additional costs of sharing approved by the school  
8 budget review committee. The sharing costs per pupil  
9 shall not exceed an amount based upon the supplemental  
10 weighting provided in section 257.11 for the budget  
11 year beginning July 1, 1991.

12 10. The committee may grant transportation  
13 assistance aid to a school district from funds  
14 appropriated in this subsection for the purpose of  
15 providing additional funds for a budget year to school  
16 districts that have costs for mandatory school  
17 transportation based upon the cost per pupil  
18 transported that exceed one hundred ten percent of the  
19 state average cost of mandatory school transportation  
20 based upon the cost per pupil transported for that  
21 year. School districts shall submit to the department  
22 of education the cost of providing mandatory school  
23 transportation in their transportation report filed by  
24 July 15 after each school year. The committee shall  
25 prioritize the requests of school districts, ranking  
26 districts first by their mandatory transportation  
27 costs per pupil transported and then giving  
28 consideration to the geographic size of the district,  
29 and shall, within the limits of the funds appropriated  
30 in this subsection, pay transportation assistance to  
31 those districts ranked in the highest priority based  
32 upon the criteria listed in this subsection. The  
33 committee shall adopt rules under chapter 17A  
34 establishing a procedure for prioritizing requests.  
35 Transportation assistance payments are equal to the  
36 amount that each district's cost of mandatory  
37 transportation based upon the cost per pupil  
38 transported exceeds one hundred ten percent of the  
39 state average cost of transportation based upon the  
40 cost per pupil transported multiplied by the  
41 district's basic enrollment for the budget year.  
42 Payment for a school year shall be made by September 1  
43 after each school year.

44 School districts shall also submit in their  
45 transportation report long-term plans to reduce their  
46 transportation costs. The long-term plans may  
47 include, but are not limited to, more efficient use of  
48 transportation resources, consolidation of  
49 transportation systems, or contracting with regional  
50 municipal or private transit systems. The school

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1 budget review committee shall review the long-range  
2 plans and make recommendations concerning reducing  
3 transportation costs to the school districts.

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

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

16 a. Furnishing, equipping, and contributing to the  
17 construction of a new building or structure for which  
18 the voters of the district have approved a bond issue  
19 as provided by law or the tax levy provided in section  
20 298.2.

21 b. The costs associated with the demolition of an  
22 unused school building, or the conversion of an unused  
23 school building for community use, in a school  
24 district involved in a dissolution or reorganization  
25 under chapter 275, if the costs are incurred within  
26 three years of the dissolution or reorganization.

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

37 12. The committee may approve or modify the  
38 initial base year district cost of any district which  
39 changes accounting procedures.

40 13. When the committee makes a decision under  
41 subsections 3 through 12, it shall make all necessary  
42 changes in the district cost, budget, and tax levy.  
43 It shall give written notice of its decision,  
44 including all such changes, to the school board  
45 through the department of education.

46 14. All decisions by the committee under this  
47 chapter shall be made in accordance with reasonable  
48 and uniform policies which shall be consistent with  
49 this chapter. All such policies of general  
50 application shall be stated in rules adopted in

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1 accordance with chapter 17A. The committee shall take  
2 into account the intent of this chapter to equalize  
3 educational opportunity, to provide a good education  
4 for all the children of Iowa, to provide property tax  
5 relief, to decrease the percentage of school costs  
6 paid from property taxes, and to provide reasonable  
7 control of school costs. The committee shall also  
8 take into account the amount of funds available.

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

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

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

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

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

41 a. If the amount certified for a school district  
42 to the director of the department of management under  
43 this subsection for the base year is positive, the  
44 director of the department of management shall  
45 subtract the amount of the positive balance from the  
46 amount of state aid remaining to be paid to the  
47 district during the budget year. If the positive  
48 amount exceeds the amount of state aid that remains to  
49 be paid to the district, the school district shall pay  
50 the excess on a quarterly basis prior to June 30 of

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1 the budget year to the director of the department of  
2 management from other funds received by the district.  
3 The director of the department of management shall  
4 determine the amount of the positive balance that came  
5 from local property tax revenues and shall increase  
6 the district's total state school aids available under  
7 this chapter for the next following budget year by the  
8 amount so determined and shall reduce the district's  
9 tax levy computed under section 257.4 for the next  
10 following budget year by the amount necessary to  
11 compensate for the increased state aid.

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

19 There is appropriated from the general fund of the  
20 state to the school budget review committee for each  
21 fiscal year an amount equal to the state aid portion  
22 of five percent of the receipts for special education  
23 instruction programs in all districts that had a  
24 positive balance determined under paragraph "a" for  
25 the base year, or the state aid portion of all of the  
26 positive balances determined under paragraph "a" for  
27 the base year, whichever is less, to be used for  
28 supplemental aid payments to school districts. Except  
29 as otherwise provided in this lettered paragraph,  
30 supplemental aid paid to a district is equal to the  
31 state aid portion of the district's negative balance.  
32 The school budget review committee shall direct the  
33 director of the department of management to make the  
34 payments to school districts under this lettered  
35 paragraph.

36 A school district is only eligible to receive  
37 supplemental aid payments during the budget year if  
38 the school district certifies to the school budget  
39 review committee that for the year following the  
40 budget year it will notify the school budget review  
41 committee to instruct the director of the department  
42 of management to increase the district's allowable  
43 growth and will fund the allowable growth increase  
44 either by using moneys from its unexpended cash  
45 balance to reduce the district's property tax levy or  
46 by using cash reserve moneys to equal the amount of  
47 the deficit that would have been property taxes and  
48 any part of the state aid portion of the deficit not  
49 received as supplemental aid. The director of the  
50 department of management shall make the necessary

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1 adjustments to the school district's budget to provide  
2 the additional allowable growth and shall make the  
3 supplemental aid payments.

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

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

22 20. The committee shall perform the duties  
23 assigned to it under chapter 273 and 286A.

24 Sec. 30. NEW SECTION. 257.30 PRIOR ENRICHMENT  
25 APPROVAL.

26 If the electors of a school district approved the  
27 use of the additional enrichment amount prior to July  
28 1, 1991, under chapter 442, Code 1989, or section  
29 279.43, Code 1989, the approval for use of the  
30 enrichment amount shall continue in effect until the  
31 expiration of the period for which it was approved.

32 Sec. 31. NEW SECTION. 257.31 CASH RESERVE  
33 INFORMATION.

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

43 Sec. 32. NEW SECTION. 257.32 AREA EDUCATION  
44 AGENCY PAYMENTS.

45 The department of management shall deduct the  
46 amounts calculated for special education support  
47 services, media services, and educational services for  
48 each school district from the state aid due to the  
49 district pursuant to this chapter and shall pay the  
50 amounts to the respective area education agencies on a

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1 monthly basis from September 15 through June 15 during  
2 each school year. The department of management shall  
3 notify each school district of the amount of state aid  
4 deducted for these purposes and the balance of state  
5 aid shall be paid to the district. If a district does  
6 not qualify for state aid under this chapter in an  
7 amount sufficient to cover its amount due to the area  
8 education agency as calculated by the department of  
9 management, the school district shall pay the  
10 deficiency to the area education agency from other  
11 moneys received by the district, on a quarterly basis  
12 during each school year.

13 Sec. 33. NEW SECTION. 257.33 SPECIAL EDUCATION  
14 SUPPORT SERVICES BALANCES.

15 Notwithstanding chapters 273 and 281 and sections  
16 of this chapter relating to the moneys available to  
17 area education agencies for special education support  
18 services, for each school year, the department of  
19 education may direct the department of management to  
20 deduct amounts from the portions of school district  
21 budgets that fund special education support services  
22 in an area education agency. The total amount  
23 deducted in an area shall be based upon excess special  
24 education support services unreserved and undesignated  
25 fund balances in that area education agency for a  
26 school year. The department of management shall  
27 determine the amount deducted from each school  
28 district in an area education agency on a proportional  
29 basis. The department of management shall determine  
30 from the amounts deducted from the portions of school  
31 district budgets that fund area education agency  
32 special education support services the amount that  
33 would have been local property taxes and the amount  
34 that would have been state aid and for the next  
35 following budget year shall increase the district's  
36 total state school aid available under this chapter  
37 for area education agency special education support  
38 services and reduce the district's property tax levy  
39 for area education agency special education support  
40 services by the amount necessary for the property tax  
41 portion of the deductions made under this section  
42 during the budget year.

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

47 Sec. 34. NEW SECTION. 257.34 FUNDING MEDIA AND  
48 EDUCATIONAL SERVICES.

49 Media services and educational services provided  
50 through the area education agencies shall be funded,

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1 to the extent provided, by an addition to the district  
2 cost of each school district, determined as follows:

3 1. The total amount funded in each area for media  
4 services in the budget year is equal to nine-tenths  
5 percent of the state cost per pupil for the budget  
6 year multiplied by the enrollment served in the area  
7 for the budget year. Thirty percent of the budget of  
8 an area for media services shall be expended for media  
9 resource material which shall only be used for the  
10 purchase or replacement of material required in  
11 section 273.6, subsection 1, paragraphs "a", "b", and  
12 "c". Funds shall be paid to area education agencies  
13 as provided in section 257.32. The costs shall be  
14 allocated to school districts in the area based upon  
15 the proportion of the enrollment served that resides  
16 in the district.

17 2. The total amount funded in each area for  
18 educational services in the budget year is equal to  
19 one percent of the state cost per pupil for the budget  
20 year multiplied by the enrollment served in the area  
21 for the budget year. Funds shall be paid to area  
22 education agencies as provided in section 257.32. The  
23 costs shall be allocated to school districts in the  
24 area based upon the proportion of the enrollment  
25 served that resides in the district.

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

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

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1 the basic enrollment recorded for the area. The  
2 educational services budget shall be reduced by an  
3 amount equal to the product of the cost per pupil in  
4 basic enrollment for the budget year for educational  
5 services times the difference between the enrollment  
6 served and the basic enrollment recorded for the area.

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

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

16 Sec. 35. NEW SECTION. 257.35 PROGRAMS FOR  
17 RETURNING DROPOUTS AND DROPOUT PREVENTION.

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

- 27 1. Program goals, objectives, and activities to  
28 meet the needs of children who may drop out of school.
- 29 2. Student identification criteria and procedures.
- 30 3. Staff in-service education design.
- 31 4. Staff utilization plans.
- 32 5. Evaluation criteria and procedures and  
33 performance measures.
- 34 6. Program budget.
- 35 7. Qualifications required of personnel  
36 administering the program.
- 37 8. A provision for dropout prevention and  
38 integration of dropouts into the educational program  
39 of the district.
- 40 9. A provision for identifying dropouts.
- 41 10. A program for returning dropouts.
- 42 11. Other factors the department requires.

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

50 Sec. 36. NEW SECTION. 257.36 DEFINITIONS.



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1 As used in this chapter:

2 1. "Returning dropouts" are resident pupils who  
3 have been enrolled in a public or nonpublic school in  
4 any of grades seven through twelve who withdrew from  
5 school for a reason other than transfer to another  
6 school or school district and who subsequently  
7 enrolled in a public school in the district.

8 2. "Potential dropouts" are resident pupils who  
9 are enrolled in a public or nonpublic school who  
10 demonstrate poor school adjustment as indicated by two  
11 or more of the following:

12 a. High rate of absenteeism, truancy, or frequent  
13 tardiness.

14 b. Limited or no extracurricular participation or  
15 lack of identification with school, including but not  
16 limited to, expressed feelings of not belonging.

17 c. Poor grades, including but not limited to,  
18 failing in one or more school subjects or grade  
19 levels.

20 d. Low achievement scores in reading or  
21 mathematics which reflect achievement at two years or  
22 more below grade level.

23 e. Children in grades kindergarten through three  
24 who meet the definition of at-risk children adopted by  
25 the department of education.

26 Sec. 37. NEW SECTION. 257.37 PLANS FOR RETURNING  
27 DROPOUTS AND DROPOUT PREVENTION.

28 The board of directors of a school district  
29 requesting to use additional allowable growth for  
30 programs for returning dropouts and dropout prevention  
31 shall submit applications for approval for the  
32 programs to the department not later than November 1  
33 preceding the budget year during which the program  
34 will be offered. The department shall review the  
35 program plans and shall prior to January 15 either  
36 grant approval for the program or return the request  
37 for approval with comments of the department included.  
38 An unapproved request for a program may be resubmitted  
39 with modifications to the department not later than  
40 February 1. Not later than February 15, the  
41 department shall notify the department of management  
42 and the school budget review committee of the names of  
43 the school districts for which programs using  
44 additional allowable growth for funding have been  
45 approved and the approved budget of each program  
46 listed separately for each school district having an  
47 approved program.

48 Sec. 38. NEW SECTION. 257.38 FUNDING FOR  
49 PROGRAMS FOR RETURNING DROPOUTS AND DROPOUT  
50 PREVENTION.

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1 The budget of an approved program for returning  
2 dropouts and dropout prevention for a school district,  
3 after subtracting funds received from other sources  
4 for that purpose, shall be funded annually on a basis  
5 of one-fourth or more from the district cost of the  
6 school district and up to three-fourths by an increase  
7 in allowable growth as defined in section 257.8.  
8 Annually, the department of management shall establish  
9 a modified allowable growth for each such district  
10 equal to the difference between the approved budget  
11 for the program for returning dropouts and dropout  
12 prevention for that district and the sum of the amount  
13 funded from the district cost of the school district  
14 plus funds received from other sources.

15 Sec. 39. NEW SECTION. 257.39 FUNDS FOR NEW  
16 EDUCATIONAL STANDARDS.

17 In addition to the funding provided through the  
18 district cost of school districts, there is  
19 appropriated from the general fund of the state for  
20 each fiscal year to the department of education for  
21 allocation to school districts for the costs of  
22 implementing educational standards adopted by the  
23 state board of education under section 256.11, the sum  
24 of six million nine hundred thousand dollars, or so  
25 much thereof as is necessary, to be allocated to  
26 school districts based upon each school district's  
27 budget enrollment for the budget year. Moneys  
28 received by school districts under this section are  
29 miscellaneous income. Payments under this section  
30 shall be made in the manner provided in section  
31 257.16.

32 Sec. 40. SPECIAL EDUCATION WEIGHTS. For the  
33 budget years beginning July 1, 1991, July 1, 1992, and  
34 July 1, 1993, in making recommendations to the school  
35 budget review committee under section 281.9,  
36 subsection 4, the director of the department of  
37 education shall consider the changes in the value of  
38 the state cost per pupil established under section  
39 257.9 from the value of the state cost per pupil for  
40 the base year established under section 442.8, Code  
41 1989, and changes in the value of the district cost  
42 per pupil for school districts established in section  
43 257.10 from the value of the district cost per pupil  
44 for school districts established in section 442.9,  
45 Code 1989. Notwithstanding section 281.9, subsection  
46 4, for the budget years commencing July 1, 1990, July  
47 1, 1991, and July 1, 1992, the increase or decrease in  
48 the weighting assigned to each category of children  
49 requiring special education is not limited to two-  
50 tenths of the weighting assigned to pupils in a

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1 regular curriculum.

2 Sec. 41. Section 96.31, Code 1989, is amended to  
3 read as follows:

4 96.31 TAX FOR BENEFITS.

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

10 Sec. 42. Section 111E.4, Code 1989, is amended to  
11 read as follows:

12 111E.4 PAYMENT IN LIEU OF PROPERTY TAXES.

13 As a part of the budget proposal submitted to the  
14 general assembly under section 455A.4, subsection 1,  
15 paragraph "c", the director of the department of  
16 natural resources shall submit a budget request to pay  
17 the property taxes for the next fiscal year on open  
18 space property acquired by the department which would  
19 otherwise be subject to the levy of property taxes.  
20 The assessed value of open space property acquired by  
21 the department shall be that determined under section  
22 427.1, subsection 31, and the director may protest the  
23 assessed value in the manner provided by law for any  
24 property owner to protest an assessment. For the  
25 purposes of chapter 442 257, the assessed value of the  
26 open space property acquired by the department shall  
27 be included in the valuation base of the school  
28 district and the payments made pursuant to this  
29 section shall be considered as property tax revenues  
30 and not as miscellaneous income. The county treasurer  
31 shall certify taxes due to the department. The taxes  
32 shall be paid annually from the departmental fund or  
33 account from which the open space property acquisition  
34 was funded. If the departmental fund or account has  
35 no moneys or no longer exists, the taxes shall be paid  
36 from funds as otherwise provided by the general  
37 assembly. If the total amount of taxes due certified  
38 to the department exceeds the amount appropriated, the  
39 taxes due shall be reduced proportionately so that the  
40 total amount equals the amount appropriated. This  
41 section applies to open space property acquired by the  
42 department on or after January 1, 1987.

43 Sec. 43. Section 256.21, unnumbered paragraph 4,  
44 Code 1989, is amended to read as follows:

45 A sabbatical grant to a teacher shall be equal to  
46 the costs to the school district of the teacher's  
47 regular compensation as defined in section 294A.2 plus  
48 the cost to the district of the fringe benefits of the  
49 teacher. The grant shall be paid to the school  
50 district, and the district shall continue to pay the

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1 teacher's regular compensation as well as the cost to  
 2 the district of the substitute teacher. Teachers and  
 3 boards of school districts are encouraged to seek  
 4 funding from other sources to pay the costs of  
 5 sabbaticals for teachers. Grant moneys are  
 6 miscellaneous income for purposes of chapter 442 257.  
 7 Sec. 44. Section 256A.3, subsection 5, Code 1989,  
 8 is amended by adding the following new unnumbered  
 9 paragraph:

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

16 Sec. 45. Section 256A.3, Code 1989, is amended by  
 17 adding the following new subsections:

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

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

3548,  
 3547  
 3534

25 Sec. 46. NEW SECTION. 263.20 EDUCATION FINANCE  
 26 INSTITUTE.

27 An education finance institute is established at  
 28 the university of Iowa to provide the general  
 29 assembly, the department of education, the department  
 30 of management, and associations interested in  
 31 education with information and research regarding the  
 32 funding of school districts under the state school  
 33 finance formula. The institute shall initiate  
 34 research within the limits of the moneys available,  
 35 review school finance research conducted in this state  
 36 and in other states, compare school districts in Iowa  
 37 with other school districts both in Iowa and in other  
 38 states, review the operation of Iowa's school finance  
 39 plan, and serve as a resource to the general assembly  
 40 in actions relating to school finance. The research  
 41 conducted by the institute shall be coordinated with  
 42 the legislative fiscal bureau. The legislative fiscal  
 43 bureau and the house and senate committees on  
 44 education of the general assembly may make  
 45 recommendations to the institute concerning research  
 46 projects to be initiated and information to be  
 47 gathered.

48 Research projects may include but are not limited  
 49 to projects relating to equality of educational  
 50 opportunity, equality of distribution of education

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1 funds, the relationship between school funding and  
2 school improvement, access of students to curriculum  
3 and programs, tax equity, and use of income factors in  
4 school funding.

5 The institute shall be interdisciplinary in focus,  
6 using research teams that may include members from  
7 other higher education institutions under the control  
8 of the state board of regents.

9 The institute shall be financed with moneys  
10 appropriated in this section and additional  
11 contributions from the university of Iowa. In  
12 addition, the university of Iowa shall seek grants and  
13 donations from public and private sources.

14 There is appropriated from the general fund of the  
15 state to the state board of regents for allocation to  
16 the education finance institute for each fiscal year  
17 an amount equal to thirty-two cents multiplied by the  
18 sum of the basic enrollments for the budget year of  
19 all school districts in the state, as basic enrollment  
20 is defined in section 257.6.

21 Sec. 47. Section 265.6, Code 1989, is amended to  
22 read as follows:

23 265.6 STATE AID APPLICABLE.

24 If the state board of regents has established a  
25 laboratory school, it shall receive state aid pursuant  
26 to chapters ~~257 and 281 and-442~~ for each pupil  
27 enrolled in the laboratory school in the same amount  
28 as the public school district in which the pupil  
29 resides would receive aid for that pupil and shall  
30 transmit the amount received to the institution of  
31 higher education at which the laboratory school has  
32 been established. If the board of a school district  
33 terminates a contract with the state board of regents  
34 for attendance of pupils in a laboratory school, the  
35 school district shall inform the ~~state-comptroller~~  
36 department of management of the number of these pupils  
37 who are enrolled in the district on the second third  
38 Friday of the following September. The ~~state~~  
39 comptroller department of management shall pay to the  
40 school district, from funds appropriated in section  
41 ~~442-26 257.16~~, an amount equal to the amount of state  
42 aid paid for each pupil in that school district for  
43 that school year in payments made as provided in  
44 section ~~442-26 257.16~~. However, payments shall not be  
45 made for pupils for which an advance is received by  
46 the district under section ~~442-28 257.13~~.

47 Sec. 48. Section 273.3, subsections 2 and 12, Code  
48 1989, are amended to read as follows:

49 2. Be authorized to receive and expend money for  
50 providing programs and services as provided in

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1 sections 273.1 to 273.9, and chapters 257 and 281 and  
2 442. All costs incurred in providing the programs and  
3 services, including administrative costs, shall be  
4 paid from funds received pursuant to sections 273.1 to  
5 273.9 and chapters 257 and 281 and-442.

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

30 Sec. 49. Section 273.5, subsection 6, Code 1989,  
31 is amended to read as follows:

32 6. Submit to the department of education special  
33 education instructional and support program plans and  
34 applications, subject to criteria listed in chapter  
35 281 and this chapter, for approval by ~~November-1~~  
36 February 15 of each year for the school year  
37 commencing the following July 1.

38 Sec. 50. Section 273.9, Code 1989, is amended to  
39 read as follows:

40 273.9 FUNDING.

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

47 2. School districts shall pay the costs of special  
48 education instructional programs with the moneys  
49 available to the districts for each child requiring  
50 special education, by application of the special

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1 education weighting plan in section 281.9. Special  
2 education instructional programs shall be provided at  
3 the local level if practicable, or otherwise by  
4 contractual arrangements with the area education  
5 agency board as provided in section 273.3, subsection  
6 5, but in each case the total money available through  
7 section 281.9 and chapter ~~442~~ 257 because of weighted  
8 enrollment for each child requiring special education  
9 instruction shall be made available to the district or  
10 agency which provides the special education  
11 instructional program to the child, subject to  
12 adjustments for transportation or other costs which  
13 may be paid by the school district in which the child  
14 is enrolled. Each district shall co-operate with its  
15 area education agency to provide an appropriate  
16 special education instructional program for each child  
17 who requires special education instruction, as  
18 identified and counted within the certification by the  
19 area director of special education or as identified by  
20 the area director of special education subsequent to  
21 the certification, and shall not provide a special  
22 education instructional program to a child who has not  
23 been so identified and counted within the  
24 certification or identified subsequent to the  
25 certification.

26 3. The costs of special education support services  
27 provided through the area education agency shall be  
28 funded by ~~an increase in the allowable growth of each~~  
29 ~~school district, determined as provided in section~~  
30 ~~442-7~~ chapter 257. Special education support services  
31 shall not be funded until the program plans submitted  
32 by the special education directors of each area  
33 education agency as required by section 273.5 are  
34 modified as necessary and approved by the director of  
35 the department of education according to the criteria  
36 and limitations of chapter chapters 257 and 281 and  
37 ~~section-442-7~~.

38 4. The costs of media services provided through  
39 the area education agency shall be funded as provided  
40 in section ~~442-27~~ 257.34. Media services shall not be  
41 funded until the program plans submitted by the  
42 administrators of each area education agency as  
43 required by section 273.4 are modified as necessary  
44 and approved by the director of the department of  
45 education according to the criteria and limitations of  
46 section sections 257.34 and 273.6 ~~and-of-section~~  
47 ~~442-27~~.

48 5. The costs of educational services provided  
49 through the area education agency shall be funded  
50 within the limitations in section ~~442-27~~ 257.34.

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

4 Sec. 51. Section 273.12, Code 1989, is amended to  
5 read as follows:

6 273.12 FUNDS -- USE RESTRICTED.

7 Funds generated for educational services under the  
8 ~~provisions of section 442.27~~ 257.34 and subject to  
9 approval under the provisions of section 273.9,  
10 subsection 5, shall not be expended by an area  
11 education agency for the purpose of assisting either a  
12 public employer or employee organization in collective  
13 bargaining negotiations under chapter 20 if the public  
14 employer is a school district, or the employee  
15 organization consists of employees of a school  
16 district, located within the boundaries of the area  
17 education agency.

18 Sec. 52. Section 273.13, Code 1989, is amended to  
19 read as follows:

20 273.13 ADMINISTRATIVE EXPENDITURES.

21 During the budget year beginning July 1, 1989, and  
22 the three succeeding budget years, the board of  
23 directors of an area education agency in which the  
24 administrative expenditures as a percent of the area  
25 education agency's operating fund for a base year  
26 exceed five percent shall reduce its administrative  
27 expenditures to five percent of the area education  
28 agency's operating fund. During each of the four  
29 years, the board of directors shall reduce  
30 administrative expenditures by twenty-five percent of  
31 the reduction in administrative expenditure required  
32 by this section. Thereafter, the administrative  
33 expenditures shall not exceed five percent of the  
34 operating fund. Annually, the board of directors  
35 shall certify to the department of education the  
36 amounts of the area education agency's expenditures  
37 and its operating fund. For the purposes of this  
38 section, "base year" and "budget year" mean the same  
39 as defined in section 442.6, Code 1989, and section  
40 257.2, and "administrative expenditures" means  
41 expenditures for executive administration.

42 Sec. 53. NEW SECTION. 273.14 AREA EDUCATION  
43 BUDGET REVIEW.

44 1. An area education agency budget review  
45 procedure is established for the school budget review  
46 committee created in section 257.28. The school  
47 budget review committee, in addition to its duties  
48 under chapter 257, shall meet and hold hearings each  
49 year under this chapter to review unusual  
50 circumstances of area education agencies, either upon



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1 the committee's motion or upon the request of an area  
2 education agency. The committee may grant  
3 supplemental aid to the area education agency from  
4 funds appropriated to the department of education for  
5 area school budget review purposes, or an amount may  
6 be added to the area education agency special  
7 education support services allowable growth for  
8 districts in an area or an additional amount may be  
9 added to district cost for media services or  
10 educational services for all districts in an area for  
11 the budget year either on a temporary or permanent  
12 basis, or both.

13 Unusual circumstances shall include but not be  
14 limited to the following:

15 a. An unusual increase or decrease in enrollment  
16 of children requiring special education.

17 b. Unusual need for additional moneys for media  
18 services.

19 c. Unusual need for additional moneys for  
20 educational services.

21 d. Unusual costs for building repair, building  
22 maintenance, or removal of environmental hazards.

23 e. Participation by the area education agency in  
24 telecommunications, electronic, and technological  
25 development with school districts, and related staff  
26 development programs.

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

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

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

44 Sec. 54. Section 274.37, unnumbered paragraph 2,  
45 Code 1987, is amended to read as follows:

46 The boards in the respective districts, the  
47 boundaries of which have been changed under this  
48 section, complete in all respects, except for the  
49 passage of time prior to the effective date of the  
50 change, and when ~~all~~ the right of appeal of the change

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1 has expired, may enter into joint contracts for the  
2 construction of buildings for the benefit of the  
3 corporations whose boundaries have been changed, using  
4 funds accumulated under ~~section-278.17-subsection-7~~  
5 the physical plant and equipment levy in section  
6 298.2. The district in which the building is to be  
7 located may use any funds authorized in accordance  
8 with chapter 75. ~~Nothing-in-this-section-shall-be~~  
9 ~~construed-to~~ This section does not permit the changed  
10 districts to expend any funds jointly which they are  
11 not entitled to expend acting individually.

12 Sec. 55. Section 275.12, subsection 5, Code 1989,  
13 is amended to read as follows:

14 5. The petition may also include a provision that  
15 the ~~schoolhouse-tax voter-approved physical plant and~~  
16 equipment levy provided in section 278.17-subsection-7  
17 298.2, will be voted upon at the election conducted  
18 under section 275.18.

19 Sec. 56. Section 275.14, Code 1989, is amended to  
20 read as follows:

21 275.14 OBJECTION -- TIME OF FILING -- NOTICE.

22 Within ten days after the petition is filed, the  
23 area education agency administrator shall fix a final  
24 date for filing objections to the petition which shall  
25 be not more than sixty days after the petition is  
26 filed and shall fix the date for a hearing on the  
27 objections to the petition. Objections shall be filed  
28 in the office of the administrator who shall give  
29 notice at least ten days prior to the final day for  
30 filing objections, by one publication in a newspaper  
31 published within the territory described in the  
32 petition, or if none is published ~~therein~~ in the  
33 territory, in a newspaper published in the county  
34 where the petition is filed, and of general  
35 circulation in the territory described. The notice  
36 shall also list the date, time, and location for the  
37 hearing on the petition as provided in section 275.15.  
38 The cost of publication shall be assessed to each  
39 district whose territory is involved in the ratio that  
40 the number of pupils in basic enrollment for the  
41 budget year, as defined in section ~~442.4~~ 257.6 in each  
42 district bears to the total number of pupils in basic  
43 enrollment for the budget year in the total area  
44 involved. Objections shall be in writing in the form  
45 of an affidavit and may be made by any person residing  
46 or owning land within the territory described in the  
47 petition, or who would be injuriously affected by the  
48 change petitioned for and shall be on file not later  
49 than twelve o'clock noon of the final day fixed for  
50 filing objections.

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

7 Sec. 57. Section 275.20, Code 1989, is amended to  
8 read as follows:

9 275.20 SEPARATE VOTE IN EXISTING DISTRICTS.

10 The voters shall vote separately in each existing  
11 school district affected and voters residing in the  
12 entire existing district are eligible to vote both  
13 upon the proposition to create a new school  
14 corporation and the proposition to levy the  
15 ~~schoolhouse-tax-under-section-278.17-subsection-7~~  
16 voter-approved physical plant and equipment levy under  
17 section 298.2, if the petition included a provision  
18 for a vote to authorize the levy the-schoolhouse-tax.  
19 If a proposition receives a majority of the votes cast  
20 in each of at least seventy-five percent of the  
21 districts, and also a majority of the total number of  
22 votes cast in all of the districts, the proposition is  
23 carried.

24 Sec. 58. Section 275.31, unnumbered paragraph 1,  
25 Code 1989, is amended to read as follows:

26 If necessary to equalize the division and  
27 distribution, the board or boards may provide for the  
28 levy of additional taxes, which shall be sufficient to  
29 satisfy the mandatory levy required in section 76.2 or  
30 other liabilities of the districts, upon the property  
31 of a corporation or part of a corporation and for the  
32 distribution of the tax revenues so as to effect  
33 equalization. When the board or boards are  
34 considering the equalization levy, the division and  
35 distribution shall not impair the security for  
36 outstanding obligations of each affected corporation.  
37 Any owner of bonds of an affected corporation may  
38 bring suit in equity for adjustment of the division  
39 and distribution in compliance with this section. If  
40 the property tax levy for the amount estimated and  
41 certified to apply on principal and interest on lawful  
42 bonded indebtedness for a newly formed community  
43 school district is greater than the property tax levy  
44 for the amount estimated and certified to apply on  
45 principal and interest in the year preceding the  
46 reorganization or dissolution for a school district  
47 that is a party to the reorganization or dissolution,  
48 and that had a certified enrollment of less than six  
49 hundred for the year prior to the reorganization or  
50 dissolution, and that approved the reorganization or

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1 dissolution prior to July 1, 1989, the board of the  
2 newly formed district shall inform the department of  
3 management. The department of management shall pay  
4 debt service aid to the newly formed district in an  
5 amount that will reduce the rate of the property tax  
6 levy for lawful bonded indebtedness in the portion of  
7 the newly formed district where the new rate is  
8 higher, to the rate that was levied in that portion of  
9 the district during the year preceding the  
10 reorganization or dissolution.

11 Sec. 59. Section 275.33, subsection 2, unnumbered  
12 paragraph 1, Code 1989, is amended to read as follows:

13 The collective bargaining agreement of the district  
14 with the largest basic enrollment, as defined in  
15 section 442-4 257.6, in the new district shall serve  
16 as the base agreement and the employees of the other  
17 districts involved in the formation of the new  
18 district shall automatically be accreted to the  
19 bargaining unit of that collective bargaining  
20 agreement for purposes of negotiating the contracts  
21 for the following years without further action by the  
22 public employment relations board. If only one  
23 collective bargaining agreement is in effect among the  
24 districts which are party to the reorganization, then  
25 that agreement shall serve as the base agreement, and  
26 the employees of the other districts involved in the  
27 formation of the new district shall automatically be  
28 accreted to the bargaining unit of that collective  
29 bargaining agreement for purposes of negotiating the  
30 contracts for the following years without further  
31 action by the public employment relations board. The  
32 board of the newly formed district, using the base  
33 agreement as its existing contract, shall bargain with  
34 the combined employees of the existing districts for  
35 the school year beginning with the effective date of  
36 the reorganization. The bargaining shall be completed  
37 by March 15 prior to the school year in which the  
38 reorganization becomes effective or within one hundred  
39 eighty days after the organization of the new board,  
40 whichever is later. If a bargaining agreement was  
41 already concluded by the board and employees of the  
42 existing district with the contract serving as the  
43 base agreement for the school year beginning with the  
44 effective date of the reorganization, that agreement  
45 shall be void. However, if the base agreement  
46 contains multiyear provisions affecting school years  
47 subsequent to the effective date of the  
48 reorganization, the base agreement shall remain in  
49 effect as specified in the agreement.

50 Sec. 60. Section 275.55, unnumbered paragraph 4,

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1 Code 1989, is amended to read as follows:

2 The attachment is effective July 1 following its  
3 approval. If the dissolution proposal is for the  
4 dissolution of a school district with a certified  
5 enrollment of fewer than six hundred, the territory  
6 located in the school district that dissolved is  
7 eligible, if approved by the director of the  
8 department of education, for a reduction in the  
9 uniform foundation property tax levy under section  
10 442-2 257.3, subsection 1. If the director approves a  
11 reduction in the uniform foundation property tax levy  
12 as provided in this section, the director shall notify  
13 the director of the department of management of the  
14 reduction.

15 Sec. 61. Section 276.11, Code 1989, is amended by  
16 striking the section and inserting in lieu thereof the  
17 following:

18 276.11 FUNDING OF COMMUNITY EDUCATION.

19 The costs of community education shall be paid from  
20 moneys in the general fund of the school district.

21 Sec. 62. Section 277.2, Code 1989, is amended to  
22 read as follows:

23 277.2 SPECIAL ELECTION.

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

35 Sec. 63. Section 278.1, subsection 7, Code 1989,  
36 is amended by striking the subsection.

37 Sec. 64. Section 278.1, unnumbered paragraph 4,  
38 Code 1989, is amended by striking the unnumbered  
39 paragraph.

3533-40 Sec. 65. NEW SECTION. 279.8A STUDENT FEES.

41 Students meeting the economic eligibility  
42 requirements established under the federal National  
43 School Lunch and Child Nutrition Acts, 42 U.S.C. §  
44 1751-1785, for free or reduced price lunches, shall  
45 not be required by the board of directors to pay fees  
46 imposed by the board for enrolling in the school  
47 district or for participation in extracurricular  
48 activities of the school district.

49 Sec. 66. Section 279.26, Code 1989, is amended to  
50 read as follows:

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1 279.26 LEASE ARRANGEMENTS.

2 The board of directors of a local school district  
3 for which a schoolhouse-tax voter-approved physical  
4 plant and equipment levy has been voted pursuant to  
5 section 278.17-subsection-7 298.2, may enter into a  
6 rental or lease arrangement, consistent with the  
7 purposes for which the schoolhouse-tax voter-approved  
8 physical plant and equipment levy has been voted, for  
9 a period not exceeding ten years and not exceeding the  
10 period for which the schoolhouse-tax voter-approved  
11 physical plant and equipment levy has been authorized  
12 by the voters.

13 Sec. 67. Section 279.45, Code 1989, is amended to  
14 read as follows:

15 279.45 ADMINISTRATIVE EXPENDITURES.

16 For the budget year beginning July 1, 1989, and  
17 each of the following three budget years, the board of  
18 directors of a school district in which the  
19 administrative expenditures as a percent of the school  
20 district's operating fund for a base year exceed five  
21 percent, shall reduce its administrative expenditures  
22 so that they are one-half percent less as a percent of  
23 the school district's operating fund than they were  
24 for the base year. However, a school district is not  
25 required to reduce its administrative expenditures  
26 below five percent of its operating fund. Thereafter,  
27 a school district shall not increase the percent of  
28 its administrative expenditures compared to its  
29 operating fund. Annually, the board of directors  
30 shall certify to the department of education the  
31 amounts of the school district's administrative  
32 expenditures and its operating fund. For the purposes  
33 of this section, "base year" and "budget year" mean  
34 the same as defined in section 442.6, Code 1989, and  
35 section 257.2, and "administrative expenditures" means  
36 expenditures for executive administration.

37 Sec. 68. Section 279.46, Code 1989, is amended to  
38 read as follows:

39 279.46 RETIREMENT INCENTIVES -- TAX.

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

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1 retirement allowance under chapter 97B or chapter 294.  
2 If the total estimated accumulated cost to a school  
3 district of the bonus or other incentives for  
4 employees who retire under this section does not  
5 exceed the estimated savings in salaries and benefits  
6 for employees who replace the employees who retire  
7 under the program, the board may certify for include  
8 in the district management levy a tax on all taxable  
9 property in the school district an amount to pay the  
10 costs of the program provided in this section. The  
11 levy certified under this section is in addition to  
12 any other levy authorized for that school district by  
13 law and is not subject to budget limitations otherwise  
14 provided by law. A board may amend its certified  
15 budget during a fiscal year to provide for payments  
16 required under this section. Moneys received from the  
17 levy imposed under this section are miscellaneous  
18 income for purposes of chapter 442.

19 Sec. 69. NEW SECTION. 279.51 PROGRAMS FOR AT-  
20 RISK CHILDREN.

21 1. There is appropriated from the general fund of  
22 the state to the department of education for the  
23 fiscal year beginning July 1, 1990, the sum of eleven  
24 million two hundred thousand dollars. For each  
25 succeeding fiscal year, there is appropriated the  
26 amount appropriated for the previous fiscal year plus  
27 an additional amount equal to the state percent of  
28 growth as calculated in section 257.8 multiplied by  
29 the amount appropriated the previous fiscal year as  
30 follows:

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

37 b. Six million one hundred twenty-five thousand  
38 dollars of the funds appropriated shall be allocated  
39 to the child development coordinating council  
40 established in chapter 256A for the purposes set out  
41 in subsection 2 of this section and section 256A.3.

42 c. For each of the fiscal years during the fiscal  
43 period beginning July 1, 1990, and ending June 30,  
44 1994, eight hundred thousand dollars of the funds  
45 appropriated shall be allocated for the school-based  
46 youth services education program established in  
47 subsection 3. Subject to the approval of the state  
48 board of education, the allocation made in this  
49 paragraph may be renewed for additional four-year  
50 periods of time.

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1 d. Four million dollars of the funds appropriated  
2 shall be allocated as grants to school districts that  
3 have elementary schools that demonstrate the greatest  
4 need for programs for at-risk students with preference  
5 given to innovative programs for the early elementary  
6 school years.

7 e. Additional funds available under this  
8 subsection shall be distributed equally between  
9 paragraphs "b" and "d".

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

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

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

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

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

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

50 Additional objectives of the programs shall be: to



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1 increase the ability of existing agencies within the  
2 community to address the multiple problems of  
3 teenagers and to coordinate their activities, to  
4 provide an accessible and attractive center for  
5 teenagers in or near school that they are most likely  
6 to use, and to facilitate joint planning to make the  
7 most economic and innovative use of community  
8 resources. Programs shall at a minimum provide job  
9 training and employment services, mental health and  
10 family counseling services, and primary health care  
11 services that include but are not limited to physical  
12 examinations, immunizations, hearing and vision  
13 screening, and preventive and primary health care  
14 services, in the context of the educational needs of  
15 the students. Programs shall not include abortion  
16 counseling or the dispensing of contraceptives. The  
17 department shall give additional consideration to  
18 program proposals that provide access to the center  
19 after school, in the evening and on weekends, and  
20 during the summer; that provide a twenty-four hour  
21 telephone hotline or similar service; and that provide  
22 access to day care or on-site day care.

23 The plan shall include the appointment by the board  
24 of a local advisory board for each proposed program,  
25 which at a minimum shall include a representative of  
26 the private industry council serving the area, parents  
27 of children enrolled in the school, a teacher  
28 recommended by the local teachers association, a  
29 representative from the health and mental health com-  
30 munity in the area, teenagers enrolled in the school  
31 and recommended by the school student government, a  
32 representative from the nonprofit provider community,  
33 and a representative from the juvenile court system  
34 serving the area. Management of the program shall be  
35 by the school or by a nonprofit youth service  
36 organization. As used in this subsection, "youth  
37 service" means recreational services, employment  
38 services, civic services, or juvenile treatment  
39 services.

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

50 Grants for the program shall not be used to

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1 construct a new facility, but up to ten percent of the  
2 grant may be used to renovate an existing structure.  
3 In addition, up to ten percent of the grant funds may  
4 be used to provide each of the following service  
5 categories: day care, transportation, and recreation.

6 Program proposals shall include a contribution of  
7 at least twenty percent of the total costs of the  
8 program, which can include "in-kind" services.

9 Partnerships between the public and private sectors to  
10 provide employment and training opportunities for  
11 youth served by the program are particularly  
12 encouraged. The budget for a proposed program shall  
13 not exceed two hundred thousand dollars per year.

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

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

25 Sec. 70. NEW SECTION. 279.52 OPTIONAL FUNDING OF  
26 ASBESTOS PROJECTS.

27 The board of directors may pay the actual cost of  
28 an asbestos project from any funds in the general fund  
29 of the district, funds received from the physical  
30 plant and equipment levy, funds received under the  
31 additional enrichment amount for an asbestos project,  
32 or moneys obtained through a federal asbestos loan  
33 program, to be repaid from any of the funds specified  
34 in this subsection.

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

43 Sec. 71. NEW SECTION. 279.53 ADDITIONAL  
44 ENRICHMENT AMOUNT FOR ASBESTOS PROJECTS.

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

49 2. The board shall determine the additional  
50 enrichment amount needed for an asbestos project,

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1 within the limits of this section, and shall direct  
2 the county commissioner of elections to submit the  
3 question of whether to raise that amount under this  
4 section and section 279.54, to the qualified electors  
5 of the school district at a regular school election  
6 held during September of the base year or at a special  
7 election held not later than February 15 of the base  
8 year or February 15, 1995, whichever is earlier. Only  
9 one election on the question shall be held during a  
10 twelve-month period. If a majority of those voting on  
11 the question favors raising the enrichment amount for  
12 an asbestos project, the board may include the  
13 approved amount in its certified budget.

14 3. The additional enrichment amount needed for an  
15 asbestos project shall be raised within the limits  
16 provided in this section by a combination of an  
17 enrichment property tax and a school district income  
18 surtax imposed in the proportion of a property tax of  
19 twenty-seven cents per thousand dollars of assessed  
20 valuation of taxable property in the district for each  
21 five percent of income surtax.

22 4. The additional enrichment amount for a district  
23 for an asbestos project is limited to the amount which  
24 may be raised by a combination tax in the prescribed  
25 proportion which does not exceed a property tax of one  
26 dollar and sixty-two cents per thousand dollars of  
27 assessed valuation and an income surtax of thirty  
28 percent.

29 Sec. 72. NEW SECTION. 279.54 COMPUTATION OF  
30 ENRICHMENT AMOUNT FOR AN ASBESTOS PROJECT.

31 If a majority of those voting in an election  
32 approves raising the additional enrichment amount for  
33 an asbestos project under section 279.53 and this  
34 section, the board shall certify to the department of  
35 management that the required procedures have been  
36 carried out, and the department of management shall  
37 establish the amount of additional enrichment property  
38 tax to be levied and the amount of school district  
39 income surtax to be imposed for each school year for  
40 which the additional enrichment amount for an asbestos  
41 project is authorized. The department of management  
42 shall determine these amounts based upon the most  
43 recent figures available for the district's valuation  
44 of taxable property, individual state income tax paid,  
45 and budget enrollment in the district, and shall  
46 certify to the district's county auditor the amount of  
47 enrichment property tax, and to the director of  
48 revenue and finance the amount of school district  
49 income surtax to be imposed.

50 The school district income surtax for an asbestos

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1 project shall be imposed on the state individual  
2 income tax for the calendar year during which the  
3 school's budget year begins, or for a taxpayer's  
4 fiscal year ending during the second half of that  
5 calendar year or the first half of the succeeding  
6 calendar year, and shall be imposed on all individuals  
7 residing in the school district on the last day of the  
8 applicable tax year. As used in this section, "state  
9 individual income tax" means the tax computed under  
10 section 422.5, less the deductions allowed in sections  
11 422.10 through 422.12.

12 An additional enrichment amount for an asbestos  
13 project authorized under section 279.53 is authorized  
14 for a period of three years. If the board wishes to  
15 continue any additional enrichment amount for an  
16 asbestos project beyond the period authorized, it  
17 shall reestablish its authority to do so in the manner  
18 provided in section 279.53 within the twelve-month  
19 period prior to termination of the existing period.

20 Sec. 73. NEW SECTION. 279.55 STATUTES  
21 APPLICABLE.

22 The director of revenue and finance shall  
23 administer any school district income surtax imposed  
24 under this chapter, and sections 422.20, 422.22 to  
25 422.31, 422.68, and 422.72 through 422.75, apply in  
26 respect to administration of the school district  
27 income surtax.

28 Sec. 74. NEW SECTION. 279.56 FORM AND TIME OF  
29 RETURN.

30 The school district income surtax imposed under  
31 section 279.54 shall be made a part of the Iowa  
32 individual income tax return subject to the conditions  
33 and restrictions set forth in section 422.21.

34 Sec. 75. NEW SECTION. 279.57 DEPOSIT OF SCHOOL  
35 DISTRICT INCOME SURTAX.

36 The director of revenue and finance shall deposit  
37 the moneys received as school district income surtax  
38 on or before November 1 of the year following the  
39 close of the budget year for which the surtax is  
40 imposed, to the credit of each district from which the  
41 moneys are received, in a "school district income  
42 surtax fund" which is established in the office of the  
43 treasurer of state.

44 All school district surtax moneys received or  
45 refunded after November 1 of the year following the  
46 close of the school budget year for which the surtax  
47 is imposed shall be deposited in or withdrawn from the  
48 general fund of the state and shall be considered part  
49 of the cost of administering the school district  
50 surtax.

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1 Sec. 76. NEW SECTION. 279.58 SCHOOL DISTRICT  
2 INCOME SURTAX CERTIFICATION.

3 On or before October 20 each year, the director of  
4 revenue and finance shall make an accounting of the  
5 school district income surtax collected under this  
6 chapter applicable to tax returns for the last  
7 preceding calendar year, or for fiscal year taxpayers,  
8 on the last day of their tax year ending during that  
9 calendar year and after the date of the election  
10 approving the surtax, from taxpayers in each school  
11 district in the state which has imposed a surtax, and  
12 shall certify to the department of management and the  
13 department of education the amount of total school  
14 district income surtax credited from the taxpayers of  
15 each school district. Additional returns in process,  
16 if any, at the time of certification shall be  
17 completed and the additional amount of school district  
18 income surtax reported to the department of management  
19 for distribution back to the school district with the  
20 first installment of the following school year.

21 Sec. 77. NEW SECTION. 279.59 SCHOOL DISTRICT  
22 INCOME SURTAX DISTRIBUTION.

23 The director of revenue and finance shall draw  
24 warrants in payment of the amount of surtax payable to  
25 each of the school districts in two installments to be  
26 paid on approximately the first day of December and  
27 the first day of February, and shall cause the  
28 warrants to be delivered to the respective school  
29 districts.

30 Sec. 78. Section 280.4, subsection 4, Code 1989,  
31 is amended to read as follows:

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

50 Sec. 79. Section 280.13A, unnumbered paragraph 3,

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1 Code 1989, is amended to read as follows:

2 It is not necessary that school districts that are  
3 parties to an agreement under this section must be  
4 engaged in sharing academic programming and receiving  
5 supplementary weighting under section ~~442-39~~ 257.11.

6 Sec. 80. Section 281.2, subsection 4, Code 1989,  
7 is amended to read as follows:

8 4. ~~Any-funds~~ Moneys received by the school  
9 district of the child's residence for the child's  
10 education, derived from ~~funds moneys~~ received through  
11 chapter ~~442~~ 257, this chapter, and section 273.9 shall  
12 be paid by the school district of the child's  
13 residence to the appropriate education agency, private  
14 agency, or other school district providing special  
15 education for the child pursuant to contractual  
16 arrangements as provided in section 273.3, subsections  
17 5 and 7.

18 Sec. 81. Section 281.8, unnumbered paragraph 1,  
19 Code 1989, is amended to read as follows:

20 It ~~shall-not-be~~ is not incumbent upon the school  
21 districts to keep a child requiring special education  
22 in regular instruction when the child cannot  
23 sufficiently profit from the work of the regular  
24 classroom, nor to keep ~~such a~~ child requiring special  
25 education in the special class or instruction for  
26 children requiring special education when it is  
27 determined by the director of special education of an  
28 area education agency that the child can no longer  
29 benefit from the instruction or needs more specialized  
30 instruction available in special schools. However,  
31 the school district shall count the child requiring  
32 special education in the enrollment as provided in  
33 sections 257.6, 273.9, and 281.9 ~~and-442-4~~ and shall  
34 ~~insure~~ ensure that appropriate educational provisions  
35 are made for the child requiring special education  
36 within the limits of ~~funds moneys~~ available under the  
37 ~~provisions-of~~ this chapter and chapters 257 and 273  
38 ~~and-442~~.

39 Sec. 82. Section 281.9, subsections 2, 4, and 9,  
40 Code 1989, are amended to read as follows:

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

49 4. On December 1, 1987, and no later than December  
50 1 every two years thereafter, for the school year

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1 commencing the following July 1, the director of the  
2 department of education shall report to the school  
3 budget review committee the average costs of providing  
4 instruction for children requiring special education  
5 in the categories of the weighting plan established  
6 under this section, and the director of the department  
7 of education shall make recommendations to the school  
8 budget review committee for needed alterations to make  
9 the weighting plan suitable for subsequent school  
10 years. The school budget review committee shall  
11 establish the weighting plan for each school year  
12 after the school year commencing July 1, 1987, and  
13 shall report the plan to the director of the  
14 department of education. Commencing December 1, 1990,  
15 the school budget review committee may establish  
16 weights to the nearest hundredth. The school budget  
17 review committee shall not alter the weighting  
18 assigned to pupils in a regular curriculum, but it may  
19 increase or decrease the weighting assigned to each  
20 category of children requiring special education by  
21 not more than two-tenths of the weighting assigned to  
22 pupils in a regular curriculum. The state board of  
23 education shall adopt rules under chapter 17A, to  
24 implement the weighting plan for each year and to  
25 assist in identification and proper indexing of each  
26 child in the state who requires special education.

27 9. Commencing with the school year beginning July  
28 1, 1975, funds generated for special education  
29 instructional programs under this chapter and chapter  
30 442 257 shall not be expended for modifications of  
31 school buildings to make them accessible to children  
32 requiring special education. ~~Unenumerated funds~~  
33 ~~generated for special education instructional programs~~  
34 ~~for the school years beginning July 1, 1975 and July~~  
35 ~~1, 1976, shall not be expended for such purpose unless~~  
36 ~~approved by the department of public instruction based~~  
37 ~~upon applications received by the department prior to~~  
38 ~~January 1, 1978 and approved prior to April 1, 1978.~~

39 Sec. 83. Section 282.3, subsection 1, Code 1989,  
40 is amended to read as follows:

41 1. The board may exclude from school children  
42 under the age of six years when in its judgment such  
43 children are not sufficiently mature to be benefited  
44 by regular instruction, ~~or any incorrigible child or~~  
45 ~~any child who in its judgment is so abnormal that~~  
46 ~~regular instruction would be of no substantial~~  
47 ~~benefit, or any child whose presence in school may be~~  
48 ~~injurious to the health or morals of other pupils or~~  
49 ~~to the welfare of such school.~~ However, the board  
50 shall provide special education programs and services

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1 under ~~the provisions of~~ chapters 257, 273, and 281,  
2 ~~and 442~~ for all children requiring special education.  
3 Sec. 84. Section 282.7, subsection 3, Code 1989,  
4 is amended to read as follows:  
5 3. Notwithstanding ~~section sections~~ 28E.9 and  
6 282.8 ~~and section 28E.9~~, a school district may  
7 negotiate an agreement under subsection 1 for  
8 attendance of its pupils in a school district located  
9 in a contiguous state subject to a reciprocal  
10 agreement by the two state boards in the manner  
11 provided in this subsection. Prior to negotiating an  
12 agreement with the school district in the contiguous  
13 state, the board of directors shall file a written  
14 request with the state board of education for a  
15 determination whether the school district in the  
16 contiguous state meets requirements substantially  
17 similar to those required for accredited or approved  
18 school districts in this state and the school district  
19 receives or has available services equivalent to those  
20 that would be provided in this state by an area  
21 education agency. The school district shall also  
22 obtain approval by the department of education of the  
23 sharing proposal, before the agreement becomes  
24 effective. Six months ~~prior to~~ before making the  
25 request for approval, the district shall request a  
26 feasibility study from the department of education.  
27 If the state board of this state and the corresponding  
28 state board in the contiguous state agree that the  
29 school districts of their respective states meet  
30 substantially similar requirements and have  
31 substantially similar services available to the school  
32 district, and if the Iowa department of education  
33 approves the proposed contract, the two state boards  
34 may sign a reciprocal agreement for attendance of  
35 their pupils in the school district of the other  
36 state, subject to the agreement signed between the  
37 boards of directors of the two districts. A school  
38 district that negotiates an agreement with a school  
39 district in a contiguous state under this subsection  
40 is not eligible for supplementary weighting under  
41 ~~section 442-39~~ 257.11 as a result of that agreement.  
42 Sec. 85. Section 282.24, subsection 1, unnumbered  
43 paragraph 1, Code 1989, is amended to read as follows:  
44 ~~There is established a~~ The maximum tuition fee that  
45 may be charged for elementary and high school students  
46 residing within another school district or corporation  
47 except students attending school in another district  
48 under section 282.7, subsection 1, or subsections 1  
49 and 3. ~~That fee,~~ is the district cost per pupil of  
50 the receiving district as computed in section ~~442-97~~



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1 subsection-1, paragraph-"a" 257.10.

2 Sec. 86. Section 282.28, unnumbered paragraph 2,  
3 Code 1989, is amended to read as follows:

4 The area education agency shall submit a claim to  
5 the department of education by August 1 following the  
6 school year for the actual costs of the special  
7 education programs and services provided at the  
8 training school and juvenile home. The department  
9 shall review and approve or modify the claims by  
10 September 1 and shall notify the department of revenue  
11 and finance of the approved claim amount. The total  
12 amount of the approved claim shall be paid by the  
13 department of revenue and finance to the area  
14 education agency by October 1. The total amount paid  
15 by the department of revenue and finance shall be  
16 deducted monthly from the state foundation aid paid  
17 under section ~~442-26~~ 257.16 during the remainder of  
18 that fiscal year to all school districts in the state.  
19 The portion of the total amount of the approved claim  
20 that shall be deducted from the state aid of a school  
21 district shall be the same as the ratio that the  
22 budget enrollment for the budget year of the school  
23 district bears to the total budget enrollment in the  
24 state for that budget year. The department of revenue  
25 and finance shall transfer the total amount of the  
26 approved claim from the moneys appropriated under  
27 section ~~442-26~~ 257.16 for payment to the area  
28 education agency.

29 Sec. 87. Section 282.31, subsection 1, paragraph  
30 a, Code 1989, is amended to read as follows:

31 a. A child who lives in a facility pursuant to  
32 section 282.30, subsection 1, paragraph "a", and who  
33 is not enrolled in the educational program of the  
34 district of residence of the child, shall receive  
35 appropriate educational services. The area education  
36 agency shall submit a proposed program and budget to  
37 the department of education by January 1 for the next  
38 succeeding school year. The department of education  
39 shall review and approve or modify the program and  
40 proposed budget and shall notify the area education  
41 agency by February 1. The area education agency shall  
42 submit a claim to the department of education by  
43 August 1 following the school year for the actual cost  
44 of the program. The department shall review and  
45 approve or modify all expenditures incurred in  
46 compliance with the guidelines pursuant to section  
47 256.7, subsection 12, and shall notify the department  
48 of revenue and finance of the approved claim amount by  
49 September 1. The total amount of the approved claim  
50 shall be paid by the department of revenue and finance

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1 to the area education agency by October 1. The total  
2 amount paid by the department of revenue and finance  
3 shall be deducted monthly from the state school  
4 foundation aid paid under section 442-26 257.16 during  
5 the remainder of that fiscal year to all school  
6 districts in the state. The portion of the total  
7 amount of the approved claims that shall be deducted  
8 from the state aid of a school district shall be the  
9 same as the ratio that the budget enrollment for the  
10 budget year of the school district bears to the total  
11 budget enrollment in the state for that budget year.  
12 The department of revenue and finance shall transfer  
13 the total amount of the approved claims from the  
14 moneys appropriated under section 442-26 257.16 for  
15 payment to the area education agencies.

16 Sec. 88. Section 282.31, subsection 3, Code 1989,  
17 is amended to read as follows:

18 3. The actual special education instructional  
19 costs, including transportation, for a child who  
20 requires special education shall be paid by the  
21 department of revenue and finance to the school  
22 district in which the facility or home is located,  
23 only when a district of residence cannot be  
24 determined, and the child was not included in the  
25 weighted enrollment of any district pursuant to  
26 section 281.9, and the payment pursuant to subsection  
27 2, paragraph "a", was not made by any district. The  
28 district shall submit a proposed program and budget to  
29 the department of education by January 1 for the next  
30 succeeding school year. The department of education  
31 shall review and approve or modify the program and  
32 proposed budget and shall notify the district by  
33 February 1. The district shall submit a claim by  
34 August 1 following the school year for the actual cost  
35 of the program. The department shall review and  
36 approve or modify the claim and shall notify the  
37 department of revenue and finance of the approved  
38 claim amount by September 1. The total amount of the  
39 approved claim shall be paid by the department of  
40 revenue and finance to the school district by October  
41 1. The total amount paid by the department of revenue  
42 and finance shall be deducted monthly from the state  
43 foundation aid paid under section 442-26 257.16 during  
44 the remainder of that fiscal year to all school  
45 districts in the state. The portion of the total  
46 amount of the approved claims that shall be deducted  
47 from the state aid of a school district shall be the  
48 same as the ratio that the budget enrollment for the  
49 budget year of the school district bears to the total  
50 budget enrollment in the state for the budget year.

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1 The department of revenue and finance shall transfer  
2 the total amount of the approved claims from moneys  
3 appropriated under section ~~442-26~~ 257.16 for payment  
4 to the school district.

5 Sec. 89. Section 283A.9, Code 1989, is amended to  
6 read as follows:

7 283A.9 BUILDING FOR SCHOOL LUNCH FACILITY.

8 School districts ~~are authorized to~~ may purchase,  
9 erect, or otherwise acquire a building for use as a  
10 school lunch facility, and to equip ~~such~~ a building  
11 for ~~such~~ that use, and pay for ~~same~~ the acquisition or  
12 equipping from unencumbered funds on hand in the  
13 schoolhouse fund ~~derived from taxes voted under~~  
14 ~~authority of section 278.17 subsection 7, or 275.32,~~  
15 subject to the terms of this section, or may pay for  
16 ~~same~~ the facility or equipment from the proceeds of  
17 the sale of school property sold under section 297.22,  
18 or from surplus remaining in the schoolhouse fund  
19 after retirement of a bond issue, ~~or from a tax voted~~  
20 ~~for said purposes.~~

21 Sec. 90. Section 285.2, unnumbered paragraph 3,  
22 Code 1989, is amended to read as follows:

23 The costs of providing transportation to nonpublic  
24 school pupils as provided in section 285.1 shall not  
25 be included in the computation of district cost under  
26 chapter ~~442~~ 257, but shall be shown in the budget as  
27 an expense from miscellaneous income. Any  
28 transportation reimbursements received by a local  
29 school district for transporting nonpublic school  
30 pupils shall not affect district cost limitations of  
31 chapter ~~442~~ 257. The reimbursements provided in this  
32 section are miscellaneous income as defined in section  
33 ~~442-5~~ 257.2.

34 Sec. 91. Section 286A.2, subsections 3, 4, and 5,  
35 Code 1989, are amended to read as follows:

36 3. "Base year" means base year as defined in  
37 section ~~442-6~~ 257.2.

38 4. "Budget year" means budget year as defined in  
39 section ~~442-6~~ 257.2.

40 5. "State percent of growth" is the state percent  
41 of growth calculated under section ~~442-7~~ 257.8.

42 Sec. 92. Section 286A.14, subsection ~~1~~, unnumbered  
43 paragraph 1, Code 1989, is amended to read as follows:

44 1. An area school budget review procedure is  
45 established for the school budget review committee  
46 created in section ~~442-12~~ 257.28. The school budget  
47 review committee, in addition to its duties under  
48 chapter ~~442~~ 257, shall meet and hold hearings each  
49 year under ~~this~~ chapter to review unusual  
50 circumstances of area schools, either upon the

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1 committee's motion or upon the request of an area  
2 school. The committee may grant supplemental aid to  
3 the area school from funds appropriated to the  
4 department of education for area school budget review  
5 purposes, or an amount may be added to the area school  
6 allowable growth for all cost centers and area school  
7 allowable growth for noninstructional functions for  
8 the budget year either on a temporary or permanent  
9 basis, or the committee may allow both.

10 Sec. 93. Section 291.13, Code 1989, is amended to  
11 read as follows:

12 291.13 GENERAL AND SCHOOLHOUSE FUNDS.

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

33 Sec. 94. Section 294A.2, subsections 1 and 2, Code  
34 1989, are amended to read as follows:

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

43 2. "Enrollment served" for the fiscal years  
44 beginning July 1, 1987, July 1, 1988, and July 1,  
45 1989, means that area education agency's enrollment  
46 served for the budget year beginning July 1, 1987.  
47 For each school year thereafter, enrollment served  
48 means that area education agency's enrollment served  
49 for the budget year. Enrollment served shall be  
50 determined under section ~~442.27, subsection-12~~ 257.34.

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1 Sec. 95. Section 294A.9, unnumbered paragraph 1,  
2 Code 1989, is amended to read as follows:

3 Phase II is established to improve the salaries of  
4 teachers. For each fiscal year through the fiscal  
5 year beginning July, 1, 1990, the department of  
6 education shall allocate to each school district for  
7 the purpose of implementing phase II an a per pupil  
8 amount equal to seventy-five dollars and ninety-three  
9 cents multiplied by the district's certified  
10 enrollment and to each area education agency for the  
11 purpose of implementing phase II an a per pupil amount  
12 equal to three dollars and fifty-five cents multiplied  
13 by the enrollment served in the area education agency,  
14 ~~if the general assembly has appropriated sufficient~~  
15 ~~moneys to the fund so that pursuant to section 294A.3,~~  
16 ~~thirty-eight million five hundred thousand dollars~~  
17 ~~will be allocated by the department to school~~  
18 ~~districts and area education agencies for phase II.~~  
19 ~~If, because of the amount of the appropriation made by~~  
20 ~~the general assembly to the fund, less than thirty-~~  
21 ~~eight million five hundred thousand dollars is~~  
22 ~~allocated for phase II, the department of education~~  
23 ~~shall adjust the amount for each student in certified~~  
24 ~~enrollment and each student in enrollment served based~~  
25 ~~upon the amount allocated for phase II.~~  
26 Notwithstanding the per pupil amount of the payments  
27 specified in this section, for the fiscal year  
28 beginning July 1, 1991, and each succeeding fiscal  
29 year, the per pupil amounts upon which the phase II  
30 moneys are based shall be increased by an amount equal  
31 to the product of the state percent of growth  
32 calculated under section 257.8 and the per pupil  
33 amount for the previous fiscal year.

34 Sec. 96. Section 294A.14, Code 1989, is amended by  
35 adding the following new unnumbered paragraph after  
36 unnumbered paragraph 1:

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

48 Sec. 97. Section 294A.14, unnumbered paragraph 4,  
49 Code 1989, is amended to read as follows:

50 For the purpose of this section, a performance-

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1 based pay plan shall provide for salary increases for  
2 teachers who ~~demonstrate superior performance in~~  
3 ~~completing assigned duties~~ take action to achieve  
4 superior performance through participation in  
5 additional course work, in-service programs,  
6 comprehensive school transformation programs,  
7 activities for students, comprehensive goal-oriented  
8 compensation mechanisms, or innovative education  
9 programs. The plan shall include the method used to  
10 determine superior performance of a teacher. For  
11 school districts, the plan may include assessments of  
12 specific teaching behavior, assessments of student  
13 performance, assessments of other characteristics  
14 associated with effective teaching, or a combination  
15 of these criteria.

16 Sec. 98. Section 294A.22, Code 1989, is amended to  
17 read as follows:

18 294A.22 PAYMENTS.

19 Payments for each phase of the educational  
20 excellence program shall be made by the department of  
21 revenue and finance on a quarterly basis, and the  
22 payments shall be separate from state aid payments  
23 made pursuant to sections ~~442-25~~ 257.16 and ~~442-26~~  
24 ~~257.32.~~ ~~For the school year beginning July 1, 1987,~~  
25 ~~the first quarterly payment shall be made not later~~  
26 ~~than October 15, 1987 taking into consideration the~~  
27 ~~relative budget and cash position of the state~~  
28 ~~resources.~~ The payments to a school district or area  
29 education agency may be combined and a separate  
30 accounting of the amount paid for each program shall  
31 be included.

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

35 Sec. 99. Section 294A.25, subsection 1, Code 1989,  
36 is amended to read as follows:

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

50 Sec. 100. Section 294A.25, subsection 5, Code

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1 1989, is amended to read as follows:

2 5. For each the fiscal year beginning July 1,  
3 1991, and succeeding fiscal years, the remainder of  
4 moneys appropriated in subsection 1 to the department  
5 of education shall be deposited in the educational  
6 excellence fund to be allocated in an amount to meet  
7 the minimum salary requirements of this chapter for  
8 phase I, in an amount ~~of thirty-eight million five~~  
9 ~~hundred thousand dollars~~ to meet the requirements for  
10 phase II, and the remainder of the appropriation for  
11 phase III.

12 Sec. 101. Section 296.7, Code 1989, is amended to  
13 read as follows:

14 296.7 INDEBTEDNESS FOR INSURANCE AUTHORIZED -- TAX  
15 LEVY.

16 A school district or merged area school corporation  
17 ~~is authorized to~~ may contract indebtedness and to  
18 issue general obligation bonds or enter into insurance  
19 agreements obligating the school district or  
20 corporation to make payments beyond its current budget  
21 year to procure or provide for a policy of insurance,  
22 a self-insurance program, or establish and maintain a  
23 local government risk pool to protect the school  
24 district or corporation from tort liability, loss of  
25 property, environmental hazards, or any other risk  
26 associated with the operation of the school district  
27 or corporation. Taxes for the payment of the  
28 principal, premium, or interest on such-a-bond the  
29 bonds, the payment of such-an the premium on the  
30 insurance policy, the payment of the costs of such a  
31 self-insurance program, the payment of the costs of  
32 such a local government risk pool, and the payment of  
33 any amounts payable under any-such an insurance  
34 agreement authorized in this section may be levied in  
35 excess of any tax limitation imposed by statute.  
36 However, for a school district, a tax levied under  
37 this section shall be included in the district  
38 management levy under section 298.4. Such a self-  
39 insurance program or local government risk pool is not  
40 insurance and is not subject to regulation under  
41 chapters 505 through 523C. However, those self-  
42 insurance plans regulated pursuant to section 509A.14  
43 shall remain subject to the requirements of section  
44 509A.14 and rules adopted pursuant to that section.

45 If the board by resolution restricts the use of  
46 money in a fund as a reserve for uninsured liability  
47 or a self-insurance program, the use shall be  
48 restricted and unavailable for any other purpose until  
49 the board removes the restriction. The removal is not  
50 effective until all obligations of the restricted fund

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1 have been satisfied, or the next fiscal year,  
2 whichever occurs later.

3 Sec. 102. NEW SECTION. 297.35 CONTINUATION OF  
4 LOAN AGREEMENT.

5 A loan agreement between a school district and a  
6 bank, investment banker, trust company, insurance  
7 company, or insurance group that was made under  
8 section 297.36, Code 1989, prior to July 1, 1991, in  
9 order to make immediately available proceeds of the  
10 schoolhouse tax approved by the voters prior to July  
11 1, 1991, and the levy of taxes to pay principal and  
12 interest thereafter shall continue in effect for the  
13 duration of the loan agreement.

14 Sec. 103. Section 297.36, Code 1989, is amended to  
15 read as follows:

16 297.36 LOAN AGREEMENTS.

17 In order to make immediately available proceeds of  
18 the ~~schoolhouse-tax~~ voter-approved physical plant and  
19 equipment levy which has been approved by the voters  
20 as provided in section ~~278-17-subsection-7~~ 298.2, the  
21 board of directors may, with or without notice, borrow  
22 money and enter into loan agreements in anticipation  
23 of the collection of the tax with a bank, investment  
24 banker, trust company, insurance company, or insurance  
25 group.

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

38 The loan must mature within the period of time  
39 authorized by the voters and shall bear interest at a  
40 rate which does not exceed the limits ~~provided~~ under  
41 chapter 74A. A loan agreement entered into pursuant  
42 to this section shall be in a form as the board of  
43 directors shall by resolution provide and the loan  
44 shall be payable as to both principal and interest  
45 from the proceeds of the annual levy of the ~~voted-tax~~  
46 ~~pursuant-to-section-278-17-subsection-7~~ voter-approved  
47 physical plant and equipment levy, or so much thereof  
48 as will be sufficient to pay the loan and interest on  
49 the loan.

50 The proceeds of a loan must be deposited in a fund



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1 which is separate from other district funds. Warrants  
2 paid from this fund must be for purposes authorized by  
3 ~~the voters as provided in section 278.17, subsection 7~~  
4 for the voter-approved physical plant and equipment  
5 levy.

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

24 This section is supplemental and in addition to  
25 existing statutory authority to finance the purposes  
26 specified in section ~~278.17, subsection 7~~ 298.2 for the  
27 physical plant and equipment levy, and for the  
28 borrowing of money and execution of loan agreements in  
29 connection with that section and subsection, and is  
30 not subject to any other law. The fact that a school  
31 corporation may have previously borrowed money and  
32 entered into loan agreements under authority of this  
33 section does not prevent the school corporation from  
34 borrowing additional money and entering into further  
35 loan agreements if the aggregate of the amount payable  
36 under all of the loan agreements does not exceed the  
37 proceeds of the voted-tax voter-approved physical  
38 plant and equipment levy.

39 Sec. 104. Section 298.1, Code 1989, is amended to  
40 read as follows:

41 298.1 SCHOOL TAXES.

42 The board of each school district shall estimate  
43 the amount of the proposed expenditures and proposed  
44 receipts for the general school purposes at a time and  
45 in a manner to effectuate the provisions of chapter  
46 ~~442~~ 257 and sections 281.9 and 281.11. Compliance  
47 with chapter 24 shall be observed.

48 Sec. 105. NEW SECTION. 298.2 IMPOSITION OF  
49 PHYSICAL PLANT AND EQUIPMENT LEVY.

50 1. A physical plant and equipment levy of not

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1 exceeding one dollar per thousand dollars of assessed  
2 valuation in the district is established. The  
3 physical plant and equipment levy consists of the  
4 regular physical plant and equipment levy of not  
5 exceeding thirty-three cents per thousand dollars of  
6 assessed valuation in the district and a voter-  
7 approved physical plant and equipment levy consisting  
8 of a property tax levy not exceeding sixty-seven cents  
9 per thousand dollars of assessed valuation in the  
10 district or at the option of the board of directors a  
11 combination of a property tax levy and income surtax  
12 that will raise an amount equal to a property tax levy  
13 of sixty-seven cents per thousand dollars of assessed  
14 valuation. The combination of the property tax levied  
15 under this section and the income surtax imposed under  
16 this section shall be imposed in the proportion of a  
17 property tax of twenty-seven cents per thousand  
18 dollars of assessed valuation of taxable property in  
19 the district for each five percent of income surtax.  
20 If an income surtax will be imposed, the board shall  
21 certify the results of the election held under  
22 subsection 3 to the department of management. The  
23 department of management shall establish the amount of  
24 the property tax to be levied and the amount of the  
25 income surtax to be imposed for each school year that  
26 the levy is authorized.

27 If a combination of a property tax and income  
28 surtax is used, the property tax and income surtax  
29 shall be levied and imposed in the same manner as  
30 provided for the instructional support program in  
31 sections 257.20 through 257.26. The levy limitations  
32 of this subsection are subject to subsection 5.

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

37 3. The board may, and upon the written request of  
38 twenty-five eligible electors of a district having a  
39 population of five thousand or less or of fifty  
40 eligible electors of any other district shall, direct  
41 the county commissioner of elections to provide for  
42 submitting the proposition of levying the voter-  
43 approved physical plant and equipment levy for a  
44 period of time authorized by the voters in the notice  
45 of election. The ballot proposition shall contain the  
46 question of whether to impose the levy and shall  
47 specify whether the revenues to be raised will be  
48 raised by a property tax levy or by a combination of a  
49 property tax and an income surtax. The proposition is  
50 adopted if a majority of those voting on the

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1 proposition approves it.

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

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

20 5. If the board of directors of a school district  
21 in which the voters have authorized the schoolhouse  
22 tax prior to July 1, 1991, has entered into a rental  
23 or lease arrangement under section 279.26, Code 1989,  
24 or has entered into a loan agreement under section  
25 297.36, Code 1989, the levy shall continue for the  
26 period authorized and the maximum property tax levy,  
27 in subsection 1 or subsection 3, as applicable, that  
28 can be authorized under the voter-approved physical  
29 plant and equipment levy is reduced by the rate of the  
30 schoolhouse tax.

31 Sec. 106. NEW SECTION. 298.3 REVENUES FROM THE  
32 LEVIES.

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

37 1. The purchase and improvement of grounds. For  
38 the purpose of this section: "purchase of grounds"  
39 includes the legal costs relating to the property  
40 acquisition, costs of surveys of the property, costs  
41 of relocation assistance under state and federal law,  
42 and other costs incidental to the property  
43 acquisition. "Improvement of grounds" includes  
44 grading, landscaping, paving, seeding, and planting of  
45 shrubs and trees; constructing sidewalks, roadways,  
46 retaining walls, sewers and storm drains, and  
47 installing hydrants; surfacing and soil treatment of  
48 athletic fields and tennis courts; furnishing and  
49 installing flagpoles, gateways, fences, and  
50 underground storage tanks which are not parts of

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1 building service systems; demolition work; and special  
2 assessments against the school district for public  
3 improvements, as defined in section 384.37.

4 2. The construction of schoolhouses or buildings  
5 and opening roads to schoolhouses or buildings.

3544-6 3. The purchase of buildings and the purchase of a  
7 single unit of equipment exceeding five thousand  
8 dollars in value.

9 4. The payment of debts contracted for the  
10 erection or construction of schoolhouses or buildings,  
11 not including interest on bonds.

12 5. Procuring or acquisition of libraries.

13 6. Repairing, remodeling, reconstructing,  
14 improving, or expanding the schoolhouses or buildings  
15 and additions to existing schoolhouses.

16 For the purpose of this subsection, "repairing"  
17 means to restore an existing structure or thing to its  
18 original condition, as near as may be, after decay,  
19 waste, injury, or partial destruction, but does not  
20 include maintenance; and "reconstruction" means to  
21 rebuild or to restore as an entity a thing which was  
22 lost or destroyed.

23 7. Expenditures for energy conservation.

24 8. The rental of facilities under chapter 28E.

25 9. Purchase of transportation equipment for  
26 transporting students.

27 10. Lease-purchase option agreements for school  
28 buildings.

29 11. Equipment purchases for recreational purposes.

30 Interest earned on money in the schoolhouse fund  
31 may be expended for a purpose listed in this section.

32 Sec. 107. NEW SECTION. 298.4 DISTRICT MANAGEMENT  
33 LEVY.

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

353-41 1. To pay the costs of executive administration.

42 2. To pay the cost of unemployment benefits as  
43 provided in section 96.31.

44 3. To pay the costs of liability insurance and the  
45 costs of a judgment or settlement relating to  
46 liability together with interest accruing on the  
47 judgment or settlement to the expected date of  
48 payment.

49 4. To pay the costs of insurance agreements under  
50 section 296.7.

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1 5. To pay the costs of a judgment under section  
2 298.16.

3 6. To pay the cost of early retirement benefits to  
4 employees under section 279.46.

5 Sec. 108. Section 298.9, Code 1989, is amended to  
6 read as follows:

7 298.9 SPECIAL LEVIES.

8 If ~~a schoolhouse tax~~ the voter-approved physical  
9 plant and equipment levy is voted at a special  
10 election and certified to said the board after the  
11 regular levy is made, it the board shall at its next  
12 regular meeting levy such the tax and cause ~~the same~~  
13 it to be ~~forthwith~~ entered upon the tax list to be  
14 collected as other school taxes. If the certification  
15 is ~~so~~ filed prior to April 1, said the annual levy  
16 shall begin with the tax levy of the year of filing.  
17 If the certification is filed after April 1 in any a  
18 year, such the levy shall begin with the levy of the  
19 fiscal year succeeding the year of the filing of such  
20 the certification.

21 Sec. 109. Section 298.10, Code 1989, is amended to  
22 read as follows:

23 298.10 LEVY FOR CASH RESERVE.

24 The board of directors of a school district may  
25 certify for levy by March 15 of a school year, a tax  
26 on all taxable property in the school district in  
27 order to raise an amount for a necessary cash reserve  
28 for a school district's general fund. The amount  
29 raised for a necessary cash reserve does not increase  
30 a school district's authorized expenditures as defined  
31 in section ~~442-57-subsection-2~~ 257.7.

32 Sec. 110. Section 298.16, Code 1989, is amended to  
33 read as follows:

34 298.16 JUDGMENT TAX.

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

42 Sec. 111. Section 301.30, unnumbered paragraph 3,  
43 Code 1989, is amended to read as follows:

44 The costs of providing textbook services to  
45 nonpublic school pupils as provided in section 301.1  
46 shall not be included in the computation of district  
47 cost under chapter ~~442~~ 257, but shall be shown in the  
48 budget as an expense from miscellaneous income. Any  
49 textbook reimbursements received by a local school  
50 district for serving nonpublic school pupils shall not

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1 affect district cost limitations of chapter 442 257.  
2 The reimbursements provided in this section are  
3 miscellaneous income as defined in section 442-5  
4 257.2.

5 Sec. 112. Section 331.512, subsection 12, Code  
6 1989, is amended to read as follows:

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

9 Sec. 113. Section 422.9, subsection 6, unnumbered  
10 paragraph 3, Code 1989, is amended to read as follows:

11 ~~The provisions of this~~ This subsection shall does  
12 not affect the amount of the taxpayer's checkoff to  
13 the Iowa election campaign fund under section 56.18,  
14 the checkoff for the fish and game protection fund in  
15 section 107.16, the credits from tax provided in  
16 sections 422.107-422.11A7-and through 422.12 and the  
17 allocation of these credits between spouses if the  
18 taxpayers filed separate returns or separately on  
19 combined returns, or the amount of the taxpayer's  
20 school district income surtax liability under section  
3536 21 442-15 sections 257.19, 257.21, 279.54, and 298.2 as  
22 these items were properly computed or claimed on  
3531 23 taxpayers' returns.

24 Sec. 114. Section 442.2, subsection 1, unnumbered  
25 paragraph 3, Code 1989, is amended to read as follows:

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

35 Sec. 115. Section 442.2, Code 1989, is amended by  
36 adding the following new unnumbered paragraph:

37 NEW UNNUMBERED PARAGRAPH. The reduced property tax  
38 rates of those reorganized districts that met the  
39 requirements of this section shall continue to  
40 increase as provided in this section until they reach  
41 five dollars and forty cents.

42 Sec. 116. Section 442.9, subsection 1, paragraph  
43 a, unnumbered paragraph 1, Code 1989, is amended to  
44 read as follows:

45 As used in this chapter, regular program district  
46 cost per pupil for the budget year is equal to the  
47 regular program district cost per pupil for the base  
48 year plus the allowable growth. However, regular  
49 program district cost per pupil does not include  
50 additional allowable growth added for-programs-for

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1 ~~gifted-and-talented-children~~, for programs for  
 2 returning dropouts, and for educational improvement  
 3 projects under chapter 260A, for special education  
 4 support services costs, or for school districts that  
 5 have a negative balance of funds raised for special  
 6 education instruction programs under section 442.13,  
 7 subsection 14, paragraph "b", and does not include  
 8 additional allowable growth established by the school  
 9 budget review committee for a single school year only.

10 Sec. 117. Section 442.9A, unnumbered paragraph 4,  
 11 Code 1989, is amended to read as follows:

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

3549-17 Sec. 118. Section 442.39, subsection 4, Code 1989,  
 18 is amended to read as follows:

3549-19 4. Pupils enrolled in a school district in which  
 20 ~~one-or-more-administrators-are the superintendent is~~  
 21 ~~employed jointly under section 280.15, or in-which-one~~  
 22 ~~or-more-administrators-are-employed-under-section~~  
 23 273.7A, are assigned a weighting of one plus five-  
 24 ~~hundredths twenty-five thousandths~~ for each  
 25 ~~administrator superintendent~~ who is jointly employed  
 26 times the percent of the ~~administrator's~~  
 27 ~~superintendent's~~ time in which the ~~administrator~~  
 28 ~~superintendent~~ is employed in the school district.  
 29 However, the total additional weighting assigned under  
 30 this subsection for a budget year for a school  
 31 district is fifteen seven and one-half and the total  
 32 additional weighting that may be added cumulatively to  
 33 the enrollment of school districts sharing an  
 34 ~~administrator a superintendent~~ is twenty-five twelve  
 35 and one-half.

36 ~~For-the-purposes-of-this-section,"administrators"~~  
 37 ~~includes-the-following:~~

38 ~~---a.---Executive-administrators, which-includes-the~~  
 39 ~~superintendent-and-such-assistants-as-deputy,~~  
 40 ~~associate, and-assistant-superintendents-who-perform~~  
 41 ~~activities-in-the-general-direction-and-management-of~~  
 42 ~~the-affairs-of-the-local-school-districts.~~

43 ~~---b.---School-administrators, which-includes-assistant~~  
 44 ~~principals, and-other-assistants-in-general~~  
 45 ~~supervision-of-the-operations-of-the-school.---School~~  
 46 ~~administrators-does-not-include-principals.~~

47 ~~---c.---Business-administrators, which-includes~~  
 48 ~~personnel-associated-with-activities-concerned-with~~  
 49 ~~purchasing, paying-for, transporting, exchanging, and~~  
 50 ~~maintaining-goods-and-services-for-the-school~~

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1 district.

2 Effective July 1, 1988, the additional weighting  
3 assigned under this subsection may be assigned to a  
4 district for a maximum of five years and, thereafter,  
5 the additional weighting shall not be assigned to the  
6 same district under this section, but may be assigned  
7 under section 442.39A. Additional weighting assigned  
8 under this subsection between July 1, 1988, and June  
9 30, 1989, may be continued under this subsection for a  
10 maximum of five years.

11 Sec. 119. Section 613A.7, Code 1989, is amended to  
12 read as follows:

13 613A.7 INSURANCE.

14 The governing body of any a municipality may  
15 purchase a policy of liability insurance insuring  
16 against all or any part of liability which might be  
17 incurred by such the municipality or its officers,  
18 employees, and agents under ~~the provisions of~~ section  
19 613A.2 and section 613A.8 and may similarly purchase  
20 insurance covering torts specified in section 613A.4.  
21 The governing body of any a municipality may adopt a  
22 self-insurance program, including but not limited to  
23 the investigation and defense of claims, the  
24 establishment of a reserve fund for claims, the  
25 payment of claims, and the administration and  
26 management of the self-insurance program, to cover all  
27 or any part of the liability. The governing body of  
28 any a municipality may join and pay funds into a local  
29 government risk pool to protect itself against any or  
30 all liability. The governing body of any a  
31 municipality may enter into insurance agreements  
32 obligating the municipality to make payments beyond  
33 its current budget year to provide or procure such  
34 policies of insurance, self-insurance program, or  
35 local government risk pool. The premium costs of such  
36 the insurance, the costs of such a self-insurance  
37 program, the costs of a local government risk pool,  
38 and the amounts payable under any such insurance  
39 agreements may be paid out of the general fund or any  
40 available funds or may be levied in excess of any tax  
41 limitation imposed by statute. However, for school  
42 districts, the costs shall be included in the district  
43 management levy as provided in section 296.7. Any  
44 independent or autonomous board or commission in the  
45 municipality having authority to disburse funds for a  
46 particular municipal function without approval of the  
47 governing body may similarly enter into insurance  
48 agreements, procure liability insurance, adopt a self-  
49 insurance program, or join a local government risk  
50 pool within the field of its operation. The



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1 procurement of such insurance constitutes a waiver of  
2 the defense of governmental immunity as to those  
3 exceptions listed in section 613A.4 to the extent  
4 stated in such the policy but shall have no further  
5 effect on the liability of the municipality beyond the  
6 scope of this chapter, but if a municipality adopts a  
7 self-insurance program or joins and pays funds into a  
8 local government risk pool such action does not  
9 constitute a waiver of the defense of governmental  
10 immunity as to the exceptions listed in section  
11 613A.4. The existence of any insurance which covers  
12 in whole or in part any judgment or award which may be  
13 rendered in favor of the plaintiff, or lack of any  
14 such insurance, shall not be material in the trial of  
15 any action brought against the governing body of any a  
16 municipality, or its officers, employees, or agents  
17 and any reference to such insurance, or lack of same  
18 insurance, shall-be is grounds for a mistrial. A  
19 self-insurance program or local government risk pool  
20 is not insurance and is not subject to regulation  
21 under chapters 505 through 523C.

22 Sec. 120. Section 613A.10, Code 1989, is amended  
23 to read as follows:

24 613A.10 TAX TO PAY JUDGMENT OR SETTLEMENT.

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

40 Sec. 121. If the electors of a school district  
41 have approved, prior to March 15, 1991, the  
42 schoolhouse tax levy to provide for the lease-purchase  
43 of school buildings or other authorized school  
44 district tax levy, the tax levy so approved shall  
45 continue in effect until the expiration period for  
46 which it was approved.

3539  
3528-47 Sec. 122. LOW SPENDING DISTRICTS. The department  
48 of education is directed to develop recommendations  
49 and submit them to the general assembly not later than  
50 January 15, 1990, concerning a procedure which could

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1 be used to provide additional moneys to school  
2 districts which have a district cost per pupil that is  
3 lower than the state cost per pupil under the state  
4 school foundation formula in sections 1 through 33 of  
5 this Act.

6 Sec. 123. INCOME WEALTH DATA. The department of  
7 revenue and finance is directed to collect data on the  
8 income wealth and other nonproperty wealth of Iowa  
9 taxpayers by school district. The information shall  
10 include income wealth per student by school district  
11 and shall compile the information on a statewide  
12 basis. The department of revenue and finance shall  
13 report the results of its data collection to the  
14 general assembly meeting in 1991.

3540- 15 Sec. 124. FUNDS FOR NEW EDUCATIONAL STANDARDS.  
16 There is appropriated from the general fund of the  
17 state for the fiscal year commencing July 1, 1990, and  
18 ending June 30, 1991, to the department of education  
19 for allocation to school districts for the costs of  
20 implementing educational standards adopted by the  
21 state board of education under section 256.11, the sum  
22 of sixteen million nine hundred thousand dollars, or  
23 so much thereof as is necessary, to be allocated to  
24 school districts based upon each school district's  
25 budget enrollment for the budget year. From the  
26 moneys appropriated in this section, ten million  
27 dollars shall be allocated for programs for gifted and  
28 talented pupils. Moneys received by school districts  
29 under this section are miscellaneous income for pur-  
30 poses of chapter 442. Payments under this section  
31 shall be made in the manner provided in section  
32 442.26.

3541, 3540- 33 Sec. 125. The legislative council shall establish  
34 an interim study committee to review the property  
35 taxes paid in this state and to recommend a proposal  
36 that will reduce property taxes commencing July 1,  
37 1991, by approximately thirty million dollars on a  
38 statewide basis. The study committee shall present  
39 its recommendations to the legislative council not  
40 later than December 1, 1989.

41 Sec. 126. Chapter 260A, Code 1989, is repealed  
42 effective July 1, 1991.

43 Sec. 127. Chapter 257, Code 2001, is repealed July  
44 1, 2001.

45 Sec. 128. Sections 442.31 through 442.36, Code  
46 1989, are repealed effective July 1, 1990.

47 Sec. 129. Sections 279.43, 294A.11, 294A.24,  
48 297.5, and 298.17, Code 1989, are repealed effective  
49 July 1, 1991.

50 Sec. 130. Section 280.13A, Code 1991, is repealed

HOUSE FILE 535

S-3551

- 1 Amend the amendment, S-3508, to House File 535, as  
2 amended, passed, and reprinted by the House, as  
3 follows:  
4 1. Page 23, line 44, by striking the words  
5 "assessed valuation in" and inserting the following:  
6 "individual income tax paid by residents of".  
7 2. Page 23, line 46, by striking the words  
8 "assessed valuation" and inserting the following:  
9 "income tax".  
10 3. Page 23, line 47, by striking the words  
11 "assessed valuation in" and inserting the following:  
12 "total individual income tax paid by residents of".  
13 4. Page 23, line 49, by striking the word  
14 "valuation" and inserting the following: "income  
15 tax".  
16 5. Page 24, line 1, by striking the word  
17 "valuation" and inserting the following: "income  
18 tax".  
19 6. Page 24, line 2, by striking the word  
20 "valuation" and inserting the following: "income  
21 tax".

By RAY TAYLOR  
BERL E. PRIEBE

S-3551 FILED APRIL 4, 1989  
LOST

4-4-89 (p.1172)

## HOUSE FILE 535

S-3549

1 Amend the amendment, S-3508, to House File 535, as  
2 amended, passed, and reprinted by the House, as  
3 follows:  
4 1. Page 17, by striking lines 15 through 17 and  
5 inserting the following: "school district in which  
6 one or more administrators are employed jointly under  
7 section 280.15, or in which one or more administrators  
8 are employed under section 273.7A, are assigned a  
9 weighting of one".  
10 2. Page 17, by inserting after line 27 the  
11 following:  
12 "For the purposes of this subsection,  
13 "administrators" includes the following:  
14 a. Executive administrators, which includes the  
15 superintendent and such assistants as deputy,  
16 associate, and assistant superintendents who perform  
17 activities in the general direction and management of  
18 the affairs of the local school districts.  
19 b. School administrators, which includes assistant  
20 principals, and other assistants in general  
21 supervision of the operations of the school. School  
22 administrators does not include principals.  
23 c. Business administrators, which includes  
24 personnel associated with activities concerned with  
25 purchasing, paying for, transporting, exchanging, and  
26 maintaining goods and services for the school  
27 district."  
28 3. Page 77, line 17, by inserting after the  
29 figure "4," the following: "unnumbered paragraph 1,".  
30 4. By striking page 77, line 19, through page 78,  
31 line 7, and inserting the following:  
32 "Pupils enrolled in a school district in which one  
33 or more administrators are employed jointly under  
34 section 280.15, or in which one or more administrators  
35 are employed under section 273.7A, are assigned a  
36 weighting of one plus five-hundredths twenty-five  
37 thousandths for each administrator who is jointly  
38 employed times the percent of the administrator's time  
39 in which the administrator is employed in the school  
40 district. However, the total additional weighting  
41 assigned under this subsection for a budget year for a  
42 school district is fifteen seven and one-half and the  
43 total additional weighting that may be added  
44 cumulatively to the enrollment of school districts  
45 sharing an administrator is twenty-five twelve and  
46 one-half. Additional weighting assigned".

By LARRY MURPHY  
JOHN W. JENSEN  
RAY TAYLOR

S-3549 FILED APRIL 4, 1989

ADOPTED

4-4-89 (P 1177)

## HOUSE FILE 535

S-3548

1 Amend the amendment, S-3508, to House File 535, as  
2 amended, passed, and reprinted by the House, as  
3 follows:

4 1. Page 3, by striking lines 4 and 5 and insert-  
5 ing the following: "foundation property tax equal to  
6 three dollars per thousand dollars of assessed".

7 2. Page 3, by striking lines 9 through 15.

8 3. By striking page 19, line 3, through page 20,  
9 line 3.

10 4. Page 42, by inserting after line 24 the fol-  
11 lowing:

12 "Sec. 600. NEW SECTION. 257B.1 EDUCATION

13 PROPERTY TAX.

14 Each school district shall cause to be levied each  
15 year an education property tax equal to two dollars  
16 per thousand dollars of assessed valuation on all  
17 taxable property in the district. The revenue from  
18 the education property tax shall be transmitted to the  
19 department of management. In lieu of appropriations  
20 by the general assembly from the general fund of the  
21 state, for each fiscal year, the department of  
22 management shall allocate the moneys received under  
23 this section to the following:

24 1. Department of education for the operation of  
25 the department.

26 2. Department of education for aid to merged area  
27 schools.

28 3. College aid commission for operation of the  
29 commission and for the tuition grant program, the  
30 vocational-technical tuition grant program, the work-  
31 study program, and other financial aid programs  
32 provided by law.

33 4. State board of regents for operation of the  
34 central office, for tuition replacement moneys, and  
35 for operation of the university of Iowa, Iowa state  
36 university of science and technology, the university  
37 of northern Iowa, the Iowa braille and sight-saving  
38 school, the state school for the deaf, the Oakdale  
39 campus, and the state hospital-school, and programs  
40 provided at those institutions."

41 5. Page 81, line 11, by striking the words and  
42 figures "and 119 through 121" and inserting the  
43 following: "119 through 121, and 600".

44 6. By renumbering as necessary.

By JACK RIFE

S-3548 FILED APRIL 4, 1989

RULED OUT OF ORDER

44-89 (p1165)

## HOUSE FILE 535

S-3547

1 Amend the amendment, S-3508, to House File 535, as  
2 amended, passed, and reprinted by the House, as  
3 follows:

4 1. Page 3, by striking lines 4 and 5 and insert-  
5 ing the following: "foundation property tax equal to  
6 three dollars per thousand dollars of assessed".

7 2. Page 3, by striking lines 9 through 15.

8 3. By striking page 19, line 3, through page 20,  
9 line 3.

10 4. Page 42, by inserting after line 24 the fol-  
11 lowing:

12 "Sec. 600. NEW SECTION. 257B.1 EDUCATION  
13 PROPERTY TAX.

14 Each school district shall cause to be levied each  
15 year an education property tax equal to two dollars  
16 per thousand dollars of assessed valuation on all  
17 taxable property in the district. The revenue from  
18 the education property tax shall be transmitted to the  
19 department of management. In lieu of appropriations  
20 by the general assembly from the general fund of the  
21 state, for each fiscal year, the department of  
22 management shall allocate the moneys received under  
23 this section to the following:

24 1. Department of education for the operation of  
25 the department.

26 2. Department of education for aid to merged area  
27 schools.

28 3. College aid commission for operation of the  
29 commission and for the tuition grant program, the  
30 vocational-technical tuition grant program, the work-  
31 study program, and other financial aid programs  
32 provided by law.

33 4. State board of regents for operation of the  
34 central office, for tuition replacement moneys, and  
35 for operation of the university of Iowa, Iowa state  
36 university of science and technology, the university  
37 of northern Iowa, the Iowa braille and sight-saving  
38 school, the state school for the deaf, the Oakdale  
39 campus, and the state hospital-school, and programs  
40 provided at those institutions."

41 5. Page 81, line 11, by striking the words and  
42 figures "and 119 through 121" and inserting the  
43 following: "119 through 121, and 600".

44 6. By renumbering as necessary.

By WALLY HORN

S-3547 FILED APRIL 4, 1989

WITHDRAWN

4-4-89 (p. 1165)

## HOUSE FILE 535

S-3545

- 1 Amend the amendment, S-3508, to House File 535, as
- 2 amended, passed, and reprinted by the House, as
- 3 follows:
- 4 1. Page 4, line 17, by striking the figure
- 5 "257.26" and inserting the following: "257.33".

By LARRY MURPHY

S-3545 FILED APRIL 4, 1989

ADOPTED

44-84 (P-1165)

## HOUSE FILE 535

S-3541

1 Amend the amendment, S-3508, to House File 535, as  
 2 amended, passed, and reprinted by the House, as  
 3 follows:

4 1. Page 80, by inserting after line 32, the  
 5 following:

6 "Sec. 500. Notwithstanding the election  
 7 requirements of section 442.14, subsection 2, if the  
 8 board of directors of a school district held an  
 9 election prior to February 15, 1989, for approval to  
 10 raise an additional enrichment amount for the school  
 11 year beginning July 1, 1990, and the proposition  
 12 failed, the board may resubmit the proposition at an  
 13 election held not later than July 1, 1989."

14 2. Page 81, line 2, by striking the word and  
 15 figure "and 125" and inserting the following: "125,  
 16 and 500".

By RICHARD J. VARN  
 JEAN LLOYD-JONES  
 LARRY MURPHY

S-3541 FILED APRIL 4, 1989  
 ADOPTED 4-4-89 (p. 1165)

## HOUSE FILE 535

S-3542

1 Amend amendment, S-3508, to House File 535, as  
 2 amended, passed, and reprinted by the House, as  
 3 follows:

4 1. Page 21, line 41, by striking the word "in".  
 5 2. Page 21, by striking lines 42 and 43.

By LARRY MURPHY

S-3542 FILED APRIL 4, 1989  
 ADOPTED 4-4-89 (p. 1165)

## HOUSE FILE 535

S-3544

1 Amend the amendment, S-3508, to House File 535, as  
 2 amended, passed, and reprinted by the House as follows:

3 1. Page 74, by striking lines 6 through 8 and in-  
 4 serting the following:

5 "3. The purchase of buildings."

By DALE L. TIEDEN  
 LARRY MURPHY

S-3544 FILED APRIL 4, 1989  
 WITHDRAWN 4-4-89 (p. 1165)



## HOUSE FILE 535

S-3540

- 1 Amend the amendment, S-3508, to House File 535, as  
2 amended, passed, and reprinted by the House, as  
3 follows:  
4 1. Page 32, by inserting after line 11 the  
5 following:  
6 "\_\_\_\_. The committee may grant additional moneys to  
7 school districts who submit evidence to the committee  
8 that additional moneys are required for the district  
9 to meet the educational standards adopted by the state  
10 board of education under section 256.11. If the  
11 committee determines that a district requires  
12 additional moneys under this subsection, the committee  
13 may grant moneys to the district from moneys  
14 appropriated in this subsection.  
15 There is appropriated from the general fund of the  
16 state to the department of education for the use of  
17 the school budget review committee, for each fiscal  
18 year, the amount of six million nine hundred thousand  
19 dollars, or as much thereof as may be necessary, to  
20 provide additional moneys to school districts under  
21 this subsection."  
22 2. Page 80, by striking lines 20 through 22, and  
23 inserting the following: "programs for gifted and  
24 talented pupils, the sum of ten million dollars, or".  
25 3. Page 80, line 25, by striking the words "From  
26 the".  
27 4. Page 80, by striking lines 26 through 28 and  
28 inserting the following: "Moneys received by school  
29 districts".  
30 5. Page 80, by inserting after line 32 the  
31 following:  
32 "Sec. 150. There is appropriated from the general  
33 fund of the state for the fiscal year commencing July  
34 1, 1990, and ending June 30, 1991, to the department  
35 of education for the use of the school budget review  
36 committee, the sum of six million nine hundred  
37 thousand dollars, or as much thereof as may be  
38 necessary, to be allocated by the school budget review  
39 committee to school districts demonstrating a need for  
40 additional moneys to meet the educational standards  
41 adopted by the state board of education under section  
42 256.11."  
43 6. Page 81, line 5, by striking the word and  
44 figure "and 123" and inserting the following: "123,  
45 and 150".  
46 7. By renumbering as necessary.

By LEONARD L. BOSWELL  
RAY TAYLOR

S-3540 FILED APRIL 4, 1989  
LOST

44-84 (p. 1150)

## HOUSE FILE 535

S-3538

- 1 Amend amendment, S-3508, to House File 535, as  
2 amended, passed, and reprinted by the House, as  
3 follows:  
4 1. Page 25, lines 1 and 2, by striking the words  
5 ", state corporate income tax, and the state franchise  
6 tax".  
7 2. Page 25, lines 9 and 10, by striking the words  
8 ", the state corporate income tax, and the state  
9 franchise tax".  
10 3. Page 25, line 16, by striking the word ", on".  
11 4. Page 25, by striking lines 17 through 19 and  
12 inserting the following: ". As used in".  
13 5. Page 25, line 22, by striking the word ",  
14 "state".  
15 6. Page 25, by striking lines 23 through 25 and  
16 inserting the following: ". However, if the".  
17 7. Page 25, line 45, by striking the word and  
18 figures "422.41, 422.60 to 422.63" and inserting the  
19 following: "422.31".  
20 8. Page 26, lines 1 and 2, by striking the words  
21 ", corporate income tax, and franchise tax returns"  
22 and inserting the following: "return".

By LINN FUHRMAN

S-3538 FILED APRIL 4, 1989

LOST 4-4-89 (p. 1156)

## HOUSE FILE 535

S-3539

- 1 Amend the amendment, S-3508, to House File 535, as  
2 amended, passed, and reprinted by the House, as  
3 follows:  
4 1. Page 79, by inserting after line 46 the fol-  
5 lowing:  
6 "Sec. 175. Notwithstanding the effective date of  
7 1989 Iowa Acts, Senate File 38, section 6, that  
8 section which amends section 294A.16, unnumbered  
9 paragraph 4, Code 1989, takes effect upon the  
10 enactment of this Act and applies to moneys received  
11 by a school district or area education agency for an  
12 approved phase III plan for the school year beginning  
13 July 1, 1988."  
14 2. Page 81, line 2, by striking the word and  
15 figure "and 125" and inserting the following: "125,  
16 and 175".

By RICHARD J. VARN  
LARRY MURPHY

S-3539 FILED APRIL 4, 1989

ADOPTED 4-4-89 (p. 1165)

HOUSE FILE 535

S-3533

- 1 Amend the amendment, S-3508, to House File 535, as
- 2 amended, passed, and reprinted by the House, as
- 3 follows:
- 4 1. Page 51, by striking lines 40 through 48.
- 5 2. By renumbering as necessary.

By RICHARD F. DRAKE

S-3533 FILED APRIL 4, 1989

LOST 4-4-89 (p.1165)

HOUSE FILE 535

S-3534

- 1 Amend the amendment, S-3508, to House File 535, as
- 2 amended, passed, and reprinted by the House, as
- 3 follows:
- 4 1. By striking page 42, line 25, through page 43,
- 5 line 20.
- 6 2. By renumbering as necessary.

By RICHARD F. DRAKE

S-3534 FILED APRIL 4, 1989

LOST 4-4-89 (p.1164)

HOUSE FILE 535

S-3535

- 1 Amend the amendment, S-3508, to House File 535, as
- 2 amended, passed, and reprinted by the House, as
- 3 follows:
- 4 1. Page 7, by striking lines 12 and 13.
- 5 2. Page 74, by striking line 41.
- 6 3. By renumbering as necessary.

By RICHARD F. DRAKE

S-3535 FILED APRIL 4, 1989

LOST, RECONSIDERED & ADOPTED 4-4-89 (p.1155) motion to Reconsider  
4-4-89 (p.1166)  
motion prevailed -

HOUSE FILE 535

S-3536

- 1 Amend the amendment, S-3508, to House File 535, as
- 2 amended, passed, and reprinted by the House, as
- 3 follows:
- 4 1. By striking page 21, line 39, through page 22,
- 5 line 41.
- 6 2. Page 76, line 21, by striking the figure
- 7 "257.19,".
- 8 3. By renumbering as necessary.

By RICHARD F. DRAKE

S-3536 FILED APRIL 4, 1989

LOST 4-4-89 (p.1155)

## HOUSE FILE 535

S-3527

1 Amend amendment, S-3508, to House File 535, as  
2 amended, passed, and reprinted by the House, as  
3 follows:

4 1. Page 22, line 6, by inserting after the word  
5 "by" the following: "either an educational  
6 improvement property tax or by".

7 2. Page 22, line 14, by inserting after the word  
8 "if" the following: "the board is using the  
9 combination of the educational improvement property  
10 tax and the educational improvement income surtax  
11 and".

12 3. Page 22, line 22, by inserting after the word  
13 "the" the following: "educational improvement  
14 property tax to be levied or the amount of the  
15 combination of the".

By LARRY MURPHY

S-3527 FILED APRIL 4, 1989

ADOPTED

4-4-89 (p. 1155)

## HOUSE FILE 535

S-3528

1 Amend the amendment, S-3508, to House File 535, as  
2 amended, passed, and reprinted by the House, as  
3 follows:

4 1. Page 23, by striking lines 19 through 23.

5 2. By striking page 79, line 47 through page 80,  
6 line 5.

By LARRY MURPHY  
RAY TAYLOR

S-3528 FILED APRIL 4, 1989

ADOPTED

4-4-89 (p. 1156)

## HOUSE FILE 535

S-3531

1 Amend the amendment, S-3508, to House File 535, as  
2 amended, passed, and reprinted by the House, as  
3 follows:

4 1. Page 76, by inserting after line 23 the  
5 following:

6 "Sec. \_\_\_\_ . Section 422.21, unnumbered paragraph 3,  
7 Code 1989, is amended to read as follows:

8 The department shall provide space on the  
9 prescribed income tax form, wherein the taxpayer shall  
10 enter the name of the school district of the  
11 taxpayer's residence. Such place shall be indicated  
12 by prominent type. A nonresident taxpayer shall so  
13 indicate. If such information is not supplied on the  
14 tax return it shall be deemed an incompleated return  
15 and the return shall be rejected by the department."

16 2. By renumbering as necessary.

By RAY TAYLOR

S-3531 FILED APRIL 4, 1989

WITHDRAWN

4-4-89 (p. 1163)

SENATE AMENDMENT TO HOUSE FILE 535

H-3842

1 Amend House File 535, as amended, passed, and re-  
2 printed by the House, as follows:

3 1. By striking everything after the enacting  
4 clause and inserting the following:

5 "Section 1. NEW SECTION. 257.1 STATE SCHOOL  
6 FOUNDATION PROGRAM -- STATE AID.

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

10 2. STATE SCHOOL FOUNDATION AID -- FOUNDATION BASE.

11 For a budget year, each school district in the state  
12 is entitled to receive foundation aid, in an amount  
13 per pupil equal to the difference between the amount  
14 per pupil of foundation property tax in the district,  
15 and the combined foundation base per pupil or the  
16 combined district cost per pupil, whichever is less.  
17 However, if the amount of foundation aid received by a  
18 school district under this chapter is less than three  
19 hundred dollars per pupil, the district is entitled to  
20 receive three hundred dollars per pupil unless the  
21 receipt of three hundred dollars per pupil plus the  
22 per pupil amount raised by the foundation property tax  
23 exceeds the district cost per pupil of the district  
24 for the budget year. In which case, the district is  
25 entitled to receive an amount per pupil equal to the  
26 difference between the per pupil amount raised by the  
27 foundation property tax for the budget year and the  
28 district cost per pupil for the budget year.

29 For the budget year commencing July 1, 1991, the  
30 regular program foundation base per pupil is eighty-  
31 three and twenty-five hundredths percent of the  
32 regular program state cost per pupil. For each  
33 succeeding budget year, the regular program foundation  
34 base shall increase twenty-five hundredths percent per  
35 year until the foundation base reaches eighty-five  
36 percent of the regular program state cost per pupil.  
37 For the budget year commencing July 1, 1991, the  
38 special education support services foundation base is  
39 eighty-three and twenty-five hundredths percent of the  
40 special education support services state cost per  
41 pupil. It shall increase at the same rate as the  
42 regular program foundation base. The combined  
43 foundation base is the sum of the regular program  
44 foundation base and the special education support  
45 services foundation base.

46 However, increases in the foundation base for a  
47 budget year provided in this section shall be adjusted  
48 by changes in the assessed valuation in the state.  
49 The department of management shall determine the  
50 percent of change in the assessed valuation in the

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1 state from January 1 in the year preceding the base  
2 year to January 1 in the base year. If the percent of  
3 increase in the assessed valuation in the state is one  
4 percent, the foundation base shall increase as  
5 provided in this section. For each additional percent  
6 of increase, the foundation base shall increase an  
7 additional twenty-five hundredths percent, not to  
8 exceed twenty-five hundredths percent. If the value  
9 of the assessed valuation decreases one percent or  
10 more, the foundation base shall not increase the  
11 twenty-five hundredths percent provided in this  
12 section.

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

20 Sec. 2. NEW SECTION. 257.2 DEFINITIONS.

21 As used in this chapter:

22 1. "Combined state cost per pupil" is a per pupil  
23 amount determined by adding together the regular  
24 program state cost per pupil for a year and the  
25 special education support services state cost per  
26 pupil for that year calculated under section 257.9.

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

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

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

37 5. "School district" means a school corporation  
38 organized under chapter 274.

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

42 a. Foundation aid.

43 b. Revenue obtained from the foundation property  
44 tax.

45 c. Revenue obtained from the additional property  
46 tax.

47 7. "Expenditures" means the total amounts paid  
48 from the general fund of a school district.

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

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

9 2. DISTRICTS WITH REDUCED LEVIES. The property  
10 tax rates of those districts that met the requirements  
11 of section 442.2, subsection 1, Code 1989, and were  
12 reduced shall have the reduced levies that they would  
13 have had under section 442.2, subsection 1, Code 1989,  
14 and those levies shall continue to increase twenty  
15 cents per year as provided in that section.

16 3. RAILWAY CORPORATIONS. For purposes of section  
17 257.1, the "amount per pupil of foundation property  
18 tax" does not include the tax levied under subsection  
19 1 or 2 on the property of a railway corporation or on  
20 its trustee if the corporation has been declared  
21 bankrupt or is in bankruptcy proceedings.

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

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

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

45 Sec. 5. NEW SECTION. 257.5 CONTINUING  
46 SUPPLEMENTAL AID.

47 For purposes of this section, a reorganized school  
48 district is one in which reorganization was approved  
49 in an election pursuant to sections 275.18 and 275.20  
50 prior to July 1, 1989, and took effect on or after

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1 July 1, 1986.

2 A reorganized school district receiving  
3 supplemental aid prior to July 1, 1991, under section  
4 442.9A, Code 1989, shall continue to receive  
5 supplemental aid in the same amount under this section  
6 until the expiration of the five-year period specified  
7 in section 442.9A, Code 1989.

8 There is appropriated from the general fund of the  
9 state to the department of management for each fiscal  
10 year an amount sufficient to pay the supplemental aid  
11 to school districts under this section. Supplemental  
12 aid shall be paid in the manner provided in section  
13 257.16.

14 For the purpose of the department of management's  
15 determination of the portion of a school district's  
16 budget that was property tax and the portion that was  
17 state aid under section 257.33, supplemental aid shall  
18 be considered property tax.

19 Sec. 6. NEW SECTION. 257.6 ENROLLMENT.

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

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

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

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

43 d. Eleventh and twelfth grade nonresident pupils  
44 who were residents of the district during the  
45 preceding school year and are enrolled in the district  
46 until the pupils graduate. Tuition for those pupils  
47 shall not be charged by the district in which the  
48 pupils are enrolled.

49 Pupils attending a university laboratory school are  
50 not counted in the actual enrollment of a school



1 district, but the laboratory school shall report their  
2 enrollment directly to the department of education.

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

11 2. BASIC ENROLLMENT. Basic enrollment for a  
12 budget year is a district's actual enrollment for the  
13 base year. Basic enrollment for the base year is a  
14 district's actual enrollment for the year preceding  
15 the base year.

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

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

31 4. BUDGET ENROLLMENT. Budget enrollment for the  
32 budget year shall be calculated for each school  
33 district by the department of management in the manner  
34 provided in this subsection. If the basic enrollment  
35 of a school district has declined from one year to the  
36 next during any of the five years prior to the base  
37 year, the district may be eligible for an enrollment  
38 adjustment based upon the percent of the enrollment  
39 decline and the number of years that have elapsed  
40 since the decline occurred. The budget enrollment for  
41 the budget year shall be calculated by adding together  
42 the following percents of enrollment decline in the  
43 district's basic enrollment from one base year to the  
44 preceding base year for each of the five preceding  
45 base years, commencing with the percent of change  
46 between the basic enrollment for the budget year and  
47 the basic enrollment for the base year, adding the sum  
48 of the percents to one hundred and multiplying the  
49 total by the basic enrollment for the budget year:  
50

Years between the Base Year

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

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

12 5. BUDGET ENROLLMENT FOR 1991-1992.

13 Notwithstanding subsections 2 and 4, for the budget  
14 year commencing July 1, 1991, a school district's  
15 budget enrollment is the larger of the following:

16 a. The sum of twenty percent of the basic  
17 enrollment for the budget year beginning July 1, 1982,  
18 calculated under chapter 442, Code 1987, and eighty  
19 percent of the larger of the basic enrollment for the  
20 base year or the basic enrollment for the budget year.

21 b. The basic enrollment for the budget year.

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

26 6. BUDGET ENROLLMENT FOR 1992-1993.

27 Notwithstanding subsections 2 and 4, for the budget  
28 year commencing July 1, 1992, a school district's  
29 budget enrollment is the larger of the following:

30 a. The sum of fifteen percent of the basic  
31 enrollment for the budget year beginning July 1, 1987,  
32 calculated under chapter 442, Code 1989, and eighty-  
33 five percent of the larger of the basic enrollment for  
34 the base year or the basic enrollment for the budget  
35 year.

36 b. The basic enrollment for the budget year.

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

41 7. WEIGHTED ENROLLMENT. Weighted enrollment is  
42 the budget enrollment plus the district's additional  
43 enrollment because of special education calculated on  
44 December 1 of the base year plus additional pupils  
45 added due to the application of the supplementary  
46 weighting.

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

1     Sec. 7. NEW SECTION. 257.7 AUTHORIZED  
2 EXPENDITURES.

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

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

18     Sec. 8. NEW SECTION. 257.8 STATE PERCENT OF  
19 GROWTH --ALLOWABLE GROWTH.

20     1. CALCULATION BY DEPARTMENT OF MANAGEMENT. On or  
21 before September 15, of each year, the department of  
22 management shall compute a state percent of growth for  
23 the next budget year.

24     2. BUDGET YEAR CALCULATION. For the budget year,  
25 the state percent of growth is an average of the  
26 following four percents of growth in paragraphs "a"  
27 and "b" except as otherwise provided in subsection 3:

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

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

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

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

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

50         (1) From the value for the year ending December 31

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1 eighteen months before the beginning of the base year  
2 to the value for the year ending December 31 six  
3 months before the beginning of the base year.

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

8 3. EXCEPTION. If the average of the percents  
9 computed or estimated under paragraph "b" of  
10 subsection 2 exceeds the average of the percents  
11 computed or estimated under paragraph "a" of  
12 subsection 2, the state percent of growth for that  
13 budget year shall be the average of the two percents  
14 of growth computed or estimated under paragraph "a".

15 4. NEGATIVE PERCENT. If the state percent of  
16 growth computed for a budget year is negative, that  
17 percent shall not be used and the state percent of  
18 growth shall be zero.

19 5. RECOMPUTATION. On or before September 15 of  
20 the base year, the department of management shall  
21 recompute the state percent of growth for the previous  
22 year using adjusted estimates and the actual figures  
23 available. The difference between the recomputed  
24 state percent of growth for the previous year and the  
25 original computation shall be added to or subtracted  
26 from the state percent of growth for the budget year.  
27 However, on or before September 15, 1990, the  
28 department of management shall recompute the state  
29 percent of growth for the previous year in the manner  
30 provided in section 442.7, Code 1989.

31 With regard to values of gross national product  
32 implicit price deflators, the recomputation of the  
33 state percent of growth for the previous year shall be  
34 made only with respect to the value of the deflator  
35 for the year which occurred subsequent to the  
36 calculation of the state percent of growth for the  
37 previous year. If subsection 3 is used in the  
38 calculation of the state percent of growth for the  
39 previous year, the calculation made in subsection 2,  
40 paragraph "b", shall not be used in the recomputation  
41 of the state percent of growth for the previous year.

42 6. ALLOWABLE GROWTH CALCULATION. The department  
43 of management shall calculate the regular program  
44 allowable growth for a budget year by multiplying the  
45 state percent of growth for the budget year by the  
46 regular program state cost per pupil for the base year  
47 and shall calculate the special education support  
48 services allowable growth for the budget year by  
49 multiplying the state percent of growth for the budget  
50 year by the special education support services state

1 cost per pupil for the base year.

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

8 a. By the school budget review committee under  
9 section 257.22.

10 b. By the department of management under section  
11 257.38.

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

13 1. REGULAR PROGRAM STATE COST PER PUPIL FOR 1991-  
14 1992. For the budget year beginning July 1, 1991, for  
15 the regular program state cost per pupil, the  
16 department of management shall add together the state  
17 total of the district costs of all school districts  
18 for the base year, as district cost is defined in  
19 section 442.9, Code 1989, plus the total of the  
20 amounts added to the district cost of school districts  
21 pursuant to section 442.21, Code 1989, plus the amount  
22 included in the districts' budgets in the state for  
23 the fiscal year beginning July 1, 1986, for the  
24 additional portion of the livestock tax credit  
25 pursuant to section 442.2, subsection 2, as it  
26 appeared in the 1987 Code and plus the difference  
27 between the following amounts:

28 a. The general allocation of the school district  
29 as determined under section 405A.2, Code 1989.

30 b. The foundation property tax rate multiplied by  
31 the total actual value of all personal property  
32 assessed for valuation in the school district as of  
33 January 1, 1973, excluding livestock.

34 2. CALCULATION. The total calculated under  
35 subsection 1 shall be divided by the total enrollment  
36 of all school districts calculated separately for each  
37 using twenty percent of the basic enrollment for the  
38 budget year beginning July 1, 1981, and eighty percent  
39 of the higher of the basic enrollment for the budget  
40 year beginning July 1, 1989, or the basic enrollment  
41 for the budget year beginning July 1, 1990, except as  
42 otherwise provided in this subsection. For the  
43 purpose of this subsection, "basic enrollment" means  
44 basic enrollment as defined in section 442.4, Code  
45 1989. The regular program state cost per pupil for  
46 the budget year beginning July 1, 1991, is the amount  
47 calculated by the department of management under this  
48 subsection plus an allowable growth amount that is  
49 equal to the state percent of growth for the budget  
50 year multiplied by the amount calculated by the

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1 department of management under this subsection, plus  
2 the total of twenty dollars times one hundred percent  
3 plus the state percent of growth for the budget year  
4 for the cost of providing programs for gifted and  
5 talented pupils.

6 If the enrollment calculated in this subsection for  
7 a school district is less than the basic enrollment  
8 for the budget year for that school district, the  
9 basic enrollment for the budget year for that school  
10 district shall be used.

11 3. REGULAR PROGRAM STATE COST PER PUPIL FOR 1992-  
12 1993. For the budget year beginning July 1, 1992, for  
13 the regular program state cost per pupil, the  
14 department of management shall add together the state  
15 total of the district costs of all school districts  
16 for the base year, calculated under section 257.10,  
17 subsections 1 and 2, and divide that total by the  
18 total enrollment of all school districts calculated  
19 separately and totaled, using twenty percent of the  
20 basic enrollment for the budget year beginning July 1,  
21 1986, and eighty percent of the higher of the basic  
22 enrollment for the base year or the basic enrollment  
23 for the year preceding the base year, except as  
24 otherwise provided in this section. The regular  
25 program state cost per pupil for the budget year is  
26 the amount calculated by the department of management  
27 under this subsection plus an allowable growth amount  
28 that is equal to the state percent of growth for the  
29 budget year multiplied by the amount calculated by the  
30 department of management under this subsection.

31 For the purposes of this subsection, basic  
32 enrollment for the base year means basic enrollment as  
33 defined in section 257.6 and basic enrollment for the  
34 year preceding the base year means basic enrollment as  
35 defined in section 442.4, Code 1989.

36 If the enrollment calculated in this subsection for  
37 a school district is less than the basic enrollment  
38 for the budget year for that school district, the  
39 department of management shall use the basic  
40 enrollment for the budget year for that school  
41 district.

42 4. REGULAR PROGRAM STATE COST PER PUPIL FOR 1993-  
43 1994. For the budget year beginning July 1, 1993, for  
44 the regular program state cost per pupil, the  
45 department of management shall add together the state  
46 total of the district costs of all school districts  
47 for the base year, calculated under section 257.10,  
48 and divide that total by the total of the budget  
49 enrollments of all school districts for the budget  
50 year beginning July 1, 1992, calculated under section

1 257.6, subsection 4, if section 257.6, subsection 4,  
2 had been in effect for that budget year. The regular  
3 program state cost per pupil for the budget year is  
4 the amount calculated by the department of management  
5 under this subsection plus an allowable growth amount  
6 that is equal to the state percent of growth for the  
7 budget year multiplied by the amount calculated by the  
8 department of management under this subsection, and  
9 minus thirteen dollars.

10 5. REGULAR PROGRAM STATE COST PER PUPIL FOR 1994-  
11 1995 AND SUCCEEDING YEARS. For the budget year  
12 beginning July 1, 1994, and succeeding budget years,  
13 the regular program state cost per pupil for a budget  
14 year is the regular program state cost per pupil for  
15 the base year plus the regular program allowable  
16 growth for the budget year.

17 6. SPECIAL EDUCATION SUPPORT SERVICES STATE COST  
18 PER PUPIL FOR 1991-1992. For the budget year  
19 beginning July 1, 1991, for the special education  
20 support services state cost per pupil, the department  
21 of management shall divide the total of the approved  
22 budgets of the area education agencies for special  
23 education support services for that year approved by  
24 the state board of education under section 273.3,  
25 subsection 12, by the total of the weighted enrollment  
26 for special education support services in the state  
27 for the budget year. The special education support  
28 services state cost per pupil for the budget year is  
29 the amount calculated by the department of management  
30 under this subsection.

31 7. SPECIAL EDUCATION SUPPORT SERVICES STATE COST  
32 PER PUPIL FOR 1992-1993. For the budget year  
33 beginning July 1, 1992, for the special education  
34 support services state cost per pupil, the department  
35 of management shall divide the total of the approved  
36 budgets of the area education agencies for special  
37 education support services for that year approved by  
38 the state board of education under section 273.3,  
39 subsection 12, by the total of the weighted enrollment  
40 for special education support services in the state  
41 for the budget year. The special education support  
42 services state cost per pupil for the budget year is  
43 the amount calculated by the department of management  
44 under this subsection.

45 8. SPECIAL EDUCATION SUPPORT SERVICES STATE COST  
46 PER PUPIL FOR 1993-1994. For the budget year  
47 beginning July 1, 1993, for the special education  
48 support services state cost per pupil, the department  
49 of management shall divide the total of the approved  
50 budgets of the area education agencies for special

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1 education support services for that year approved by  
2 the state board of education under section 273.3,  
3 subsection 12, by the total of the weighted enrollment  
4 for special education support services in the state  
5 for the budget year. The special education support  
6 services state cost per pupil for the budget year is  
7 the amount calculated by the department of management  
8 under this subsection.

9 9. SPECIAL EDUCATION SUPPORT SERVICES STATE COST  
10 PER PUPIL FOR 1994-1995 AND SUCCEEDING YEARS. For the  
11 budget year beginning July 1, 1994, and succeeding  
12 budget years, the special education support services  
13 state cost per pupil for the budget year is the  
14 special education support services state cost per  
15 pupil for the base year plus the special education  
16 support services allowable growth for the budget year.

17 10. COMBINED STATE COST PER PUPIL. The combined  
18 state cost per pupil is the sum of the regular program  
19 state cost per pupil and the special education support  
20 services state cost per pupil.

21 Sec. 10. NEW SECTION. 257.10 DISTRICT COST PER  
22 PUPIL -- DISTRICT COST.

23 1. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR  
24 1991-1992. For the budget year beginning July 1,  
25 1991, in order to determine the regular program  
26 district cost per pupil, the department of management  
27 shall divide the regular program district cost for the  
28 base year, as defined in section 442.9, Code 1989,  
29 plus the amount added to district cost pursuant to  
30 section 442.21, Code 1989, for each school district,  
31 by the enrollment of the school district calculated  
32 using twenty percent of the basic enrollment for the  
33 budget year beginning July 1, 1981, and eighty percent  
34 of the higher of the basic enrollment for the budget  
35 year beginning July 1, 1989, or the basic enrollment  
36 for the budget year beginning July 1, 1990, except as  
37 otherwise provided in this subsection. Basic  
38 enrollment means basic enrollment as defined in  
39 section 442.4, Code 1989.

40 If the enrollment calculated in this subsection for  
41 a school district is less than the basic enrollment  
42 for the budget year for that school district, the  
43 basic enrollment for the budget year shall be used for  
44 that school district instead.

45 The regular program district cost per pupil for the  
46 budget year beginning July 1, 1991, is the amount  
47 calculated by the department of management under this  
48 subsection plus the allowable growth amount calculated  
49 for regular program state cost per pupil under section  
50 257.9, subsection 2, except that if the regular



1 program district cost per pupil for the budget year  
2 calculated under this subsection in any school  
3 district exceeds one hundred ten percent of the  
4 regular program state cost per pupil for the budget  
5 year minus the total of twenty dollars times one  
6 hundred percent plus the state percent of growth for  
7 the budget year, the department of management shall  
8 reduce the regular program district cost of that  
9 district to an amount equal to that one hundred ten  
10 percent amount and shall add to that amount the total  
11 of twenty dollars times one hundred percent plus the  
12 state percent of growth for the budget year for the  
13 cost of providing programs for gifted and talented  
14 pupils.

15 2. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR  
16 1992-1993. For the budget year beginning July 1,  
17 1992, in order to determine the regular program  
18 district cost per pupil, the department of management  
19 shall divide the regular program district cost for the  
20 base year by the enrollment of the school district,  
21 calculated using twenty percent of the basic  
22 enrollment for the budget year beginning July 1, 1986,  
23 and eighty percent of the higher of the basic  
24 enrollment for the base year or the basic enrollment  
25 for the year preceding the base year, except as  
26 otherwise provided in this section. The regular  
27 program district cost per pupil for the budget year  
28 beginning July 1, 1992, is the amount calculated by  
29 the department of management under this subsection  
30 plus the allowable growth amount calculated for  
31 regular program state cost per pupil under section  
32 257.9, subsection 3, except that if the regular  
33 program district cost per pupil for the budget year  
34 calculated under this subsection in any school  
35 district exceeds one hundred ten percent of the  
36 regular program state cost per pupil for the budget  
37 year, the department of management shall reduce the  
38 regular program district cost of that district to an  
39 amount equal to one hundred ten percent of the state  
40 cost per pupil.

41 For the purposes of this subsection, basic  
42 enrollment for the base year means basic enrollment as  
43 defined in section 257.6 and basic enrollment for the  
44 year preceding the base year means basic enrollment as  
45 defined in section 442.4, Code 1989.

46 If the enrollment calculated in this subsection for  
47 a school district is less than the basic enrollment of  
48 the budget year for that school district, the  
49 department of management shall use the basic  
50 enrollment for the budget year for that school

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1 district instead.

2 3. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR  
3 1993-1994. For the budget year beginning July 1,  
4 1993, the regular program district cost per pupil is  
5 the regular program state cost per pupil for that  
6 budget year calculated under section 257.9, subsection  
7 4.

8 4. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR  
9 1994-1995 AND SUCCEEDING YEARS. For the budget year  
10 beginning July 1, 1994, and succeeding budget years,  
11 the regular program district cost per pupil for each  
12 school district for a budget year is the regular  
13 program district cost per pupil for the base year plus  
14 the regular program allowable growth for the budget  
15 year.

16 5. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT  
17 COST PER PUPIL FOR 1991-1992. For the budget year  
18 beginning July 1, 1991, for the special education  
19 support services district cost per pupil, the  
20 department of management shall divide the approved  
21 budget of each area education agency for special  
22 education support services for that year approved by  
23 the state board of education, under section 273.3,  
24 subsection 12, by the total of the weighted enrollment  
25 for special education support services in the area for  
26 that budget year.

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

31 6. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT  
32 COST PER PUPIL FOR 1992-1993. For the budget year  
33 beginning July 1, 1992, for the special education  
34 support services district cost per pupil, the  
35 department of management shall divide the approved  
36 budget of each area education agency for special  
37 education support services for that year approved by  
38 the state board of education under section 273.3,  
39 subsection 12, by the total of the weighted enrollment  
40 for special education support services in the area for  
41 the budget year.

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

46 7. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT  
47 COST PER PUPIL FOR 1993-1994. For the budget year  
48 beginning July 1, 1993, for the special education  
49 support services district cost per pupil, the  
50 department of management shall divide the approved

1 budget of each area education agency for special  
2 education support services for that year approved by  
3 the state board of education under section 273.3,  
4 subsection 12, by the total of the weighted enrollment  
5 for special education support services in the area for  
6 the budget year.

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

11 8. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT  
12 COST PER PUPIL FOR 1994-1995 AND SUCCEEDING YEARS.  
13 For the budget year beginning July 1, 1994, and  
14 succeeding budget years, the special education support  
15 services district cost per pupil for the budget year  
16 is the special education support services district  
17 cost per pupil for the base year plus the special  
18 education support services allowable growth for the  
19 budget year.

20 9. COMBINED DISTRICT COST PER PUPIL. The combined  
21 district cost per pupil for a school district is the  
22 sum of the regular program district cost per pupil and  
23 the special education support services district cost  
24 per pupil. Combined district cost per pupil does not  
25 include additional allowable growth added for school  
26 districts that have a negative balance of funds raised  
27 for special education instruction programs under  
28 section 257.29, additional allowable growth granted by  
29 the school budget review committee for a single school  
30 year, or additional allowable growth added for  
31 programs for dropout prevention.

32 10. REGULAR PROGRAM DISTRICT COST. Regular  
33 program district cost for a school district for a  
34 budget year is equal to the regular program district  
35 cost per pupil for the budget year multiplied by the  
36 weighted enrollment for the budget year.

37 11. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT  
38 COST. Special education support services district  
39 cost for a school district for a budget year is equal  
40 to the special education support services district  
41 cost per pupil for the budget year multiplied by the  
42 special education support services weighted enrollment  
43 for the district for the budget year. If the special  
44 education support services district cost for a school  
45 district for a budget year is less than the special  
46 education support services district cost for that  
47 district for the base year, the department of  
48 management shall adjust the special education support  
49 services district cost for that district for the  
50 budget year to equal the special education support

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1 services district cost for the base year.

2 12. COMBINED DISTRICT COST. Combined district  
3 cost is the sum of the regular program district cost  
4 and the special education support services district  
5 cost, plus the additional district cost allocated to  
6 the district under section 257.34 to fund media  
7 services and educational services provided through the  
8 area education agency.

9 A school district may increase its district cost  
10 for the budget year to the extent that an excess tax  
11 levy is authorized by the school budget review  
12 committee under section 257.29.

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

15 For the budget years beginning July 1, 1991, and  
16 July 1, 1992, in order to provide additional funds for  
17 school districts which send their resident pupils to  
18 another school district or to an area school for  
19 classes, which jointly employ and share the services  
20 of teachers under section 280.15, which use the  
21 services of a teacher employed by another school  
22 district, or which jointly employ and share the  
23 services of school administrators under section  
24 280.15, a supplementary weighting plan for determining  
25 enrollment is adopted as follows:

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

31 2. SHARED CLASSES OR TEACHERS. If the school  
32 budget review committee certifies to the department of  
33 management that the shared classes or teachers would  
34 otherwise not be implemented without the assignment of  
35 additional weighting, pupils attending classes in  
36 another school district or an area school, attending  
37 classes taught by a teacher who is employed jointly  
38 under section 280.15, or attending classes taught by a  
39 teacher who is employed by another school district,  
40 are assigned a weighting of one plus an additional  
41 portion of one times the percent of the pupil's school  
42 day during which the pupil attends classes in another  
43 district or area school, attends classes taught by a  
44 teacher who is jointly employed under section 280.15,  
45 or attends classes taught by a teacher who is employed  
46 by another school district.

47 3. WHOLE GRADE SHARING. In districts that have  
48 executed whole grade sharing agreements under section  
49 282.10 through 282.12, the school budget review  
50 committee shall assign an additional weighting equal

1 to one plus an additional portion of one times the  
2 percent of the pupil's school day in which a pupil  
3 attends classes in another district or an area school,  
4 attends classes taught by a teacher who is employed  
5 jointly under section 280.15, or attends classes  
6 taught by a teacher who is employed by another  
7 district.

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

12 5. SHARED SUPERINTENDENTS. Pupils enrolled in a  
13 school district in which one or more administrators  
14 are employed jointly under section 280.15, or in which  
15 one or more administrators are employed under section  
16 273.7A, are assigned a weighting of one plus an  
17 additional portion of one for each administrator who  
18 is jointly employed times the percent of the  
19 administrator's time in which the administrator is  
20 employed in the school district. However, the total  
21 additional weighting assigned under this subsection  
22 for a budget year for a school district shall not  
23 exceed seven and one-half and the total additional  
24 weighting added cumulatively to the enrollment of a  
25 school district sharing an administrator shall not  
26 exceed twelve and one-half.

27 For the purposes of this subsection,  
28 "administrators" includes the following:

29 a. Executive administrators, which includes the  
30 superintendent and such assistants as deputy,  
31 associate, and assistant superintendents who perform  
32 activities in the general direction and management of  
33 the affairs of the local school districts.

34 b. School administrators, which includes assistant  
35 principals, and other assistants in general  
36 supervision of the operations of the school. School  
37 administrators does not include principals.

38 c. Business administrators, which includes  
39 personnel associated with activities concerned with  
40 purchasing, paying for, transporting, exchanging, and  
41 maintaining goods and services for the school  
42 district.

43 6. CALCULATION OF WEIGHTS. The school budget  
44 review committee shall calculate the weights to be  
45 used under subsections 2 and 3 to the nearest one-  
46 hundredth of one and under subsection 5 to the next  
47 highest one-hundredth of one so that, to the extent  
48 possible, the moneys generated by the weighting will  
49 be equivalent to the moneys generated by the one-  
50 tenth, five-tenths, and twenty-five-thousands

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1 weighting provided in section 442.39, Code 1989.

2 Sec. 12. NEW SECTION. 257.12 SUPPLEMENTARY

3 WEIGHTING AND SCHOOL REORGANIZATION.

4 A reorganized school district in which additional  
5 pupils were added under section 442.39A, Code 1989,  
6 shall continue to have additional pupils added,  
7 subject to changes in weighting made under this  
8 chapter until the expiration of the five-year period  
9 provided in that section.

10 Sec. 13. NEW SECTION. 257.13 ADVANCE FOR

11 INCREASING ENROLLMENT.

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

21 If a district receives an advance under this  
22 section for a budget year, the department of  
23 management shall determine the amount of the advance  
24 which would have been generated by local property tax  
25 revenues if the actual enrollment for the budget year  
26 had been used in determining district cost for that  
27 budget year, shall reduce the district's total state  
28 school aids otherwise available under this chapter for  
29 the next following budget year by the amount so  
30 determined, and shall increase the district's  
31 additional property tax levy for the next following  
32 budget year by the amount necessary to compensate for  
33 the reduction in state aid, so that the local property  
34 tax for the next following year will be increased only  
35 by the amount which it would have been increased in  
36 the budget year if the enrollment calculated in this  
37 section could have been used to establish the levy.

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

44 Sec. 14. NEW SECTION. 257.14 BUDGET ADJUSTMENT.

45 For the budget years beginning July 1, 1991, July  
46 1, 1992, and July 1, 1993, if the department of  
47 management determines that the regular program  
48 district cost of a school district for a budget year  
49 is less than the total of the regular program district  
50 cost plus any adjustment added under this section for

1 the base year for that school district, the department  
2 of management shall provide a budget adjustment for  
3 that district for that budget year that is equal to  
4 the difference.

5 For the budget year beginning July 1, 1991, the  
6 department of management shall use the regular program  
7 district cost for that budget year of a school  
8 district calculated pursuant to chapter 442, Code  
9 1989, plus the amount added to district cost pursuant  
10 to section 442.21, Code 1989, as the district's base  
11 year regular program district cost. For the budget  
12 year beginning July 1, 1991, in calculating the  
13 district's regular program district cost, the  
14 department of management shall subtract from the  
15 district's district cost per pupil the amount added  
16 under section 257.10, subsection 1, for a program for  
17 gifted and talented pupils.

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

20 1. PROPERTY TAX ADJUSTMENTS FOR 1991-1992, 1992-  
21 1993, AND 1993-1994. For each of the budget years  
22 beginning July 1, 1991, July 1, 1992, and July 1,  
23 1993, the department of management shall calculate for  
24 each district the difference between the sum of the  
25 revenues generated by the foundation property tax and  
26 the additional property tax in the district calculated  
27 under this chapter and the revenues that would have  
28 been generated by the foundation property tax and the  
29 additional property tax in that district for that  
30 budget year calculated under chapter 442, Code 1989,  
31 if chapter 442 were in effect, except that the  
32 revenues that would have been generated by the  
33 additional property tax levy under chapter 442 shall  
34 not include revenues generated for gifted and talented  
35 children programs and for the school improvement  
36 program. If the property tax revenues for a district  
37 calculated under this chapter, excluding the amount  
38 generated pursuant to section 257.20, exceed the  
39 property tax revenues for that district calculated  
40 under chapter 442, Code 1989, the department of  
41 management shall reduce the revenues raised by the  
42 additional property tax levy in that district under  
43 this chapter by that difference and the department of  
44 education shall pay property tax adjustment aid to the  
45 district equal to that difference.

46 2. PROPERTY TAX ADJUSTMENT AID FOR 1994-1995 AND  
47 SUCCEEDING YEARS. For the budget year beginning July  
48 1, 1994, and succeeding budget years, the department  
49 of education shall pay property tax adjustment aid to  
50 a school district equal to the amount paid to the

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1 district for the base year less an amount equal to the  
2 product of the percent by which the taxable valuation  
3 in the district increased, if the taxable valuation  
4 increased, from January 1 of the year prior to the  
5 base year to January 1 of the base year and the  
6 property tax adjustment aid. The department of  
7 management shall adjust the rate of the additional  
8 property tax accordingly and notify the department of  
9 education of the amount of aid to be paid to each  
10 district.

11 3. PROPERTY TAX ADJUSTMENT AID APPROPRIATION.

12 There is appropriated from the general fund of the  
13 state to the department of education, for each fiscal  
14 year, an amount necessary to pay property tax  
15 adjustment aid to school districts under this section.  
16 Property tax adjustment aid shall be paid to school  
17 districts in the manner provided in section 257.16 for  
18 foundation aid.

19 Sec. 16. NEW SECTION. 257.16 APPROPRIATIONS.

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

23 All state aids paid under this chapter, unless  
24 otherwise stated, shall be paid in monthly  
25 installments beginning on September 15 of a budget  
26 year and ending on June 15 of the budget year and the  
27 instalments shall be as nearly equal as possible as  
28 determined by the department of management, taking  
29 into consideration the relative budget and cash  
30 position of the state resources. However, the state  
31 aid paid to school districts under section 257.13  
32 shall be paid in monthly installments beginning on  
33 December 15 and ending on June 15 of a budget year.

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

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

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



1 279.10, subsection 1.

2 Sec. 18. NEW SECTION. 257.18 SIZE ADJUSTMENT  
3 PAYMENT.

4 Annually the department of education shall pay to  
5 each school district in which the basic enrollment for  
6 the budget year is five hundred or fewer, and to each  
7 area education agency in which there are fewer than an  
8 average of three and one-half public school pupils per  
9 square mile, a size adjustment payment. School  
10 districts are eligible to receive the size adjustment  
11 payment only if the expenditures for executive  
12 administration of the school district as a percent of  
13 the district's operating fund for the base year are  
14 equal to or less than one hundred ten percent of the  
15 average of the base year expenditures for executive  
16 administration of all school districts as a percent of  
17 their operating funds. The size adjustment payment  
18 for school districts is an amount determined by  
19 multiplying the size adjustment percent by an amount  
20 equal to the state cost per pupil multiplied by the  
21 basic enrollment of the district for the budget year.  
22 The size adjustment percent is the square of the  
23 difference between five hundred and the district's  
24 basic enrollment for the budget year, divided by eight  
25 hundred. The size adjustment payment for area  
26 education agencies is forty dollars multiplied by the  
27 enrollment served in the area education agency.

28 There is appropriated from the general fund of the  
29 state to the department of education for each fiscal  
30 year the sum of seven million dollars, or so much  
31 thereof as is necessary, to pay the size adjustment  
32 payments to school districts and area education  
33 agencies in the amounts calculated under this section.  
34 Size adjustment payments are miscellaneous income. If  
35 the amount appropriated is insufficient to pay the  
36 size adjustment payments to school districts and area  
37 education agencies in full, the department of  
38 education shall prorate the amounts of the payments.

39 If any amount of the appropriation is left at the  
40 end of a fiscal year, the department shall distribute  
41 it pro rata to school districts with classes, in  
42 grades kindergarten through sixth grade, which exceed  
43 twenty-five students in size, to assist those  
44 districts to reduce the size of those classes. The  
45 moneys shall be distributed to each such district in  
46 the proportion that the district's number of students  
47 in classes, in grades kindergarten through sixth  
48 grade, which exceed twenty-five students in size is to  
49 the total number of students in such classes in all  
50 districts.

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1 The department of education shall submit  
2 recommendations to the general assembly meeting in  
3 1993 for fully funding the size adjustment.

4 Sec. 19. NEW SECTION. 257.19 EDUCATIONAL  
5 IMPROVEMENT PROGRAM.

6 The board of directors of a school district may  
7 hold a hearing and call an election in the manner  
8 provided for approval of the instructional support  
9 program in section 257.20. The proposition voted upon  
10 at the election is whether the school district shall  
11 establish an educational improvement program to  
12 provide additional revenues each fiscal year equal to  
13 a specified percent of the district cost of the  
14 district. If a majority of those voting on the  
15 proposition approves it, annually the board shall  
16 certify the amount to be raised under the educational  
17 improvement program to the department of management.

18 The educational improvement program shall be funded  
19 by either an educational improvement property tax or  
20 by a combination of an educational improvement  
21 property tax and an educational improvement income  
22 surtax. The combination of the educational  
23 improvement property tax and the educational  
24 improvement income surtax shall be imposed in the  
25 proportion of a property tax of twenty-seven cents per  
26 thousand dollars of assessed valuation of taxable  
27 property in the district for each five percent of  
28 income surtax. However, if the board is using the  
29 combination of the educational improvement property  
30 tax and the educational improvement income surtax and  
31 the amount of revenue to be raised for the educational  
32 improvement program is greater than the amount that  
33 could be financed by a property tax of fifty-four  
34 cents per thousand dollars of assessed valuation of  
35 taxable property in the district and ten percent of  
36 income surtax, the portion in excess of those rates  
37 shall be financed by property tax. The department of  
38 management shall establish the amount of the  
39 educational improvement property tax to be levied or  
40 the amount of the combination of the educational  
41 improvement property tax to be levied and the amount  
42 of the school district income surtax to be imposed for  
43 each school year that the educational improvement  
44 amount is authorized.

45 Once approved at an election, the authority of the  
46 board to use the educational improvement program shall  
47 continue until the board votes to rescind the  
48 educational improvement program or the voters of the  
49 school district by majority vote order the  
50 discontinuance of the program. The board shall call

1 an election to vote on the proposition whether to  
2 discontinue the program upon the receipt of a petition  
3 signed by at least ten percent of the number of  
4 electors voting at the last preceding school election.

5 The educational improvement property tax and  
6 educational improvement income surtax shall be levied  
7 and imposed in the same manner as provided for the  
8 instructional support program in sections 257.20  
9 through 257.26. Moneys received under the educational  
10 improvement program are miscellaneous income.

11 Sec. 20. NEW SECTION. 257.20 INSTRUCTIONAL  
12 SUPPORT PROGRAM.

13 For the budget year beginning July 1, 1991, and  
14 succeeding budget years, the board of directors may  
15 call an election to vote on the proposition whether to  
16 provide additional funding for an instructional  
17 support program for a period not exceeding five years.  
18 Prior to calling the election, the board shall hold a  
19 public hearing on the question. The additional  
20 funding for the program is limited to an amount not  
21 exceeding ten percent of the total of regular program  
22 district cost and moneys received under section 257.14  
23 as a budget adjustment for the budget year. Moneys  
24 received by a district for the instructional support  
25 program are miscellaneous income and may be used for  
26 any general fund purpose.

27 The board of directors shall direct the county  
28 commissioner of elections to submit the question of  
29 whether to participate in the instructional support  
30 program to the qualified electors residing in the  
31 district at a regular school election or special  
32 election held not later than December 1. If a  
33 majority of those voting on the question favors  
34 participating in the instructional support program,  
35 the board may certify the budget for the program to  
36 the department of management for each of the next five  
37 years.

38 After approval at an election, certification of a  
39 board's intent to participate in the instructional  
40 support program for a budget year and the method of  
41 funding shall be made to the department of management  
42 not later than March 15 of the base year. Funding for  
43 the instructional support program shall be obtained  
44 from instructional support state aid, and from either  
45 an instructional support property tax or a combination  
46 of an instructional support property tax and an  
47 instructional support income surtax, as determined by  
48 the board. The department of management shall  
49 calculate the amount to be raised for the  
50 instructional support program and the amount of

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1 instructional support state aid in the manner provided  
2 in this section.

3 In order to determine the amount to be raised by  
4 the instructional support property tax, or by the  
5 combination of the instructional support property tax  
6 and the instructional support income surtax for a  
7 district, the department of management shall divide  
8 the total assessed valuation in the state by the total  
9 budget enrollment for the budget year in the state to  
10 determine a state assessed valuation per pupil and  
11 shall divide the assessed valuation in each district  
12 by the district's budget enrollment for the budget  
13 year to determine the district valuation per pupil.  
14 The department of management shall multiply the ratio  
15 of the state's valuation per pupil to the district's  
16 valuation per pupil by twenty-five hundredths and  
17 subtract that result from one to determine the portion  
18 of the instructional support budget that is funded by  
19 the instructional support property tax or the  
20 combination of the instructional support property tax  
21 and the instructional support income surtax. The  
22 remainder of the budget of the instructional support  
23 program shall be funded by instructional support state  
24 aid.

25 If a school district has approved the use of the  
26 instructional support program at an election, the  
27 district cannot also collect moneys under the  
28 additional enrichment amount approved by the voters  
29 under chapter 442 for that budget year.

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

37 The instructional support property tax shall be  
38 levied in the manner provided for the additional  
39 property tax under section 257.4. If an income surtax  
40 is used in combination with the instructional support  
41 property tax, the instructional support income surtax  
42 shall be imposed as provided in sections 257.21  
43 through 257.26.

44 The combination of the instructional support  
45 property tax and instructional support income surtax  
46 shall be imposed in the proportion of a property tax  
47 of twenty-seven cents per thousand dollars of assessed  
48 valuation of taxable property in the district for each  
49 five percent of income surtax, not exceeding a  
50 property tax of one dollar and eight cents per

1 thousand dollars of assessed valuation and twenty  
2 percent of income surtax.

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

5 If an instructional support income surtax is used  
6 in combination with the instructional support property  
7 tax, the department of management shall establish the  
8 amount of instructional support property tax to be  
9 levied and the amount of instructional support income  
10 surtax to be imposed for each school year for which  
11 the instructional support amount is authorized. The  
12 department of management shall determine these amounts  
13 based upon the most recent figures available for the  
14 district's valuation of taxable property, individual  
15 state income tax, state corporate income tax, and the  
16 state franchise tax paid, and budget enrollment in the  
17 district, and shall certify to the district's county  
18 auditor the amount of instructional support property  
19 tax, and to the director of revenue and finance the  
20 amount of instructional support income surtax to be  
21 imposed if an income surtax is used.

22 The instructional support income surtax shall be  
23 imposed on the state individual income tax, the state  
24 corporate income tax, and the state franchise tax for  
25 the calendar year during which the school's budget  
26 year begins, or for a taxpayer's fiscal year ending  
27 during the second half of that calendar year or the  
28 first half of the succeeding calendar year, and shall  
29 be imposed on the last day of the applicable tax year  
30 on all individuals residing in the school district, on  
31 all corporations whose main office is located within  
32 the district, and on all financial institutions with  
33 an office located within the district. As used in  
34 this section, "state individual income tax" means the  
35 tax computed under section 422.5, less the deductions  
36 allowed in sections 422.10, 422.11 and 422.12, "state  
37 corporate income tax" means the tax computed under  
38 section 422.33, and "state franchise tax" means the  
39 tax computed under section 422.63. However, if the  
40 resident has a child that under open enrollment is  
41 attending school in another district and that district  
42 has imposed an income surtax, and the resident's child  
43 does not meet the economic eligibility requirements  
44 under the federal National School Lunch and Child  
45 Nutrition Acts, 42 U.S.C, § 1751-1785, for free or  
46 reduced price lunches, the resident is liable for the  
47 income surtax imposed by the other school district and  
48 all surtax paid shall be credited to the account of  
49 that district. The resident shall receive a credit  
50 for the income surtax paid in the other school

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1 district for the income surtax imposed in the  
2 resident's school district. The amount of excess  
3 credit is not refundable.

4 Sec. 22. NEW SECTION. 257.22 STATUTES  
5 APPLICABLE.

6 The director of revenue and finance shall  
7 administer the instructional support income surtax  
8 imposed under this chapter, and sections 422.20,  
9 422.22 to 422.41, 422.60 to 422.63, 422.68, and 422.72  
10 to 422.75 shall apply in respect to administration of  
11 the instructional support income surtax.

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

14 The instructional support income surtax shall be  
15 made a part of the Iowa individual income tax,  
16 corporate income tax, and franchise tax returns  
17 subject to the conditions and restrictions set forth  
18 in section 422.21.

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

21 The director of revenue and finance shall deposit  
22 all moneys received as instructional support income  
23 surtax to the credit of each district from which the  
24 moneys are received, in an "instructional support  
25 income surtax fund" which is established in the office  
26 of the treasurer of state.

27 The director of revenue and finance shall deposit  
28 all instructional support income surtax moneys  
29 received on or before November 1 of the year following  
30 the close of the school budget year for which the  
31 surtax is imposed to the credit of each district from  
32 which the moneys are received in the instructional  
33 support income surtax fund. All instructional support  
34 income surtax moneys received or refunded after  
35 November 1 of the year following the close of the  
36 school budget year for which the surtax is imposed  
37 shall be deposited in or withdrawn from the general  
38 fund of the state and shall be considered part of the  
39 cost of administering the instructional support income  
40 surtax.

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

43 On or before October 20 each year, the director of  
44 revenue and finance shall make an accounting of the  
45 instructional support income surtax collected under  
46 this chapter applicable to tax returns for the last  
47 preceding calendar year, or for fiscal year taxpayers,  
48 on the last day of their tax year ending during that  
49 calendar year and after the date of the election  
50 approving the surtax, from taxpayers in each school

1 district in the state which has approved the  
2 instructional support program, and which is using an  
3 instructional support income surtax in combination  
4 with an instructional support property tax. The  
5 director of the department of revenue and finance  
6 shall certify to the department of management and the  
7 department of education the amount of instructional  
8 support income surtax credited from the taxpayers of  
9 each applicable school district. Additional returns  
10 in process, if any, at the time of certification shall  
11 be completed and the additional amount of  
12 instructional support income surtax reported to the  
13 department of management for distribution back to the  
14 school district with the first installment of the  
15 following school year.

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

18 The director of revenue and finance shall draw  
19 warrants in payment of the amount of surtax payable to  
20 each of the school districts using the instructional  
21 support income surtax in two installments to be paid  
22 on approximately the first day of December and the  
23 first day of February, and shall cause the warrants to  
24 be delivered to the respective school districts.

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

27 At the expiration of the five-year period for which  
28 the approval at the election was given, the board may  
29 reestablish its participation in the program in the  
30 manner provided for initial approval.

31 Sec. 28. NEW SECTION. 257.28 SCHOOL BUDGET  
32 REVIEW COMMITTEE.

33 A school budget review committee is established in  
34 the department of education and consists of the  
35 director of the department of education, the director  
36 of the department of management, and three members  
37 appointed by the governor to represent the public and  
38 to serve three-year staggered terms beginning and  
39 ending as provided in section 69.19. The three  
40 members appointed by the governor are subject to  
41 senate confirmation as provided in section 2.32. The  
42 committee shall meet and hold hearings each year and  
43 shall continue in session until it has reviewed  
44 budgets of school districts, as provided in section  
45 257.29. It may call in school board members and  
46 employees as necessary for the hearings. Members of  
47 the general assembly shall be notified of hearings  
48 concerning school districts in their constituencies.

49 The committee shall adopt its own rules of  
50 procedure under chapter 17A. The director of the

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1 department of education shall serve as chairperson,  
2 and the director of the department of management shall  
3 serve as secretary. The committee members  
4 representing the public are entitled to receive their  
5 necessary expenses while engaged in their official  
6 duties. Members may also be eligible to receive  
7 compensation as provided in section 7E.6. Expense  
8 payments shall be made from appropriations to the  
9 department of education.

10 Sec. 29. NEW SECTION. 257.29 DUTIES OF THE  
11 COMMITTEE.

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

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

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

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



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

- 12 a. Any unusual increase or decrease in enrollment.
- 13 b. Unusual natural disasters.
- 14 c. Unusual initial staffing problems.
- 15 d. The closing of a nonpublic school, wholly or in  
16 part.
- 17 e. Substantial reduction in miscellaneous income  
18 due to circumstances beyond the control of the  
19 district.
- 20 f. Unusual necessity for additional funds to  
21 permit continuance of a course or program which  
22 provides substantial benefit to pupils.
- 23 g. Unusual need for a new course or program which  
24 will provide substantial benefit to pupils, if the  
25 district establishes such need and the amount of  
26 necessary increased cost.
- 27 h. Unusual need for additional funds for special  
28 education or compensatory education programs.
- 29 i. Year-round or substantially year-round  
30 attendance programs which apply toward graduation  
31 requirements, including but not limited to trimester  
32 or four-quarter programs. Enrollment in such programs  
33 shall be adjusted to reflect equivalency to normal  
34 school year attendance.
- 35 j. Unusual need to continue providing a program or  
36 other special assistance to non-English-speaking  
37 pupils after the expiration of the three-year period  
38 specified in section 280.4.
- 39 k. Any unique problems of districts.

40 6. For each of the budget years beginning July 1,  
41 1991, July 1, 1992, July 1, 1993, and July 1, 1994,  
42 the committee may establish a modified allowable  
43 growth for those school districts that used an in-  
44 crease in allowable growth for the budget year  
45 beginning July 1, 1989, for funding gifted and  
46 talented children programs under section 442.35, Code  
47 1989, and will receive less funding by the addition to  
48 district cost per pupil for programs for gifted and  
49 talented pupils under section 257.10. The amount of  
50 additional allowable growth granted by the committee

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1 shall not exceed the difference between the amount of  
2 revenues received from the additional allowable growth  
3 for the budget year beginning July 1, 1989, and the  
4 funds that will be generated for the district for  
5 programs for gifted and talented pupils under section  
6 257.10 for that budget year. The additional allowable  
7 growth granted by the committee for each of the budget  
8 years beginning July 1, 1991, July 1, 1992, and July  
9 1, 1993, is temporary and the additional allowable  
10 growth granted for the budget year beginning July 1,  
11 1994, is permanent.

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

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

30 8. At the request of a school district, the  
31 committee may establish a modified allowable growth  
32 for that district by increasing its allowable growth  
33 on a permanent basis when the district cost per pupil  
34 of the district is lower than the state cost per pupil  
35 and the school district presents evidence that the  
36 educational program of the school district is  
37 adversely affected by the lower authorized  
38 expenditures. For the first budget year after the  
39 request is granted, the committee may grant additional  
40 allowable growth in an amount that shall increase  
41 district cost per pupil by one-third of the difference  
42 between the district cost per pupil and the state cost  
43 per pupil. For the second budget year, the committee  
44 may grant additional allowable growth in an amount  
45 that will increase district cost per pupil by one-half  
46 of the remaining difference. For the third budget  
47 year the committee may grant additional allowable  
48 growth so that district cost per pupil equals state  
49 cost per pupil. The committee shall not grant  
50 additional allowable growth in excess of the funding

1 required for the district cost per pupil to equal the  
2 state cost per pupil.

3 9. Commencing July 1, 1993, the committee may  
4 grant supplemental aid to a school district from funds  
5 appropriated in this subsection for the purpose of  
6 reimbursing school districts for additional costs that  
7 are incurred when a district sends its resident pupils  
8 to another school district or to an area school for  
9 classes either under a whole grade sharing agreement  
10 or for individual pupils, when a district jointly  
11 employs and shares teachers or administrators under  
12 section 280.15, or when a district uses the services  
13 of a teacher employed by another school district.

14 Additional costs incurred may include, but are not  
15 limited to, transportation costs, additional  
16 instructional costs, and additional personnel costs.  
17 There is appropriated from the general fund of the  
18 state to the department of education for the use of  
19 the school budget review committee, an amount  
20 necessary to reimburse school districts for the  
21 additional costs of sharing approved by the school  
22 budget review committee. The sharing costs per pupil  
23 shall not exceed an amount based upon the supplemental  
24 weighting provided in section 257.11 for the budget  
25 year beginning July 1, 1991.

26 10. The committee may grant transportation  
27 assistance aid to a school district from funds  
28 appropriated in this subsection for the purpose of  
29 providing additional funds for a budget year to school  
30 districts that have costs for mandatory school  
31 transportation based upon the cost per pupil  
32 transported that exceed one hundred ten percent of the  
33 state average cost of mandatory school transportation  
34 based upon the cost per pupil transported for that  
35 year. School districts shall submit to the department  
36 of education the cost of providing mandatory school  
37 transportation in their transportation report filed by  
38 July 15 after each school year. The committee shall  
39 prioritize the requests of school districts, ranking  
40 districts first by their mandatory transportation  
41 costs per pupil transported and then giving  
42 consideration to the geographic size of the district,  
43 and shall, within the limits of the funds appropriated  
44 in this subsection, pay transportation assistance to  
45 those districts ranked in the highest priority based  
46 upon the criteria listed in this subsection. The  
47 committee shall adopt rules under chapter 17A  
48 establishing a procedure for prioritizing requests.  
49 Transportation assistance payments are equal to the  
50 amount that each district's cost of mandatory

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1 transportation based upon the cost per pupil  
2 transported exceeds one hundred ten percent of the  
3 state average cost of transportation based upon the  
4 cost per pupil transported multiplied by the  
5 district's basic enrollment for the budget year.  
6 Payment for a school year shall be made by September 1  
7 after each school year.

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

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

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

30 a. Furnishing, equipping, and contributing to the  
31 construction of a new building or structure for which  
32 the voters of the district have approved a bond issue  
33 as provided by law or the tax levy provided in section  
34 298.2.

35 b. The costs associated with the demolition of an  
36 unused school building, or the conversion of an unused  
37 school building for community use, in a school  
38 district involved in a dissolution or reorganization  
39 under chapter 275, if the costs are incurred within  
40 three years of the dissolution or reorganization.

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

1 12. The committee may approve or modify the  
2 initial base year district cost of any district which  
3 changes accounting procedures.

4 13. When the committee makes a decision under  
5 subsections 3 through 12, it shall make all necessary  
6 changes in the district cost, budget, and tax levy.  
7 It shall give written notice of its decision,  
8 including all such changes, to the school board  
9 through the department of education.

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

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

30 16. The committee shall review the recommendations  
31 of the director of the department of education  
32 relating to the special education weighting plan, and  
33 shall establish a weighting plan for each school year  
34 pursuant to section 281.9, and report the plan to the  
35 director of the department of education.

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

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

50 In determining the balance of funds of a school

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1 district under this subsection, the committee shall  
2 subtract the amount of any reduction in state aid that  
3 occurred as a result of a reduction in allotments made  
4 by the governor under section 8.31.

5 a. If the amount certified for a school district  
6 to the director of the department of management under  
7 this subsection for the base year is positive, the  
8 director of the department of management shall  
9 subtract the amount of the positive balance from the  
10 amount of state aid remaining to be paid to the  
11 district during the budget year. If the positive  
12 amount exceeds the amount of state aid that remains to  
13 be paid to the district, the school district shall pay  
14 the excess on a quarterly basis prior to June 30 of  
15 the budget year to the director of the department of  
16 management from other funds received by the district.  
17 The director of the department of management shall  
18 determine the amount of the positive balance that came  
19 from local property tax revenues and shall increase  
20 the district's total state school aids available under  
21 this chapter for the next following budget year by the  
22 amount so determined and shall reduce the district's  
23 tax levy computed under section 257.4 for the next  
24 following budget year by the amount necessary to  
25 compensate for the increased state aid.

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

33 There is appropriated from the general fund of the  
34 state to the school budget review committee for each  
35 fiscal year an amount equal to the state aid portion  
36 of five percent of the receipts for special education  
37 instruction programs in all districts that had a  
38 positive balance determined under paragraph "a" for  
39 the base year, or the state aid portion of all of the  
40 positive balances determined under paragraph "a" for  
41 the base year, whichever is less, to be used for  
42 supplemental aid payments to school districts. Except  
43 as otherwise provided in this lettered paragraph,  
44 supplemental aid paid to a district is equal to the  
45 state aid portion of the district's negative balance.  
46 The school budget review committee shall direct the  
47 director of the department of management to make the  
48 payments to school districts under this lettered  
49 paragraph.

50 A school district is only eligible to receive

1 supplemental aid payments during the budget year if  
2 the school district certifies to the school budget  
3 review committee that for the year following the  
4 budget year it will notify the school budget review  
5 committee to instruct the director of the department  
6 of management to increase the district's allowable  
7 growth and will fund the allowable growth increase  
8 either by using moneys from its unexpended cash  
9 balance to reduce the district's property tax levy or  
10 by using cash reserve moneys to equal the amount of  
11 the deficit that would have been property taxes and  
12 any part of the state aid portion of the deficit not  
13 received as supplemental aid. The director of the  
14 department of management shall make the necessary  
15 adjustments to the school district's budget to provide  
16 the additional allowable growth and shall make the  
17 supplemental aid payments.

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

23 19. Annually the school budget review committee  
24 shall review the amount of property tax levied by each  
25 school district for the cash reserve authorized in  
26 section 298.10. If in the committee's judgment, the  
27 amount of a district's cash reserve levy is  
28 unreasonably high, the committee shall instruct the  
29 director of the department of management to reduce  
30 that district's tax levy computed under section 257.4  
31 for the following budget year by the amount the cash  
32 reserve levy is deemed excessive. A reduction in a  
33 district's property tax levy for a budget year under  
34 this subsection does not affect the district's  
35 authorized budget.

36 20. The committee shall perform the duties  
37 assigned to it under chapter 273 and 286A.

38 Sec. 30. NEW SECTION. 257.30 PRIOR ENRICHMENT  
39 APPROVAL.

40 If the electors of a school district approved the  
41 use of the additional enrichment amount prior to July  
42 1, 1991, under chapter 442, Code 1989, or section  
43 279.43, Code 1989, the approval for use of the  
44 enrichment amount shall continue in effect until the  
45 expiration of the period for which it was approved.

46 Sec. 31. NEW SECTION. 257.31 CASH RESERVE  
47 INFORMATION.

48 If a school district receives less state school  
49 foundation aid under section 257.1 than is due under  
50 that section for a base year and the school district

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1 uses funds from its cash reserve during the base year  
2 to make up for the amount of state aid not paid, the  
3 board of directors of the school district shall  
4 include in its general fund budget document  
5 information about the amount of the cash reserve used  
6 to replace state school foundation aid not paid.

7 Sec. 32. NEW SECTION. 257.32 AREA EDUCATION

8 AGENCY PAYMENTS.

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

27 Sec. 33. NEW SECTION. 257.33 SPECIAL EDUCATION  
28 SUPPORT SERVICES BALANCES.

29 Notwithstanding chapters 273 and 281 and sections  
30 of this chapter relating to the moneys available to  
31 area education agencies for special education support  
32 services, for each school year, the department of  
33 education may direct the department of management to  
34 deduct amounts from the portions of school district  
35 budgets that fund special education support services  
36 in an area education agency. The total amount  
37 deducted in an area shall be based upon excess special  
38 education support services unreserved and undesignated  
39 fund balances in that area education agency for a  
40 school year. The department of management shall  
41 determine the amount deducted from each school  
42 district in an area education agency on a proportional  
43 basis. The department of management shall determine  
44 from the amounts deducted from the portions of school  
45 district budgets that fund area education agency  
46 special education support services the amount that  
47 would have been local property taxes and the amount  
48 that would have been state aid and for the next  
49 following budget year shall increase the district's  
50 total state school aid available under this chapter



1 for area education agency special education support  
2 services and reduce the district's property tax levy  
3 for area education agency special education support  
4 services by the amount necessary for the property tax  
5 portion of the deductions made under this section  
6 during the budget year.

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

11 Sec. 34. NEW SECTION. 257.34 FUNDING MEDIA AND  
12 EDUCATIONAL SERVICES.

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

17 1. The total amount funded in each area for media  
18 services in the budget year is equal to nine-tenths  
19 percent of the state cost per pupil for the budget  
20 year multiplied by the enrollment served in the area  
21 for the budget year. Thirty percent of the budget of  
22 an area for media services shall be expended for media  
23 resource material which shall only be used for the  
24 purchase or replacement of material required in  
25 section 273.6, subsection 1, paragraphs "a", "b", and  
26 "c". Funds shall be paid to area education agencies  
27 as provided in section 257.32. The costs shall be  
28 allocated to school districts in the area based upon  
29 the proportion of the enrollment served that resides  
30 in the district.

31 2. The total amount funded in each area for  
32 educational services in the budget year is equal to  
33 one percent of the state cost per pupil for the budget  
34 year multiplied by the enrollment served in the area  
35 for the budget year. Funds shall be paid to area  
36 education agencies as provided in section 257.32. The  
37 costs shall be allocated to school districts in the  
38 area based upon the proportion of the enrollment  
39 served that resides in the district.

40 3. "Enrollment served" means the basic enrollment  
41 plus the number of nonpublic school pupils served with  
42 media services or educational services, as applicable,  
43 except that if a nonpublic school pupil receives  
44 services through an area other than the area of the  
45 pupil's residence, the pupil shall be deemed to be  
46 served by the area of the pupil's residence, which  
47 shall by contractual arrangement reimburse the area  
48 through which the pupil actually receives services.  
49 Each school district shall include in the third Friday  
50 in September enrollment report the number of nonpublic

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1 school pupils within each school district for media  
2 and educational services served by the area.

3 4. If an area education agency does not serve  
4 nonpublic school pupils in a manner comparable to  
5 services provided public school pupils for media and  
6 educational services, as determined by the state board  
7 of education, the state board shall instruct the  
8 department of management to reduce the funds for media  
9 services and educational services one time by an  
10 amount to compensate for such reduced services. The  
11 media services budget shall be reduced by an amount  
12 equal to the product of the cost per pupil in basic  
13 enrollment for the budget year for media services  
14 times the difference between the enrollment served and  
15 the basic enrollment recorded for the area. The  
16 educational services budget shall be reduced by an  
17 amount equal to the product of the cost per pupil in  
18 basic enrollment for the budget year for educational  
19 services times the difference between the enrollment  
20 served and the basic enrollment recorded for the area.

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

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

30 Sec. 35. NEW SECTION. 257.35 PROGRAMS FOR  
31 RETURNING DROPOUTS AND DROPOUT PREVENTION.

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

- 41 1. Program goals, objectives, and activities to
- 42 meet the needs of children who may drop out of school.
- 43 2. Student identification criteria and procedures.
- 44 3. Staff in-service education design.
- 45 4. Staff utilization plans.
- 46 5. Evaluation criteria and procedures and
- 47 performance measures.
- 48 6. Program budget.
- 49 7. Qualifications required of personnel
- 50 administering the program.

1 8. A provision for dropout prevention and  
2 integration of dropouts into the educational program  
3 of the district.

4 9. A provision for identifying dropouts.

5 10. A program for returning dropouts.

6 11. Other factors the department requires.

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

14 Sec. 36. NEW SECTION. 257.36 DEFINITIONS.

15 As used in this chapter:

16 1. "Returning dropouts" are resident pupils who  
17 have been enrolled in a public or nonpublic school in  
18 any of grades seven through twelve who withdrew from  
19 school for a reason other than transfer to another  
20 school or school district and who subsequently  
21 enrolled in a public school in the district.

22 2. "Potential dropouts" are resident pupils who  
23 are enrolled in a public or nonpublic school who  
24 demonstrate poor school adjustment as indicated by two  
25 or more of the following:

26 a. High rate of absenteeism, truancy, or frequent  
27 tardiness.

28 b. Limited or no extracurricular participation or  
29 lack of identification with school, including but not  
30 limited to, expressed feelings of not belonging.

31 c. Poor grades, including but not limited to,  
32 failing in one or more school subjects or grade  
33 levels.

34 d. Low achievement scores in reading or  
35 mathematics which reflect achievement at two years or  
36 more below grade level.

37 e. Children in grades kindergarten through three  
38 who meet the definition of at-risk children adopted by  
39 the department of education.

40 Sec. 37. NEW SECTION. 257.37 PLANS FOR RETURNING  
41 DROPOUTS AND DROPOUT PREVENTION.

42 The board of directors of a school district  
43 requesting to use additional allowable growth for  
44 programs for returning dropouts and dropout prevention  
45 shall submit applications for approval for the  
46 programs to the department not later than November 1  
47 preceding the budget year during which the program  
48 will be offered. The department shall review the  
49 program plans and shall prior to January 15 either  
50 grant approval for the program or return the request

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1 for approval with comments of the department included.  
2 An unapproved request for a program may be resubmitted  
3 with modifications to the department not later than  
4 February 1. Not later than February 15, the  
5 department shall notify the department of management  
6 and the school budget review committee of the names of  
7 the school districts for which programs using  
8 additional allowable growth for funding have been  
9 approved and the approved budget of each program  
10 listed separately for each school district having an  
11 approved program.

12 Sec. 38. NEW SECTION. 257.38 FUNDING FOR  
13 PROGRAMS FOR RETURNING DROPOUTS AND DROPOUT  
14 PREVENTION.

15 The budget of an approved program for returning  
16 dropouts and dropout prevention for a school district,  
17 after subtracting funds received from other sources  
18 for that purpose, shall be funded annually on a basis  
19 of one-fourth or more from the district cost of the  
20 school district and up to three-fourths by an increase  
21 in allowable growth as defined in section 257.8.  
22 Annually, the department of management shall establish  
23 a modified allowable growth for each such district  
24 equal to the difference between the approved budget  
25 for the program for returning dropouts and dropout  
26 prevention for that district and the sum of the amount  
27 funded from the district cost of the school district  
28 plus funds received from other sources.

29 Sec. 39. NEW SECTION. 257.39 FUNDS FOR NEW  
30 EDUCATIONAL STANDARDS.

31 In addition to the funding provided through the  
32 district cost of school districts, there is  
33 appropriated from the general fund of the state for  
34 each fiscal year to the department of education for  
35 allocation to school districts for the costs of  
36 implementing educational standards adopted by the  
37 state board of education under section 256.11, the sum  
38 of six million nine hundred thousand dollars, or so  
39 much thereof as is necessary, to be allocated to  
40 school districts based upon each school district's  
41 budget enrollment for the budget year. Moneys  
42 received by school districts under this section are  
43 miscellaneous income. Payments under this section  
44 shall be made in the manner provided in section  
45 257.16.

46 Sec. 40. SPECIAL EDUCATION WEIGHTS. For the  
47 budget years beginning July 1, 1991, July 1, 1992, and  
48 July 1, 1993, in making recommendations to the school  
49 budget review committee under section 281.9,  
50 subsection 4, the director of the department of

1 education shall consider the changes in the value of  
2 the state cost per pupil established under section  
3 257.9 from the value of the state cost per pupil for  
4 the base year established under section 442.8, Code  
5 1989, and changes in the value of the district cost  
6 per pupil for school districts established in section  
7 257.10 from the value of the district cost per pupil  
8 for school districts established in section 442.9,  
9 Code 1989. Notwithstanding section 281.9, subsection  
10 4, for the budget years commencing July 1, 1990, July  
11 1, 1991, and July 1, 1992, the increase or decrease in  
12 the weighting assigned to each category of children  
13 requiring special education is not limited to two-  
14 tenths of the weighting assigned to pupils in a  
15 regular curriculum.

16 Sec. 41. Section 96.31, Code 1989, is amended to  
17 read as follows:

18 96.31 TAX FOR BENEFITS.

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

24 Sec. 42. Section 111E.4, Code 1989, is amended to  
25 read as follows:

26 111E.4 PAYMENT IN LIEU OF PROPERTY TAXES.

27 As a part of the budget proposal submitted to the  
28 general assembly under section 455A.4, subsection 1,  
29 paragraph "c", the director of the department of  
30 natural resources shall submit a budget request to pay  
31 the property taxes for the next fiscal year on open  
32 space property acquired by the department which would  
33 otherwise be subject to the levy of property taxes.  
34 The assessed value of open space property acquired by  
35 the department shall be that determined under section  
36 427.1, subsection 31, and the director may protest the  
37 assessed value in the manner provided by law for any  
38 property owner to protest an assessment. For the  
39 purposes of chapter 442 257, the assessed value of the  
40 open space property acquired by the department shall  
41 be included in the valuation base of the school  
42 district and the payments made pursuant to this  
43 section shall be considered as property tax revenues  
44 and not as miscellaneous income. The county treasurer  
45 shall certify taxes due to the department. The taxes  
46 shall be paid annually from the departmental fund or  
47 account from which the open space property acquisition  
48 was funded. If the departmental fund or account has  
49 no moneys or no longer exists, the taxes shall be paid  
50 from funds as otherwise provided by the general

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1 assembly. If the total amount of taxes due certified  
2 to the department exceeds the amount appropriated, the  
3 taxes due shall be reduced proportionately so that the  
4 total amount equals the amount appropriated. This  
5 section applies to open space property acquired by the  
6 department on or after January 1, 1987.

7 Sec. 43. Section 256.21, unnumbered paragraph 4,  
8 Code 1989, is amended to read as follows:

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

21 Sec. 44. Section 256A.3, subsection 5, Code 1989,  
22 is amended by adding the following new unnumbered  
23 paragraph:

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

30 Sec. 45. Section 256A.3, Code 1989, is amended by  
31 adding the following new subsections:

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

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

39 Sec. 46. NEW SECTION. 263.20 EDUCATION FINANCE  
40 INSTITUTE.

41 An education finance institute is established at  
42 the university of Iowa to provide the general  
43 assembly, the department of education, the department  
44 of management, and associations interested in  
45 education with information and research regarding the  
46 funding of school districts under the state school  
47 finance formula. The institute shall initiate  
48 research within the limits of the moneys available,  
49 review school finance research conducted in this state  
50 and in other states, compare school districts in Iowa

1 with other school districts both in Iowa and in other  
2 states, review the operation of Iowa's school finance  
3 plan, and serve as a resource to the general assembly  
4 in actions relating to school finance. The research  
5 conducted by the institute shall be coordinated with  
6 the legislative fiscal bureau. The legislative fiscal  
7 bureau and the house and senate committees on  
8 education of the general assembly may make  
9 recommendations to the institute concerning research  
10 projects to be initiated and information to be  
11 gathered.

12 Research projects may include but are not limited  
13 to projects relating to equality of educational  
14 opportunity, equality of distribution of education  
15 funds, the relationship between school funding and  
16 school improvement, access of students to curriculum  
17 and programs, tax equity, and use of income factors in  
18 school funding.

19 The institute shall be interdisciplinary in focus,  
20 using research teams that may include members from  
21 other higher education institutions under the control  
22 of the state board of regents.

23 The institute shall be financed with moneys  
24 appropriated in this section and additional  
25 contributions from the university of Iowa. In  
26 addition, the university of Iowa shall seek grants and  
27 donations from public and private sources.

28 There is appropriated from the general fund of the  
29 state to the state board of regents for allocation to  
30 the education finance institute for each fiscal year  
31 an amount equal to thirty-two cents multiplied by the  
32 sum of the basic enrollments for the budget year of  
33 all school districts in the state, as basic enrollment  
34 is defined in section 257.6.

35 Sec. 47. Section 265.6, Code 1989, is amended to  
36 read as follows:

37 265.6 STATE AID APPLICABLE.

38 If the state board of regents has established a  
39 laboratory school, it shall receive state aid pursuant  
40 to chapters 257 and 281 and-442 for each pupil  
41 enrolled in the laboratory school in the same amount  
42 as the public school district in which the pupil  
43 resides would receive aid for that pupil and shall  
44 transmit the amount received to the institution of  
45 higher education at which the laboratory school has  
46 been established. If the board of a school district  
47 terminates a contract with the state board of regents  
48 for attendance of pupils in a laboratory school, the  
49 school district shall inform the state-comptroller  
50 department of management of the number of these pupils

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1 who are enrolled in the district on the second third  
2 Friday of the following September. The state  
3 comptroller department of management shall pay to the  
4 school district, from funds appropriated in section  
5 442-26 257.16, an amount equal to the amount of state  
6 aid paid for each pupil in that school district for  
7 that school year in payments made as provided in  
8 section 442-26 257.16. However, payments shall not be  
9 made for pupils for which an advance is received by  
10 the district under section 442-28 257.13.

11 Sec. 48. Section 273.3, subsections 2 and 12, Code  
12 1989, are amended to read as follows:

13 2. Be authorized to receive and expend money for  
14 providing programs and services as provided in  
15 sections 273.1 to 273.9, and chapters 257 and 281 and  
16 442. All costs incurred in providing the programs and  
17 services, including administrative costs, shall be  
18 paid from funds received pursuant to sections 273.1 to  
19 273.9 and chapters 257 and 281 and-442.

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

44 Sec. 49. Section 273.5, subsection 6, Code 1989,  
45 is amended to read as follows:

46 6. Submit to the department of education special  
47 education instructional and support program plans and  
48 applications, subject to criteria listed in chapter  
49 281 and this chapter, for approval by November-1  
50 February 15 of each year for the school year



1 commencing the following July 1.

2 Sec. 50. Section 273.9, Code 1989, is amended to  
3 read as follows:

4 273.9 FUNDING.

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

11 2. School districts shall pay the costs of special  
12 education instructional programs with the moneys  
13 available to the districts for each child requiring  
14 special education, by application of the special  
15 education weighting plan in section 281.9. Special  
16 education instructional programs shall be provided at  
17 the local level if practicable, or otherwise by  
18 contractual arrangements with the area education  
19 agency board as provided in section 273.3, subsection  
20 5, but in each case the total money available through  
21 section 281.9 and chapter 442 257 because of weighted  
22 enrollment for each child requiring special education  
23 instruction shall be made available to the district or  
24 agency which provides the special education  
25 instructional program to the child, subject to  
26 adjustments for transportation or other costs which  
27 may be paid by the school district in which the child  
28 is enrolled. Each district shall co-operate with its  
29 area education agency to provide an appropriate  
30 special education instructional program for each child  
31 who requires special education instruction, as  
32 identified and counted within the certification by the  
33 area director of special education or as identified by  
34 the area director of special education subsequent to  
35 the certification, and shall not provide a special  
36 education instructional program to a child who has not  
37 been so identified and counted within the  
38 certification or identified subsequent to the  
39 certification.

40 3. The costs of special education support services  
41 provided through the area education agency shall be  
42 ~~funded by an increase in the allowable growth of each~~  
43 ~~school district, determined as provided in section~~  
44 ~~442-7~~ chapter 257. Special education support services  
45 shall not be funded until the program plans submitted  
46 by the special education directors of each area  
47 education agency as required by section 273.5 are  
48 modified as necessary and approved by the director of  
49 the department of education according to the criteria  
50 and limitations of chapter chapters 257 and 281 and

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1 ~~section-442-7.~~

2 4. The costs of media services provided through  
3 the area education agency shall be funded as provided  
4 in ~~section 442-27~~ 257.34. Media services shall not be  
5 funded until the program plans submitted by the  
6 administrators of each area education agency as  
7 required by section 273.4 are modified as necessary  
8 and approved by the director of the department of  
9 education according to the criteria and limitations of  
10 ~~section sections~~ 257.34 and 273.6 ~~and-of-section~~  
11 ~~442-27.~~

12 5. The costs of educational services provided  
13 through the area education agency shall be funded  
14 within the limitations in section ~~442-27~~ 257.34.

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

18 Sec. 51. Section 273.12, Code 1989, is amended to  
19 read as follows:

20 273.12 FUNDS -- USE RESTRICTED.

21 Funds generated for educational services under the  
22 ~~provisions-of~~ section ~~442-27~~ 257.34 and subject to  
23 approval under the provisions of section 273.9,  
24 subsection 5, shall not be expended by an area  
25 ~~school district or for the purpose of assisting either a~~  
26 ~~public employee or employee organization in collective~~  
27 bargaining negotiations under chapter 20 if the public  
28 employer is a school district, or the employee  
29 organization consists of employees of a school  
30 district, located within the boundaries of the area  
31 education agency.

32 Sec. 52. Section 273.13, Code 1989, is amended to  
33 read as follows:

34 273.13 ADMINISTRATIVE EXPENDITURES.

35 During the budget year beginning July 1, 1989, and  
36 the three succeeding budget years, the board of  
37 directors of an area education agency in which the  
38 administrative expenditures as a percent of the area  
39 education agency's operating fund for a base year  
40 exceed five percent shall reduce its administrative  
41 expenditures to five percent of the area education  
42 agency's operating fund. During each of the four  
43 years, the board of directors shall reduce  
44 administrative expenditures by twenty-five percent of  
45 the reduction in administrative expenditure required  
46 by this section. Thereafter, the administrative  
47 expenditures shall not exceed five percent of the  
48 operating fund. Annually, the board of directors  
49 shall certify to the department of education the  
50 amounts of the area education agency's expenditures

1 and its operating fund. For the purposes of this  
2 section, "base year" and "budget year" mean the same  
3 as defined in section 442.6, Code 1989, and section  
4 257.2, and "administrative expenditures" means  
5 expenditures for executive administration.

6 Sec. 53. NEW SECTION. 273.14 AREA EDUCATION  
7 BUDGET REVIEW.

8 1. An area education agency budget review  
9 procedure is established for the school budget review  
10 committee created in section 257.28. The school  
11 budget review committee, in addition to its duties  
12 under chapter 257, shall meet and hold hearings each  
13 year under this chapter to review unusual  
14 circumstances of area education agencies, either upon  
15 the committee's motion or upon the request of an area  
16 education agency. The committee may grant  
17 supplemental aid to the area education agency from  
18 funds appropriated to the department of education for  
19 area school budget review purposes, or an amount may  
20 be added to the area education agency special  
21 education support services allowable growth for  
22 districts in an area or an additional amount may be  
23 added to district cost for media services or  
24 educational services for all districts in an area for  
25 the budget year either on a temporary or permanent  
26 basis, or both.

27 Unusual circumstances shall include but not be  
28 limited to the following:

29 a. An unusual increase or decrease in enrollment  
30 of children requiring special education.

31 b. Unusual need for additional moneys for media  
32 services.

33 c. Unusual need for additional moneys for  
34 educational services.

35 d. Unusual costs for building repair, building  
36 maintenance, or removal of environmental hazards.

37 e. Participation by the area education agency in  
38 telecommunications, electronic, and technological  
39 development with school districts, and related staff  
40 development programs.

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

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

50 4. Failure by an area education agency to provide

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1 information or appear before the school budget review  
2 committee as requested for the accomplishment of  
3 review or hearing constitutes justification for the  
4 committee to instruct the department of revenue and  
5 finance to withhold payments to the area education  
6 agency until the committee's inquiries are satisfied  
7 completely.

8 Sec. 54. Section 274.37, unnumbered paragraph 2,  
9 Code 1987, is amended to read as follows:

10 The boards in the respective districts, the  
11 boundaries of which have been changed under this  
12 section, complete in all respects, except for the  
13 passage of time prior to the effective date of the  
14 change, and when ~~at~~ the right of appeal of the change  
15 has expired, may enter into joint contracts for the  
16 construction of buildings for the benefit of the  
17 corporations whose boundaries have been changed, using  
18 funds accumulated under ~~section-278.17-subsection-7~~  
19 the physical plant and equipment levy in section  
20 298.2. The district in which the building is to be  
21 located may use any funds authorized in accordance  
22 with chapter 75. ~~Nothing-in-this-section-shall-be~~  
23 ~~construed-to~~ This section does not permit the changed  
24 districts to expend any funds jointly which they are  
25 not entitled to expend acting individually.

26 Sec. 55. Section 275.12, subsection 5, Code 1989,  
27 is amended to read as follows:

28 5. The petition may also include a provision that  
29 the ~~schoolhouse-tax~~ voter-approved physical plant and  
30 equipment levy provided in section 278.17-subsection-7  
31 298.2, will be voted upon at the election conducted  
32 under section 275.18.

33 Sec. 56. Section 275.14, Code 1989, is amended to  
34 read as follows:

35 275.14 OBJECTION -- TIME OF FILING -- NOTICE.

36 Within ten days after the petition is filed, the  
37 area education agency administrator shall fix a final  
38 date for filing objections to the petition which shall  
39 be not more than sixty days after the petition is  
40 filed and shall fix the date for a hearing on the  
41 objections to the petition. Objections shall be filed  
42 in the office of the administrator who shall give  
43 notice at least ten days prior to the final day for  
44 filing objections, by one publication in a newspaper  
45 published within the territory described in the  
46 petition, or if none is published ~~therein~~ in the  
47 territory, in a newspaper published in the county  
48 where the petition is filed, and of general  
49 circulation in the territory described. The notice  
50 shall also list the date, time, and location for the

1 hearing on the petition as provided in section 275.15.  
2 The cost of publication shall be assessed to each  
3 district whose territory is involved in the ratio that  
4 the number of pupils in basic enrollment for the  
5 budget year, as defined in section ~~442-4~~ 257.6 in each  
6 district bears to the total number of pupils in basic  
7 enrollment for the budget year in the total area  
8 involved. Objections shall be in writing in the form  
9 of an affidavit and may be made by any person residing  
10 or owning land within the territory described in the  
11 petition, or who would be injuriously affected by the  
12 change petitioned for and shall be on file not later  
13 than twelve o'clock noon of the final day fixed for  
14 filing objections.

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

21 Sec. 57. Section 275.20, Code 1989, is amended to  
22 read as follows:

23 275.20 SEPARATE VOTE IN EXISTING DISTRICTS.

24 The voters shall vote separately in each existing  
25 school district affected and voters residing in the  
26 entire existing district are eligible to vote both  
27 upon the proposition to create a new school  
28 corporation and the proposition to levy the  
29 ~~schoolhouse-tax-under-section-278-17-subsection-7~~  
30 voter-approved physical plant and equipment levy under  
31 section 298.2, if the petition included a provision  
32 for a vote to authorize the levy the schoolhouse-tax.  
33 If a proposition receives a majority of the votes cast  
34 in each of at least seventy-five percent of the  
35 districts, and also a majority of the total number of  
36 votes cast in all of the districts, the proposition is  
37 carried.

38 Sec. 58. Section 275.31, unnumbered paragraph 1,  
39 Code 1989, is amended to read as follows:

40 If necessary to equalize the division and  
41 distribution, the board or boards may provide for the  
42 levy of additional taxes, which shall be sufficient to  
43 satisfy the mandatory levy required in section 76.2 or  
44 other liabilities of the districts, upon the property  
45 of a corporation or part of a corporation and for the  
46 distribution of the tax revenues so as to effect  
47 equalization. When the board or boards are  
48 considering the equalization levy, the division and  
49 distribution shall not impair the security for  
50 outstanding obligations of each affected corporation.

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1 Any owner of bonds of an affected corporation may  
2 bring suit in equity for adjustment of the division  
3 and distribution in compliance with this section. If  
4 the property tax levy for the amount estimated and  
5 certified to apply on principal and interest on lawful  
6 bonded indebtedness for a newly formed community  
7 school district is greater than the property tax levy  
8 for the amount estimated and certified to apply on  
9 principal and interest in the year preceding the  
10 reorganization or dissolution for a school district  
11 that is a party to the reorganization or dissolution,  
12 and that had a certified enrollment of less than six  
13 hundred for the year prior to the reorganization or  
14 dissolution, and that approved the reorganization or  
15 dissolution prior to July 1, 1989, the board of the  
16 newly formed district shall inform the department of  
17 management. The department of management shall pay  
18 debt service aid to the newly formed district in an  
19 amount that will reduce the rate of the property tax  
20 levy for lawful bonded indebtedness in the portion of  
21 the newly formed district where the new rate is  
22 higher, to the rate that was levied in that portion of  
23 the district during the year preceding the  
24 reorganization or dissolution.

25 Sec. 59. Section 275.33, subsection 2, unnumbered  
26 paragraph 1, Code 1989, is amended to read as follows:  
27 The collective bargaining agreement of the district  
28 with the largest basic enrollment, as defined in  
29 section ~~442-4~~ 257.6, in the new district shall serve  
30 as the base agreement and the employees of the other  
31 districts involved in the formation of the new  
32 district shall automatically be accreted to the  
33 bargaining unit of that collective bargaining  
34 agreement for purposes of negotiating the contracts  
35 for the following years without further action by the  
36 public employment relations board. If only one  
37 collective bargaining agreement is in effect among the  
38 districts which are party to the reorganization, then  
39 that agreement shall serve as the base agreement, and  
40 the employees of the other districts involved in the  
41 formation of the new district shall automatically be  
42 accreted to the bargaining unit of that collective  
43 bargaining agreement for purposes of negotiating the  
44 contracts for the following years without further  
45 action by the public employment relations board. The  
46 board of the newly formed district, using the base  
47 agreement as its existing contract, shall bargain with  
48 the combined employees of the existing districts for  
49 the school year beginning with the effective date of  
50 the reorganization. The bargaining shall be completed

1 by March 15 prior to the school year in which the  
2 reorganization becomes effective or within one hundred  
3 eighty days after the organization of the new board,  
4 whichever is later. If a bargaining agreement was  
5 already concluded by the board and employees of the  
6 existing district with the contract serving as the  
7 base agreement for the school year beginning with the  
8 effective date of the reorganization, that agreement  
9 shall be void. However, if the base agreement  
10 contains multiyear provisions affecting school years  
11 subsequent to the effective date of the  
12 reorganization, the base agreement shall remain in  
13 effect as specified in the agreement.

14 Sec. 60. Section 275.55, unnumbered paragraph 4,  
15 Code 1989, is amended to read as follows:

16 The attachment is effective July 1 following its  
17 approval. If the dissolution proposal is for the  
18 dissolution of a school district with a certified  
19 enrollment of fewer than six hundred, the territory  
20 located in the school district that dissolved is  
21 eligible, if approved by the director of the  
22 department of education, for a reduction in the  
23 uniform foundation property tax levy under section  
24 442-2 257.3, subsection 1. If the director approves a  
25 reduction in the uniform foundation property tax levy  
26 as provided in this section, the director shall notify  
27 the director of the department of management of the  
28 reduction.

29 Sec. 61. Section 276.11, Code 1989, is amended by  
30 striking the section and inserting in lieu thereof the  
31 following:

32 276.11 FUNDING OF COMMUNITY EDUCATION.

33 The costs of community education shall be paid from  
34 moneys in the general fund of the school district.

35 Sec. 62. Section 277.2, Code 1989, is amended to  
36 read as follows:

37 277.2 SPECIAL ELECTION.

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

49 Sec. 63. Section 278.1, subsection 7, Code 1989,  
50 is amended by striking the subsection.

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1 Sec. 64. Section 278.1, unnumbered paragraph 4,  
2 Code 1989, is amended by striking the unnumbered  
3 paragraph.

4 Sec. 65. NEW SECTION. 279.8A STUDENT FEES.

5 Students meeting the economic eligibility  
6 requirements established under the federal National  
7 School Lunch and Child Nutrition Acts, 42 U.S.C. §  
8 1751-1785, for free or reduced price lunches, shall  
9 not be required by the board of directors to pay fees  
10 imposed by the board for enrolling in the school  
11 district or for participation in extracurricular  
12 activities of the school district.

13 Sec. 66. Section 279.26, Code 1989, is amended to  
14 read as follows:

15 279.26 LEASE ARRANGEMENTS.

16 The board of directors of a local school district  
17 for which a schoolhouse-tax voter-approved physical  
18 plant and equipment levy has been voted pursuant to  
19 section 278.17, subsection 7 298.2, may enter into a  
20 rental or lease arrangement, consistent with the  
21 purposes for which the schoolhouse-tax voter-approved  
22 physical plant and equipment levy has been voted, for  
23 a period not exceeding ten years and not exceeding the  
24 period for which the schoolhouse-tax voter-approved  
25 physical plant and equipment levy has been authorized  
26 by the voters.

27 Sec. 67. Section 279.45, Code 1989, is amended to  
28 read as follows:

29 279.45 ADMINISTRATIVE EXPENDITURES.

30 For the budget year beginning July 1, 1989, and  
31 each of the following three budget years, the board of  
32 directors of a school district in which the  
33 administrative expenditures as a percent of the school  
34 district's operating fund for a base year exceed five  
35 percent, shall reduce its administrative expenditures  
36 so that they are one-half percent less as a percent of  
37 the school district's operating fund than they were  
38 for the base year. However, a school district is not  
39 required to reduce its administrative expenditures  
40 below five percent of its operating fund. Thereafter,  
41 a school district shall not increase the percent of  
42 its administrative expenditures compared to its  
43 operating fund. Annually, the board of directors  
44 shall certify to the department of education the  
45 amounts of the school district's administrative  
46 expenditures and its operating fund. For the purposes  
47 of this section, "base year" and "budget year" mean  
48 the same as defined in section 442.6, Code 1989, and  
49 section 257.2, and "administrative expenditures" means  
50 expenditures for executive administration.



1     Sec. 68. Section 279.46, Code 1989, is amended to  
2 read as follows:

3     279.46 RETIREMENT INCENTIVES -- TAX.

4     The board of directors of a school district may  
5 adopt a program for payment of a monetary bonus,  
6 continuation of health or medical insurance coverage,  
7 or other incentives for encouraging its employees to  
8 retire before the normal retirement date as defined in  
9 chapter 97B. The program is available only to  
10 employees between fifty-nine and sixty-five years of  
11 age who notify the board of directors prior to March 1  
12 of the fiscal year that they intend to retire not  
13 later than the next following June 30. An employee  
14 retiring under this section shall apply for a  
15 retirement allowance under chapter 97B or chapter 294.  
16 If the total estimated accumulated cost to a school  
17 district of the bonus or other incentives for  
18 employees who retire under this section does not  
19 exceed the estimated savings in salaries and benefits  
20 for employees who replace the employees who retire  
21 under the program, the board may certify-for include  
22 in the district management levy a-tax-on-all-taxable  
23 property-in-the-school-district an amount to pay the  
24 costs of the program provided in this section. ~~The~~  
25 ~~levy-certified-under-this-section-is-in-addition-to~~  
26 ~~any-other-levy-authorized-for-that-school-district-by~~  
27 ~~law-and-is-not-subject-to-budget-limitations-otherwise~~  
28 ~~provided-by-law--A-board-may-amend-its-certified~~  
29 ~~budget-during-a-fiscal-year-to-provide-for-payments~~  
30 ~~required-under-this-section--Moneys-received-from-the~~  
31 ~~levy-imposed-under-this-section-are-miscellaneous~~  
32 ~~income-for-purposes-of-chapter-442.~~

33     Sec. 69. NEW SECTION. 279.51 PROGRAMS FOR AT-  
34 RISK CHILDREN.

35     1. There is appropriated from the general fund of  
36 the state to the department of education for the  
37 fiscal year beginning July 1, 1990, the sum of eleven  
38 million two hundred thousand dollars. For each  
39 succeeding fiscal year, there is appropriated the  
40 amount appropriated for the previous fiscal year plus  
41 an additional amount equal to the state percent of  
42 growth as calculated in section 257.8 multiplied by  
43 the amount appropriated the previous fiscal year as  
44 follows:

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

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1 b. Six million one hundred twenty-five thousand  
2 dollars of the funds appropriated shall be allocated  
3 to the child development coordinating council  
4 established in chapter 256A for the purposes set out  
5 in subsection 2 of this section and section 256A.3.

6 c. For each of the fiscal years during the fiscal  
7 period beginning July 1, 1990, and ending June 30,  
8 1994, eight hundred thousand dollars of the funds  
9 appropriated shall be allocated for the school-based  
10 youth services education program established in  
11 subsection 3. Subject to the approval of the state  
12 board of education, the allocation made in this  
13 paragraph may be renewed for additional four-year  
14 periods of time.

15 d. Four million dollars of the funds appropriated  
16 shall be allocated as grants to school districts that  
17 have elementary schools that demonstrate the greatest  
18 need for programs for at-risk students with preference  
19 given to innovative programs for the early elementary  
20 school years.

21 e. Additional funds available under this  
22 subsection shall be distributed equally between  
23 paragraphs "b" and "d".

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

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

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

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

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

42 3. A school-based youth services education program  
43 is established. The department of education, in  
44 consultation with the department of human services,  
45 the department of employment services, the Iowa  
46 department of public health, and the division of job  
47 training and entrepreneurship assistance of the  
48 department of economic development, shall develop a  
49 four-year demonstration grant program that commences  
50 in the fiscal year beginning July 1, 1990. The

1 department shall provide grants to individual middle  
2 schools or high schools to establish school-based  
3 youth services programs based upon program plans filed  
4 by the board of directors of the school district.  
5 Priority shall be given to schools with student  
6 populations characterized by high rates of a number of  
7 the following: school dropout and absenteeism;  
8 teenage pregnancy; juvenile court involvement;  
9 unemployment; teenage suicide; and teenage mental  
10 health, substance abuse, and other health problems.  
11 The department shall evaluate proposed programs based  
12 upon the department's analysis of effectiveness in  
13 reducing these rates within the schools.

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

37 The plan shall include the appointment by the board  
38 of a local advisory board for each proposed program,  
39 which at a minimum shall include a representative of  
40 the private industry council serving the area, parents  
41 of children enrolled in the school, a teacher  
42 recommended by the local teachers association, a  
43 representative from the health and mental health com-  
44 munity in the area, teenagers enrolled in the school  
45 and recommended by the school student government, a  
46 representative from the nonprofit provider community,  
47 and a representative from the juvenile court system  
48 serving the area. Management of the program shall be  
49 by the school or by a nonprofit youth service  
50 organization. As used in this subsection, "youth

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1 service" means recreational services, employment  
2 services, civic services, or juvenile treatment  
3 services.

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

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

20 Program proposals shall include a contribution of  
21 at least twenty percent of the total costs of the  
22 program, which can include "in-kind" services.  
23 Partnerships between the public and private sectors to  
24 provide employment and training opportunities for  
25 youth served by the program are particularly  
26 encouraged. The budget for a proposed program shall  
27 not exceed two hundred thousand dollars per year.

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

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

39 Sec. 70. NEW SECTION. 279.52 OPTIONAL FUNDING OF  
40 ASBESTOS PROJECTS.

41 The board of directors may pay the actual cost of  
42 an asbestos project from any funds in the general fund  
43 of the district, funds received from the physical  
44 plant and equipment levy, funds received under the  
45 additional enrichment amount for an asbestos project,  
46 or moneys obtained through a federal asbestos loan  
47 program, to be repaid from any of the funds specified  
48 in this subsection.

49 For the purpose of this section, "cost of an  
50 asbestos project" includes the costs of inspection and

1 reinspection, sampling, analysis, assessment, response  
2 actions, operations and maintenance, training,  
3 periodic surveillance, developing of management plans  
4 and recordkeeping requirements relating to the  
5 presence of asbestos in school buildings of the  
6 district and its removal or encapsulation.

7 Sec. 71. NEW SECTION. 279.53 ADDITIONAL  
8 ENRICHMENT AMOUNT FOR ASBESTOS PROJECTS.

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

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

28 3. The additional enrichment amount needed for an  
29 asbestos project shall be raised within the limits  
30 provided in this section by a combination of an  
31 enrichment property tax and a school district income  
32 surtax imposed in the proportion of a property tax of  
33 twenty-seven cents per thousand dollars of assessed  
34 valuation of taxable property in the district for each  
35 five percent of income surtax.

36 4. The additional enrichment amount for a district  
37 for an asbestos project is limited to the amount which  
38 may be raised by a combination tax in the prescribed  
39 proportion which does not exceed a property tax of one  
40 dollar and sixty-two cents per thousand dollars of  
41 assessed valuation and an income surtax of thirty  
42 percent.

43 Sec. 72. NEW SECTION. 279.54 COMPUTATION OF  
44 ENRICHMENT AMOUNT FOR AN ASBESTOS PROJECT.

45 If a majority of those voting in an election  
46 approves raising the additional enrichment amount for  
47 an asbestos project under section 279.53 and this  
48 section, the board shall certify to the department of  
49 management that the required procedures have been  
50 carried out, and the department of management shall

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1 establish the amount of additional enrichment property  
2 tax to be levied and the amount of school district  
3 income surtax to be imposed for each school year for  
4 which the additional enrichment amount for an asbestos  
5 project is authorized. The department of management  
6 shall determine these amounts based upon the most  
7 recent figures available for the district's valuation  
8 of taxable property, individual state income tax paid,  
9 and budget enrollment in the district, and shall  
10 certify to the district's county auditor the amount of  
11 enrichment property tax, and to the director of  
12 revenue and finance the amount of school district  
13 income surtax to be imposed.

14 The school district income surtax for an asbestos  
15 project shall be imposed on the state individual  
16 income tax for the calendar year during which the  
17 school's budget year begins, or for a taxpayer's  
18 fiscal year ending during the second half of that  
19 calendar year or the first half of the succeeding  
20 calendar year, and shall be imposed on all individuals  
21 residing in the school district on the last day of the  
22 applicable tax year. As used in this section, "state  
23 individual income tax" means the tax computed under  
24 section 422.5, less the deductions allowed in sections  
25 422.10 through 422.12.

26 An additional enrichment amount for an asbestos  
27 project authorized under section 279.53 is authorized  
28 for a period of three years. If the board wishes to  
29 continue any additional enrichment amount for an  
30 asbestos project beyond the period authorized, it  
31 shall reestablish its authority to do so in the manner  
32 provided in section 279.53 within the twelve-month  
33 period prior to termination of the existing period.

34 Sec. 73. NEW SECTION. 279.55 STATUTES  
35 APPLICABLE.

36 The director of revenue and finance shall  
37 administer any school district income surtax imposed  
38 under this chapter, and sections 422.20, 422.22 to  
39 422.31, 422.68, and 422.72 through 422.75, apply in  
40 respect to administration of the school district  
41 income surtax.

42 Sec. 74. NEW SECTION. 279.56 FORM AND TIME OF  
43 RETURN.

44 The school district income surtax imposed under  
45 section 279.54 shall be made a part of the Iowa  
46 individual income tax return subject to the conditions  
47 and restrictions set forth in section 422.21.

48 Sec. 75. NEW SECTION. 279.57 DEPOSIT OF SCHOOL  
49 DISTRICT INCOME SURTAX.

50 The director of revenue and finance shall deposit

1 the moneys received as school district income surtax  
2 on or before November 1 of the year following the  
3 close of the budget year for which the surtax is  
4 imposed, to the credit of each district from which the  
5 moneys are received, in a "school district income  
6 surtax fund" which is established in the office of the  
7 treasurer of state.

8 All school district surtax moneys received or  
9 refunded after November 1 of the year following the  
10 close of the school budget year for which the surtax  
11 is imposed shall be deposited in or withdrawn from the  
12 general fund of the state and shall be considered part  
13 of the cost of administering the school district  
14 surtax.

15 Sec. 76. NEW SECTION. 279.58 SCHOOL DISTRICT  
16 INCOME SURTAX CERTIFICATION.

17 On or before October 20 each year, the director of  
18 revenue and finance shall make an accounting of the  
19 school district income surtax collected under this  
20 chapter applicable to tax returns for the last  
21 preceding calendar year, or for fiscal year taxpayers,  
22 on the last day of their tax year ending during that  
23 calendar year and after the date of the election  
24 approving the surtax, from taxpayers in each school  
25 district in the state which has imposed a surtax, and  
26 shall certify to the department of management and the  
27 department of education the amount of total school  
28 district income surtax credited from the taxpayers of  
29 each school district. Additional returns in process,  
30 if any, at the time of certification shall be  
31 completed and the additional amount of school district  
32 income surtax reported to the department of management  
33 for distribution back to the school district with the  
34 first installment of the following school year.

35 Sec. 77. NEW SECTION. 279.59 SCHOOL DISTRICT  
36 INCOME SURTAX DISTRIBUTION.

37 The director of revenue and finance shall draw  
38 warrants in payment of the amount of surtax payable to  
39 each of the school districts in two installments to be  
40 paid on approximately the first day of December and  
41 the first day of February, and shall cause the  
42 warrants to be delivered to the respective school  
43 districts.

44 Sec. 78. Section 280.4, subsection 4, Code 1989,  
45 is amended to read as follows:

46 4. In order to provide funds for the excess costs  
47 of instruction of non-English-speaking students above  
48 the costs of instruction of pupils in a regular  
49 curriculum, students identified as non-English-  
50 speaking are assigned an additional weighting of two-

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1 ~~tenths-and~~ that weighting shall be included in the  
2 weighted enrollment of the school district of  
3 residence for a period not exceeding three years.  
4 However, the school budget review committee may grant  
5 supplemental aid or modified allowable growth, to a  
6 school district to continue funding a program for  
7 students after the expiration of the three-year  
8 period. The school budget review committee shall  
9 calculate the additional amount for the weighting to  
10 the nearest one-hundredth of one so that, to the  
11 extent possible, the moneys generated by the weighting  
12 will be equivalent to the moneys generated by the two-  
13 tenths weighting provided prior to July 1, 1991.

14 Sec. 79. Section 280.13A, unnumbered paragraph 3,  
15 Code 1989, is amended to read as follows:

16 It is not necessary that school districts that are  
17 parties to an agreement under this section must be  
18 engaged in sharing academic programming and receiving  
19 supplementary weighting under section ~~442-39~~ 257.11.

20 Sec. 80. Section 281.2, subsection 4, Code 1989,  
21 is amended to read as follows:

22 4. ~~Any-funds~~ Moneys received by the school  
23 district of the child's residence for the child's  
24 education, derived from ~~funds moneys~~ moneys received through  
25 chapter ~~442~~ 257, this chapter, and section 273.9 shall  
26 be paid by the school district of the child's  
27 residence to the appropriate education agency, private  
28 agency, or other school district providing special  
29 education for the child pursuant to contractual  
30 arrangements as provided in section 273.3, subsections  
31 5 and 7.

32 Sec. 81. Section 281.8, unnumbered paragraph 1,  
33 Code 1989, is amended to read as follows:

34 It ~~shall-not-be~~ is not incumbent upon the school  
35 districts to keep a child requiring special education  
36 in regular instruction when the child cannot  
37 sufficiently profit from the work of the regular  
38 classroom, nor to keep ~~such~~ a child requiring special  
39 education in the special class or instruction for  
40 children requiring special education when it is  
41 determined by the director of special education of an  
42 area education agency that the child can no longer  
43 benefit from the instruction or needs more specialized  
44 instruction available in special schools. However,  
45 the school district shall count the child requiring  
46 special education in the enrollment as provided in  
47 sections ~~257.6,~~ 273.9, and 281.9 ~~and-442-4~~ and shall  
48 ~~insure~~ ensure that appropriate educational provisions  
49 are made for the child requiring special education  
50 within the limits of ~~funds moneys~~ moneys available under the



1 provisions-of this chapter and chapters 257 and 273  
2 and-442.

3 Sec. 82. Section 281.9, subsections 2, 4, and 9,  
4 Code 1989, are amended to read as follows:

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

13 4. On December 1, 1987, and no later than December  
14 1 every two years thereafter, for the school year  
15 commencing the following July 1, the director of the  
16 department of education shall report to the school  
17 budget review committee the average costs of providing  
18 instruction for children requiring special education  
19 in the categories of the weighting plan established  
20 under this section, and the director of the department  
21 of education shall make recommendations to the school  
22 budget review committee for needed alterations to make  
23 the weighting plan suitable for subsequent school  
24 years. The school budget review committee shall  
25 establish the weighting plan for each school year  
26 after the school year commencing July 1, 1987, and  
27 shall report the plan to the director of the  
28 department of education. Commencing December 1, 1990,  
29 the school budget review committee may establish  
30 weights to the nearest hundredth. The school budget  
31 review committee shall not alter the weighting  
32 assigned to pupils in a regular curriculum, but it may  
33 increase or decrease the weighting assigned to each  
34 category of children requiring special education by  
35 not more than two-tenths of the weighting assigned to  
36 pupils in a regular curriculum. The state board of  
37 education shall adopt rules under chapter 17A, to  
38 implement the weighting plan for each year and to  
39 assist in identification and proper indexing of each  
40 child in the state who requires special education.

41 9. Commencing with the school year beginning July  
42 1, 1975, funds generated for special education  
43 instructional programs under this chapter and chapter  
44 442 257 shall not be expended for modifications of  
45 school buildings to make them accessible to children  
46 requiring special education. ~~Unencumbered-funds~~  
47 ~~generated-for-special-education-instructional-programs~~  
48 ~~for-the-school-years-beginning-July-1-1975-and-July~~  
49 ~~1-1976-shall-not-be-expended-for-such-purpose-unless~~  
50 ~~approved-by-the-department-of-public-instruction-based~~

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1 upon applications received by the department prior to  
2 January 1, 1978 and approved prior to April 1, 1978.  
3 Sec. 83. Section 282.3, subsection 1, Code 1989,  
4 is amended to read as follows:

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

17 Sec. 84. Section 282.7, subsection 3, Code 1989,  
18 is amended to read as follows:

19 3. Notwithstanding ~~section~~ sections 28E.9 and  
20 282.8 and section 28E.9, a school district may  
21 negotiate an agreement under subsection 1 for  
22 attendance of its pupils in a school district located  
23 in a contiguous state subject to a reciprocal  
24 agreement by the two state boards in the manner  
25 provided in this subsection. Prior to negotiating an  
26 agreement with the school district in the contiguous  
27 state, the board of directors shall file a written  
28 request with the state board of education for a  
29 determination whether the school district in the  
30 contiguous state meets requirements substantially  
31 similar to those required for accredited or approved  
32 school districts in this state and the school district  
33 receives or has available services equivalent to those  
34 that would be provided in this state by an area  
35 education agency. The school district shall also  
36 obtain approval by the department of education of the  
37 sharing proposal, before the agreement becomes  
38 effective. ~~Six months prior to~~ before making the  
39 request for approval, the district shall request a  
40 feasibility study from the department of education.  
41 If the state board of this state and the corresponding  
42 state board in the contiguous state agree that the  
43 school districts of their respective states meet  
44 substantially similar requirements and have  
45 substantially similar services available to the school  
46 district, and if the Iowa department of education  
47 approves the proposed contract, the two state boards  
48 may sign a reciprocal agreement for attendance of  
49 their pupils in the school district of the other  
50 state, subject to the agreement signed between the

1 boards of directors of the two districts. A school  
2 district that negotiates an agreement with a school  
3 district in a contiguous state under this subsection  
4 is not eligible for supplementary weighting under  
5 section 442-39 257.11 as a result of that agreement.

6 Sec. 85. Section 282.24, subsection 1, unnumbered  
7 paragraph 1, Code 1989, is amended to read as follows:

8 ~~There-is-established-a~~ The maximum tuition fee that  
9 may be charged for elementary and high school students  
10 residing within another school district or corporation  
11 except students attending school in another district  
12 under section 282.7, subsection 1, or subsections 1  
13 and 3, ~~That-fee,~~ is the district cost per pupil of  
14 the receiving district as computed in section 442-9,  
15 ~~subsection 1, paragraph "a"~~ 257.10.

16 Sec. 86. Section 282.28, unnumbered paragraph 2,  
17 Code 1989, is amended to read as follows:

18 The area education agency shall submit a claim to  
19 the department of education by August 1 following the  
20 school year for the actual costs of the special  
21 education programs and services provided at the  
22 training school and juvenile home. The department  
23 shall review and approve or modify the claims by  
24 September 1 and shall notify the department of revenue  
25 and finance of the approved claim amount. The total  
26 amount of the approved claim shall be paid by the  
27 department of revenue and finance to the area  
28 education agency by October 1. The total amount paid  
29 by the department of revenue and finance shall be  
30 deducted monthly from the state foundation aid paid  
31 under section 442-26 257.16 during the remainder of  
32 that fiscal year to all school districts in the state.  
33 The portion of the total amount of the approved claim  
34 that shall be deducted from the state aid of a school  
35 district shall be the same as the ratio that the  
36 budget enrollment for the budget year of the school  
37 district bears to the total budget enrollment in the  
38 state for that budget year. The department of revenue  
39 and finance shall transfer the total amount of the  
40 approved claim from the moneys appropriated under  
41 section 442-26 257.16 for payment to the area  
42 education agency.

43 Sec. 87. Section 282.31, subsection 1, paragraph  
44 a, Code 1989, is amended to read as follows:

45 a. A child who lives in a facility pursuant to  
46 section 282.30, subsection 1, paragraph "a", and who  
47 is not enrolled in the educational program of the  
48 district of residence of the child, shall receive  
49 appropriate educational services. The area education  
50 agency shall submit a proposed program and budget to

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1 the department of education by January 1 for the next  
2 succeeding school year. The department of education  
3 shall review and approve or modify the program and  
4 proposed budget and shall notify the area education  
5 agency by February 1. The area education agency shall  
6 submit a claim to the department of education by  
7 August 1 following the school year for the actual cost  
8 of the program. The department shall review and  
9 approve or modify all expenditures incurred in  
10 compliance with the guidelines pursuant to section  
11 256.7, subsection 12, and shall notify the department  
12 of revenue and finance of the approved claim amount by  
13 September 1. The total amount of the approved claim  
14 shall be paid by the department of revenue and finance  
15 to the area education agency by October 1. The total  
16 amount paid by the department of revenue and finance  
17 shall be deducted monthly from the state school  
18 foundation aid paid under section ~~442.26~~ 257.16 during  
19 the remainder of that fiscal year to all school  
20 districts in the state. The portion of the total  
21 amount of the approved claims that shall be deducted  
22 from the state aid of a school district shall be the  
23 same as the ratio that the budget enrollment for the  
24 budget year of the school district bears to the total  
25 budget enrollment in the state for that budget year.  
26 The department of revenue and finance shall transfer  
27 the total amount of the approved claims from the  
28 moneys appropriated under section ~~442.26~~ 257.16 for  
29 payment to the area education agencies.

30 Sec. 88. Section 282.31, subsection 3, Code 1989,  
31 is amended to read as follows:

32 3. The actual special education instructional  
33 costs, including transportation, for a child who  
34 requires special education shall be paid by the  
35 department of revenue and finance to the school  
36 district in which the facility or home is located,  
37 only when a district of residence cannot be  
38 determined, and the child was not included in the  
39 weighted enrollment of any district pursuant to  
40 section 281.9, and the payment pursuant to subsection  
41 2, paragraph "a", was not made by any district. The  
42 district shall submit a proposed program and budget to  
43 the department of education by January 1 for the next  
44 succeeding school year. The department of education  
45 shall review and approve or modify the program and  
46 proposed budget and shall notify the district by  
47 February 1. The district shall submit a claim by  
48 August 1 following the school year for the actual cost  
49 of the program. The department shall review and  
50 approve or modify the claim and shall notify the

1 department of revenue and finance of the approved  
2 claim amount by September 1. The total amount of the  
3 approved claim shall be paid by the department of  
4 revenue and finance to the school district by October  
5 1. The total amount paid by the department of revenue  
6 and finance shall be deducted monthly from the state  
7 foundation aid paid under section ~~442-26~~ 257.16 during  
8 the remainder of that fiscal year to all school  
9 districts in the state. The portion of the total  
10 amount of the approved claims that shall be deducted  
11 from the state aid of a school district shall be the  
12 same as the ratio that the budget enrollment for the  
13 budget year of the school district bears to the total  
14 budget enrollment in the state for the budget year.  
15 The department of revenue and finance shall transfer  
16 the total amount of the approved claims from moneys  
17 appropriated under section ~~442-26~~ 257.16 for payment  
18 to the school district.

19 Sec. 89. Section 283A.9, Code 1989, is amended to  
20 read as follows:

21 283A.9 BUILDING FOR SCHOOL LUNCH FACILITY.

22 School districts ~~are authorized to~~ may purchase,  
23 erect, or otherwise acquire a building for use as a  
24 school lunch facility, and to equip such a building  
25 for such that use, and pay for same the acquisition or  
26 equipping from unencumbered funds on hand in the  
27 schoolhouse fund ~~derived from taxes voted under~~  
28 ~~authority of section 278-17 subsection 77 or 275.32,~~  
29 subject to the terms of this section, or may pay for  
30 same the facility or equipment from the proceeds of  
31 the sale of school property sold under section 297.22,  
32 or from surplus remaining in the schoolhouse fund  
33 after retirement of a bond issue ~~or from a tax voted~~  
34 ~~for said purposes.~~

35 Sec. 90. Section 285.2, unnumbered paragraph 3,  
36 Code 1989, is amended to read as follows:

37 The costs of providing transportation to nonpublic  
38 school pupils as provided in section 285.1 shall not  
39 be included in the computation of district cost under  
40 chapter ~~442~~ 257, but shall be shown in the budget as  
41 an expense from miscellaneous income. Any  
42 transportation reimbursements received by a local  
43 school district for transporting nonpublic school  
44 pupils shall not affect district cost limitations of  
45 chapter ~~442~~ 257. The reimbursements provided in this  
46 section are miscellaneous income as defined in section  
47 ~~442-5~~ 257.2.

48 Sec. 91. Section 286A.2, subsections 3, 4, and 5,  
49 Code 1989, are amended to read as follows:

50 3. "Base year" means base year as defined in

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1 section 442-6 257.2.

2 4. "Budget year" means budget year as defined in

3 section 442-6 257.2.

4 5. "State percent of growth" is the state percent  
5 of growth calculated under section 442-7 257.8.

6 Sec. 92. Section 286A.14, subsection 1, unnumbered  
7 paragraph 1, Code 1989, is amended to read as follows:

8 1. An area school budget review procedure is  
9 established for the school budget review committee  
10 created in section 442-12 257.28. The school budget  
11 review committee, in addition to its duties under  
12 chapter 442 257, shall meet and hold hearings each  
13 year under this chapter to review unusual  
14 circumstances of area schools, either upon the  
15 committee's motion or upon the request of an area  
16 school. The committee may grant supplemental aid to  
17 the area school from funds appropriated to the  
18 department of education for area school budget review  
19 purposes, or an amount may be added to the area school  
20 allowable growth for all cost centers and area school  
21 allowable growth for noninstructional functions for  
22 the budget year either on a temporary or permanent  
23 basis, or the committee may allow both.

24 Sec. 93. Section 291.13, Code 1989, is amended to  
25 read as follows:

26 291.13 GENERAL AND SCHOOLHOUSE FUNDS.

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

47 Sec. 94. Section 294A.2, subsections 1 and 2, Code  
48 1989, are amended to read as follows:

49 1. "Certified enrollment in a school district" for  
50 the school years beginning July 1, 1987, July 1, 1988,

1 and July 1, 1989, means that district's basic  
2 enrollment for the budget year beginning July 1, 1987  
3 as defined in section 442.4, Code 1989. For each  
4 school year thereafter, certified enrollment in a  
5 school district means that district's basic enrollment  
6 for the budget year as defined in section 257.2.

7 2. "Enrollment served" for the fiscal years  
8 beginning July 1, 1987, July 1, 1988, and July 1,  
9 1989, means that area education agency's enrollment  
10 served for the budget year beginning July 1, 1987.  
11 For each school year thereafter, enrollment served  
12 means that area education agency's enrollment served  
13 for the budget year. Enrollment served shall be  
14 determined under section ~~442:27, subsection 12~~ 257.34.

15 Sec. 95. Section 294A.9, unnumbered paragraph 1,  
16 Code 1989, is amended to read as follows:

17 Phase II is established to improve the salaries of  
18 teachers. For each fiscal year through the fiscal  
19 year beginning July 1, 1990, the department of  
20 education shall allocate to each school district for  
21 the purpose of implementing phase II an a per pupil  
22 amount equal to seventy-five dollars and ninety-three  
23 cents multiplied by the district's certified  
24 enrollment and to each area education agency for the  
25 purpose of implementing phase II an a per pupil amount  
26 equal to three dollars and fifty-five cents multiplied  
27 by the enrollment served in the area education agency  
28 ~~if the general assembly has appropriated sufficient~~  
29 ~~moneys to the fund so that pursuant to section 294A:37~~  
30 ~~thirty-eight million five hundred thousand dollars~~  
31 ~~will be allocated by the department to school~~  
32 ~~districts and area education agencies for phase II.~~  
33 ~~If, because of the amount of the appropriation made by~~  
34 ~~the general assembly to the fund, less than thirty-~~  
35 ~~eight million five hundred thousand dollars is~~  
36 ~~allocated for phase II, the department of education~~  
37 ~~shall adjust the amount for each student in certified~~  
38 ~~enrollment and each student in enrollment served based~~  
39 ~~upon the amount allocated for phase II.~~  
40 Notwithstanding the per pupil amount of the payments  
41 specified in this section, for the fiscal year  
42 beginning July 1, 1991, and each succeeding fiscal  
43 year, the per pupil amounts upon which the phase II  
44 moneys are based shall be increased by an amount equal  
45 to the product of the state percent of growth  
46 calculated under section 257.8 and the per pupil  
47 amount for the previous fiscal year.

48 Sec. 96. Section 294A.14, Code 1989, is amended by  
49 adding the following new unnumbered paragraph after  
50 unnumbered paragraph 1:

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

12 Sec. 97. Section 294A.14, unnumbered paragraph 4,  
13 Code 1989, is amended to read as follows:

14 For the purpose of this section, a performance-  
15 based pay plan shall provide for salary increases for  
16 teachers who ~~demonstrate superior performance in~~  
17 completing assigned duties take action to achieve  
18 superior performance through participation in  
19 additional course work, in-service programs,  
20 comprehensive school transformation programs,  
21 activities for students, comprehensive goal-oriented  
22 compensation mechanisms, or innovative education  
23 programs. The plan shall include the method used to  
24 determine superior performance of a teacher. For  
25 school districts, the plan may include assessments of  
26 specific teaching behavior, assessments of student  
27 performance, assessments of other characteristics  
28 associated with effective teaching, or a combination  
29 of these criteria.

30 Sec. 98. Section 294A.22, Code 1989, is amended to  
31 read as follows:

32 294A.22 PAYMENTS.

33 Payments for each phase of the educational  
34 excellence program shall be made by the department of  
35 revenue and finance on a quarterly basis, and the  
36 payments shall be separate from state aid payments  
37 made pursuant to sections 442-25 257.16 and 442-26  
38 257.32. ~~For the school year beginning July 1, 1987,~~  
39 ~~the first quarterly payment shall be made not later~~  
40 ~~than October 15, 1987 taking into consideration the~~  
41 ~~relative budget and cash position of the state~~  
42 ~~resources.~~ The payments to a school district or area  
43 education agency may be combined and a separate  
44 accounting of the amount paid for each program shall  
45 be included.

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

49 Sec. 99. Section 294A.25, subsection 1, Code 1989,  
50 is amended to read as follows:



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

14 Sec. 100. Section 294A.25, subsection 5, Code  
15 1989, is amended to read as follows:

16 5. For each the fiscal year beginning July 1,  
17 1991, and succeeding fiscal years, the remainder of  
18 moneys appropriated in subsection 1 to the department  
19 of education shall be deposited in the educational  
20 excellence fund to be allocated in an amount to meet  
21 the minimum salary requirements of this chapter for  
22 phase I, in an amount of ~~thirty-eight-million-five~~  
23 ~~hundred-thousand-dollars~~ to meet the requirements for  
24 phase II, and the remainder of the appropriation for  
25 phase III.

26 Sec. 101. Section 296.7, Code 1989, is amended to  
27 read as follows:

28 296.7 INDEBTEDNESS FOR INSURANCE AUTHORIZED -- TAX  
29 LEVY.

30 A school district or merged area school corporation  
31 ~~is authorized to~~ may contract indebtedness and to  
32 issue general obligation bonds or enter into insurance  
33 agreements obligating the school district or  
34 corporation to make payments beyond its current budget  
35 year to procure or provide for a policy of insurance,  
36 a self-insurance program, or establish and maintain a  
37 local government risk pool to protect the school  
38 district or corporation from tort liability, loss of  
39 property, environmental hazards, or any other risk  
40 associated with the operation of the school district  
41 or corporation. Taxes for the payment of the  
42 principal, premium, or interest on ~~such-a-bond~~ the  
43 bonds, the payment of such-an the premium on the  
44 insurance policy, the payment of the costs of such a  
45 self-insurance program, the payment of the costs of  
46 ~~such~~ a local government risk pool, and the payment of  
47 any amounts payable under ~~any-such~~ an insurance  
48 agreement authorized in this section may be levied in  
49 excess of any tax limitation imposed by statute.  
50 However, for a school district, a tax levied under

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1 this section shall be included in the district  
2 management levy under section 298.4. Such a self-  
3 insurance program or local government risk pool is not  
4 insurance and is not subject to regulation under  
5 chapters 505 through 523C. However, those self-  
6 insurance plans regulated pursuant to section 509A.14  
7 shall remain subject to the requirements of section  
8 509A.14 and rules adopted pursuant to that section.

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

17 Sec. 102. NEW SECTION. 297.35 CONTINUATION OF  
18 LOAN AGREEMENT.

19 A loan agreement between a school district and a  
20 bank, investment banker, trust company, insurance  
21 company, or insurance group that was made under  
22 section 297.36, Code 1989, prior to July 1, 1991, in  
23 order to make immediately available proceeds of the  
24 schoolhouse tax approved by the voters prior to July  
25 1, 1991, and the levy of taxes to pay principal and  
26 interest thereafter shall continue in effect for the  
27 duration of the loan agreement.

28 Sec. 103. Section 297.36, Code 1989, is amended to  
29 read as follows:

30 297.36 LOAN AGREEMENTS.

31 In order to make immediately available proceeds of  
32 the ~~schoolhouse-tax~~ voter-approved physical plant and  
33 ~~equipment~~ levy which has been approved by the voters  
34 as provided in section ~~278.17-subsection-7~~ 298.2, the  
35 board of directors may, with or without notice, borrow  
36 money and enter into loan agreements in anticipation  
37 of the collection of the tax with a bank, investment  
38 banker, trust company, insurance company, or insurance  
39 group.

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

1 and interest on the loan in full.

2 The loan must mature within the period of time  
3 authorized by the voters and shall bear interest at a  
4 rate which does not exceed the limits provided under  
5 chapter 74A. A loan agreement entered into pursuant  
6 to this section shall be in a form as the board of  
7 directors shall by resolution provide and the loan  
8 shall be payable as to both principal and interest  
9 from the proceeds of the annual levy of the ~~voted-tax~~  
10 ~~pursuant-to-section-278-1, subsection-7~~ voter-approved  
11 physical plant and equipment levy, or so much thereof  
12 as will be sufficient to pay the loan and interest on  
13 the loan.

14 The proceeds of a loan must be deposited in a fund  
15 which is separate from other district funds. Warrants  
16 paid from this fund must be for purposes authorized by  
17 ~~the-voters-as-provided-in-section-278-1, subsection-7~~  
18 for the voter-approved physical plant and equipment  
19 levy.

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

38 This section is supplemental and in addition to  
39 existing statutory authority to finance the purposes  
40 specified in section ~~278-1, subsection-7~~ 298.2 for the  
41 physical plant and equipment levy, and for the  
42 borrowing of money and execution of loan agreements in  
43 connection with that section ~~and-subsection~~, and is  
44 not subject to any other law. The fact that a school  
45 corporation may have previously borrowed money and  
46 entered into loan agreements under authority of this  
47 section does not prevent the school corporation from  
48 borrowing additional money and entering into further  
49 loan agreements if the aggregate of the amount payable  
50 under all of the loan agreements does not exceed the

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1 proceeds of the ~~voted-tax~~ voter-approved physical  
2 plant and equipment levy.

3 Sec. 104. Section 298.1, Code 1989, is amended to  
4 read as follows:

5 298.1 SCHOOL TAXES.

6 The board of each school district shall estimate  
7 the amount of the proposed expenditures and proposed  
8 receipts for the general school purposes at a time and  
9 in a manner to effectuate the provisions of chapter  
10 ~~442 257~~ and sections 281.9 and 281.11. Compliance  
11 with chapter 24 shall be observed.

12 Sec. 105. NEW SECTION. 298.2 IMPOSITION OF  
13 PHYSICAL PLANT AND EQUIPMENT LEVY.

14 1. A physical plant and equipment levy of not  
15 exceeding one dollar per thousand dollars of assessed  
16 valuation in the district is established. The  
17 physical plant and equipment levy consists of the  
18 regular physical plant and equipment levy of not  
19 exceeding thirty-three cents per thousand dollars of  
20 assessed valuation in the district and a voter-  
21 approved physical plant and equipment levy consisting  
22 of a property tax levy not exceeding sixty-seven cents  
23 per thousand dollars of assessed valuation in the  
24 district or at the option of the board of directors a  
25 combination of a property tax levy and income surtax  
26 that will raise an amount equal to a property tax levy  
27 of sixty-seven cents per thousand dollars of assessed  
28 valuation. The combination of the property tax levied  
29 under this section and the income surtax imposed under  
30 this section shall be imposed in the proportion of a  
31 property tax of twenty-seven cents per thousand  
32 dollars of assessed valuation of taxable property in  
33 the district for each five percent of income surtax.  
34 If an income surtax will be imposed, the board shall  
35 certify the results of the election held under  
36 subsection 3 to the department of management. The  
37 department of management shall establish the amount of  
38 the property tax to be levied and the amount of the  
39 income surtax to be imposed for each school year that  
40 the levy is authorized.

41 If a combination of a property tax and income  
42 surtax is used, the property tax and income surtax  
43 shall be levied and imposed in the same manner as  
44 provided for the instructional support program in  
45 sections 257.20 through 257.26. The levy limitations  
46 of this subsection are subject to subsection 5.

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

1 3. The board may, and upon the written request of  
2 twenty-five eligible electors of a district having a  
3 population of five thousand or less or of fifty  
4 eligible electors of any other district shall, direct  
5 the county commissioner of elections to provide for  
6 submitting the proposition of levying the voter-  
7 approved physical plant and equipment levy for a  
8 period of time authorized by the voters in the notice  
9 of election. The ballot proposition shall contain the  
10 question of whether to impose the levy and shall  
11 specify whether the revenues to be raised will be  
12 raised by a property tax levy or by a combination of a  
13 property tax and an income surtax. The proposition is  
14 adopted if a majority of those voting on the  
15 proposition approves it.

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

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

34 5. If the board of directors of a school district  
35 in which the voters have authorized the schoolhouse  
36 tax prior to July 1, 1991, has entered into a rental  
37 or lease arrangement under section 279.26, Code 1989,  
38 or has entered into a loan agreement under section  
39 297.36, Code 1989, the levy shall continue for the  
40 period authorized and the maximum property tax levy,  
41 in subsection 1 or subsection 3, as applicable, that  
42 can be authorized under the voter-approved physical  
43 plant and equipment levy is reduced by the rate of the  
44 schoolhouse tax.

45 Sec. 106. NEW SECTION. 298.3 REVENUES FROM THE  
46 LEVIES.

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

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- 1 1. The purchase and improvement of grounds. For
- 2 the purpose of this section: "purchase of grounds"
- 3 includes the legal costs relating to the property
- 4 acquisition, costs of surveys of the property, costs
- 5 of relocation assistance under state and federal law,
- 6 and other costs incidental to the property
- 7 acquisition. "Improvement of grounds" includes
- 8 grading, landscaping, paving, seeding, and planting of
- 9 shrubs and trees; constructing sidewalks, roadways,
- 10 retaining walls, sewers and storm drains, and
- 11 installing hydrants; surfacing and soil treatment of
- 12 athletic fields and tennis courts; furnishing and
- 13 installing flagpoles, gateways, fences, and
- 14 underground storage tanks which are not parts of
- 15 building service systems; demolition work; and special
- 16 assessments against the school district for public
- 17 improvements, as defined in section 384.37.
- 18 2. The construction of schoolhouses or buildings
- 19 and opening roads to schoolhouses or buildings.
- 20 3. The purchase of buildings and the purchase of a
- 21 single unit of equipment exceeding five thousand
- 22 dollars in value.
- 23 4. The payment of debts contracted for the
- 24 erection or construction of schoolhouses or buildings,
- 25 not including interest on bonds.
- 26 5. Procuring or acquisition of libraries.
- 27 6. Repairing, remodeling, reconstructing,
- 28 improving, or expanding the schoolhouses or buildings
- 29 and additions to existing schoolhouses.
- 30 For the purpose of this subsection, "repairing"
- 31 means to restore an existing structure or thing to its
- 32 original condition, as near as may be, after decay,
- 33 waste, injury, or partial destruction, but does not
- 34 include maintenance; and "reconstruction" means to
- 35 rebuild or to restore as an entity a thing which was
- 36 lost or destroyed.
- 37 7. Expenditures for energy conservation.
- 38 8. The rental of facilities under chapter 28E.
- 39 9. Purchase of transportation equipment for
- 40 transporting students.
- 41 10. Lease-purchase option agreements for school
- 42 buildings.
- 43 11. Equipment purchases for recreational purposes.
- 44 Interest earned on money in the schoolhouse fund
- 45 may be expended for a purpose listed in this section.
- 46 Sec. 107. NEW SECTION. 298.4 DISTRICT MANAGEMENT
- 47 LEVY.
- 48 The board of directors of a school district may
- 49 certify for levy by March 15 of a school year, a tax
- 50 on all taxable property in the school for a district

1 management levy. The revenue from the tax levied in  
2 this section shall be placed in a district management  
3 subfund of the general fund of the school district and  
4 expended only for the following purposes:

5 1. To pay the cost of unemployment benefits as  
6 provided in section 96.31.

7 2. To pay the costs of liability insurance and the  
8 costs of a judgment or settlement relating to  
9 liability together with interest accruing on the  
10 judgment or settlement to the expected date of  
11 payment.

12 3. To pay the costs of insurance agreements under  
13 section 296.7.

14 4. To pay the costs of a judgment under section  
15 298.16.

16 5. To pay the cost of early retirement benefits to  
17 employees under section 279.46.

18 Sec. 108. Section 298.9, Code 1989, is amended to  
19 read as follows:

20 298.9 SPECIAL LEVIES.

21 If ~~a schoolhouse-tax~~ the voter-approved physical  
22 plant and equipment levy is voted at a special  
23 election and certified to ~~said~~ the board after the  
24 regular levy is made, ~~it~~ the board shall at its next  
25 regular meeting levy ~~such~~ the tax and cause ~~the same~~  
26 it to be ~~forthwith~~ entered upon the tax list to be  
27 collected as other school taxes. If the certification  
28 is ~~so~~ filed prior to April 1, ~~said~~ the annual levy  
29 shall begin with the tax levy of the year of filing.  
30 If the certification is filed after April 1 in ~~any a~~  
31 year, ~~such~~ the levy shall begin with the levy of the  
32 fiscal year succeeding the year of the filing of ~~such~~  
33 the certification.

34 Sec. 109. Section 298.10, Code 1989, is amended to  
35 read as follows:

36 298.10 LEVY FOR CASH RESERVE.

37 The board of directors of a school district may  
38 certify for levy by March 15 of a school year, a tax  
39 on all taxable property in the school district in  
40 order to raise an amount for a necessary cash reserve  
41 for a school district's general fund. The amount  
42 raised for a necessary cash reserve does not increase  
43 a school district's authorized expenditures as defined  
44 in section ~~442-57-subsection-2~~ 257.7.

45 Sec. 110. Section 298.16, Code 1989, is amended to  
46 read as follows:

47 298.16 JUDGMENT TAX.

48 If the proper fund is not sufficient, then, unless  
49 its board has provided by the issuance of bonds for  
50 raising the amount necessary to pay ~~such~~ a judgment,

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~~1 the voters thereof shall at their regular elections~~  
~~2 vote a sufficient tax for the purpose~~ cost of the  
~~3 judgment shall be included in the district management~~  
~~4 levy.~~

5 Sec. 111. Section 301.30, unnumbered paragraph 3,  
6 Code 1989, is amended to read as follows:

7 The costs of providing textbook services to  
8 nonpublic school pupils as provided in section 301.1  
9 shall not be included in the computation of district  
10 cost under chapter 442 257, but shall be shown in the  
11 budget as an expense from miscellaneous income. Any  
12 textbook reimbursements received by a local school  
13 district for serving nonpublic school pupils shall not  
14 affect district cost limitations of chapter 442 257.  
15 The reimbursements provided in this section are  
16 miscellaneous income as defined in section 442-5  
17 257.2.

18 Sec. 112. Section 331.512, subsection 12, Code  
19 1989, is amended to read as follows:

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

22 Sec. 113. Section 422.9, subsection 6, unnumbered  
23 paragraph 3, Code 1989, is amended to read as follows:

24 ~~The provisions of this~~ This subsection shall does  
25 not affect the amount of the taxpayer's checkoff to  
26 the Iowa election campaign fund under section 56.18,  
27 the checkoff for the fish and game protection fund in  
28 section 107.16, the credits from tax provided in  
29 sections 422.10~~7-422.11A7~~ and through 422.12 and the  
30 allocation of these credits between spouses if the  
31 taxpayers filed separate returns or separately on  
32 combined returns, or the amount of the taxpayer's  
33 school district income surtax liability under section  
34 ~~442-15~~ sections 257.19, 257.21, 279.54, and 298.2 as  
35 these items were properly computed or claimed on  
36 taxpayers' returns.

37 Sec. 114. Section 442.2, subsection 1, unnumbered  
38 paragraph 3, Code 1989, is amended to read as follows:

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

48 Sec. 115. Section 442.2, Code 1989, is amended by  
49 adding the following new unnumbered paragraph:

50 NEW UNNUMBERED PARAGRAPH. The reduced property tax



1 rates of those reorganized districts that met the  
2 requirements of this section shall continue to  
3 increase as provided in this section until they reach  
4 five dollars and forty cents.

5 Sec. 116. Section 442.9, subsection 1, paragraph  
6 a, unnumbered paragraph 1, Code 1989, is amended to  
7 read as follows:

8 As used in this chapter, regular program district  
9 cost per pupil for the budget year is equal to the  
10 regular program district cost per pupil for the base  
11 year plus the allowable growth. However, regular  
12 program district cost per pupil does not include  
13 additional allowable growth added ~~for programs for~~  
14 ~~gifted-and-talented-children~~, for programs for  
15 returning dropouts, and for educational improvement  
16 projects under chapter 260A, for special education  
17 support services costs, or for school districts that  
18 have a negative balance of funds raised for special  
19 education instruction programs under section 442.13,  
20 subsection 14, paragraph "b", and does not include  
21 additional allowable growth established by the school  
22 budget review committee for a single school year only.

23 Sec. 117. Section 442.9A, unnumbered paragraph 4,  
24 Code 1989, is amended to read as follows:

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

30 Sec. 118. Section 442.39, subsection 4, unnumbered  
31 paragraph 1, Code 1989, is amended to read as follows:

32 Pupils enrolled in a school district in which one  
33 or more administrators are employed jointly under  
34 section 280.15, or in which one or more administrators  
35 are employed under section 273.7A, are assigned a  
36 weighting of one plus ~~five-hundredths~~ twenty-five  
37 thousandths for each administrator who is jointly  
38 employed times the percent of the administrator's time  
39 in which the administrator is employed in the school  
40 district. However, the total additional weighting  
41 assigned under this subsection for a budget year for a  
42 school district is ~~fifteen seven and one-half~~ and the  
43 total additional weighting that may be added  
44 cumulatively to the enrollment of school districts  
45 sharing an administrator is ~~twenty-five~~ twenty-five twelve and  
46 one-half. Additional weighting assigned under this  
47 subsection between July 1, 1988, and June 30, 1989,  
48 may be continued under this subsection for a maximum  
49 of five years.

50 Sec. 119. Section 613A.7, Code 1989, is amended to

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1 read as follows:

2 613A.7 INSURANCE.

3 The governing body of any a municipality may  
4 purchase a policy of liability insurance insuring  
5 against all or any part of liability which might be  
6 incurred by such the municipality or its officers,  
7 employees, and agents under ~~the provisions of~~ section  
8 613A.2 and section 613A.8 and may similarly purchase  
9 insurance covering torts specified in section 613A.4.  
10 The governing body of any a municipality may adopt a  
11 self-insurance program, including but not limited to  
12 the investigation and defense of claims, the  
13 establishment of a reserve fund for claims, the  
14 payment of claims, and the administration and  
15 management of the self-insurance program, to cover all  
16 or any part of the liability. The governing body of  
17 any a municipality may join and pay funds into a local  
18 government risk pool to protect itself against any or  
19 all liability. The governing body of any a  
20 municipality may enter into insurance agreements  
21 obligating the municipality to make payments beyond  
22 its current budget year to provide or procure such  
23 policies of insurance, self-insurance program, or  
24 local government risk pool. The premium costs of such  
25 the insurance, the costs of such a self-insurance  
26 program, the costs of a local government risk pool,  
27 and the amounts payable under any such insurance  
28 agreements may be paid out of the general fund or any  
29 available funds or may be levied in excess of any tax  
30 limitation imposed by statute. However, for school  
31 districts, the costs shall be included in the district  
32 management levy as provided in section 296.7. Any  
33 independent or autonomous board or commission in the  
34 municipality having authority to disburse funds for a  
35 particular municipal function without approval of the  
36 governing body may similarly enter into insurance  
37 agreements, procure liability insurance, adopt a self-  
38 insurance program, or join a local government risk  
39 pool within the field of its operation. The  
40 procurement of such insurance constitutes a waiver of  
41 the defense of governmental immunity as to those  
42 exceptions listed in section 613A.4 to the extent  
43 stated in such the policy but shall have no further  
44 effect on the liability of the municipality beyond the  
45 scope of this chapter, but if a municipality adopts a  
46 self-insurance program or joins and pays funds into a  
47 local government risk pool such action does not  
48 constitute a waiver of the defense of governmental  
49 immunity as to the exceptions listed in section  
50 613A.4. The existence of any insurance which covers

1 in whole or in part any judgment or award which may be  
2 rendered in favor of the plaintiff, or lack of any  
3 such insurance, shall not be material in the trial of  
4 any action brought against the governing body of any a  
5 municipality, or its officers, employees, or agents  
6 and any reference to such insurance, or lack of same  
7 insurance, shall be is grounds for a mistrial. A  
8 self-insurance program or local government risk pool  
9 is not insurance and is not subject to regulation  
10 under chapters 505 through 523C.

11 Sec. 120. Section 613A.10, Code 1989, is amended  
12 to read as follows:

13 613A.10 TAX TO PAY JUDGMENT OR SETTLEMENT.

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

29 Sec. 121. If the electors of a school district  
30 have approved, prior to March 15, 1991, the  
31 schoolhouse tax levy to provide for the lease-purchase  
32 of school buildings or other authorized school  
33 district tax levy, the tax levy so approved shall  
34 continue in effect until the expiration period for  
35 which it was approved.

36 Sec. 122. Notwithstanding the effective date of  
37 1989 Iowa Acts, Senate File 38, section 6, that  
38 section which amends section 294A.16, unnumbered  
39 paragraph 4, Code 1989, takes effect upon the  
40 enactment of this Act and applies to moneys received  
41 by a school district or area education agency for an  
42 approved phase III plan for the school year beginning  
43 July 1, 1988.

44 Sec. 123. INCOME WEALTH DATA. The department of  
45 revenue and finance is directed to collect data on the  
46 income wealth and other nonproperty wealth of Iowa  
47 taxpayers by school district. The information shall  
48 include income wealth per student by school district  
49 and shall compile the information on a statewide  
50 basis. The department of revenue and finance shall

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1 report the results of its data collection to the  
2 general assembly meeting in 1991.

3 Sec. 124. FUNDS FOR NEW EDUCATIONAL STANDARDS.  
4 There is appropriated from the general fund of the  
5 state for the fiscal year commencing July 1, 1990, and  
6 ending June 30, 1991, to the department of education  
7 for allocation to school districts for the costs of  
8 implementing educational standards adopted by the  
9 state board of education under section 256.11, the sum  
10 of sixteen million nine hundred thousand dollars, or  
11 so much thereof as is necessary, to be allocated to  
12 school districts based upon each school district's  
13 budget enrollment for the budget year. From the  
14 moneys appropriated in this section, ten million  
15 dollars shall be allocated for programs for gifted and  
16 talented pupils. Moneys received by school districts  
17 under this section are miscellaneous income for pur-  
18 poses of chapter 442. Payments under this section  
19 shall be made in the manner provided in section  
20 442.26.

21 Sec. 125. Notwithstanding the election  
22 requirements of section 442.14, subsection 2, if the  
23 board of directors of a school district held an  
24 election prior to February 15, 1989, for approval to  
25 raise an additional enrichment amount for the school  
26 year beginning July 1, 1990, and the proposition  
27 failed, the board may resubmit the proposition at an  
28 election held not later than July 1, 1989.

29 Sec. 126. The legislative council shall establish  
30 an interim study committee to review the property  
31 taxes paid in this state and to recommend a proposal  
32 that will reduce property taxes commencing July 1,  
33 1991, by approximately thirty million dollars on a  
34 statewide basis. The study committee shall present  
35 its recommendations to the legislative council not  
36 later than December 1, 1989.

37 Sec. 127. Chapter 260A, Code 1989, is repealed  
38 effective July 1, 1991.

39 Sec. 128. Chapter 257, Code 2001, is repealed July  
40 1, 2001.

41 Sec. 129. Sections 442.31 through 442.36, Code  
42 1989, are repealed effective July 1, 1990.

43 Sec. 130. Sections 279.43, 294A.11, 294A.24,  
44 297.5, and 298.17, Code 1989, are repealed effective  
45 July 1, 1991.

46 Sec. 131. Section 280.13A, Code 1991, is repealed  
47 effective July 1, 1992.

48 Sec. 132. Sections 114, 115, 117, 118, 122, 125,  
49 and 126 of this Act, being deemed of immediate  
50 importance, take effect upon enactment.

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1 Sec. 133. Sections 58 and 123 of this Act take  
2 effect July 1, 1989.

3 Sec. 134. Sections 69, 116, and 124 of this Act  
4 take effect July 1, 1990.

5 Sec. 135. Sections 1 through 41, 48 through 50,  
6 53, 55, 57, 62, 66, 68, 70 through 77, 82, 94, 101,  
7 105 through 107, 110, 112, and 119 through 121 of this  
8 Act take effect July 1, 1990, for the purpose of  
9 computations required for payment of state aid to and  
10 levying of property taxes by school districts for the  
11 budget year beginning July 1, 1991.

12 Sec. 136. Sections 42 through 47, 51, 52, 54, 56,  
13 59 through 61, 63 through 65, 67, 78 through 81, 83  
14 through 93, 95 through 100, 102 through 104, 108, 109,  
15 111, and 113 of this Act take effect July 1, 1991."

RECEIVED FROM THE SENATE

H-3842 FILED APRIL 5, 1989

*Refused to concur 4-7-89 (p. 1400)*

REPORT OF THE CONFERENCE COMMITTEE  
ON HOUSE FILE 535

To the Speaker of the House of Representatives and the  
President of the Senate:

We, the undersigned members of the conference committee  
appointed to resolve the differences between the House of  
Representatives and the Senate on House File 535, a bill for  
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, respectfully make the following report:

1. That the Senate recedes from its amendment, H-3842.
2. That House File 535, as amended, passed, and reprinted  
by the House, is amended as follows:

1. By striking everything after the enacting clause and  
inserting the following:

"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

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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 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.
  - 1. 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.
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-17-1988, July-17-1989, and July-17-1990,~~ 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-17-1988-or-July-17-1989, 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. ~~Per-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 ~~at~~ 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-278-17-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-i7-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 ~~278.17-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", out 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.

~~Unencumbered 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 282.9 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 ~~442-97-subsection-17-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 278.17-subsection 77-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 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 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 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.9, 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 state aid payments made pursuant to sections 442-25 257.16 and 442-26 257.35. ~~For the school year beginning July 17, 1987, the first quarterly payment shall be made not later than~~

~~October-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-i, -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-278-17-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-278-17-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 278-17-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 442-57-~~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, 422.11, and~~ 422.10, 422.11, 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 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 who is jointly employed times the percent of the administrator's superintendent's time in which the 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 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 ~~some 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.

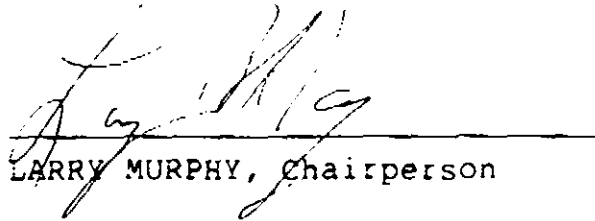
Sec. 142. Sections 52, 53, 56, 63, 65, 67 through 69, 71, 72, 81 through 83, 85 through 92, 95, 97, 100 through 102, 104, and 116 of this Act take effect July 1, 1991."

ON THE PART OF THE HOUSE:

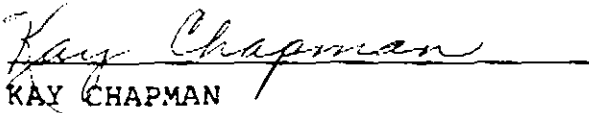
ON THE PART OF THE SENATE:



C. ARTHUR OLLIE, Chairperson



LARRY MURPHY, Chairperson



KAY CHAPMAN

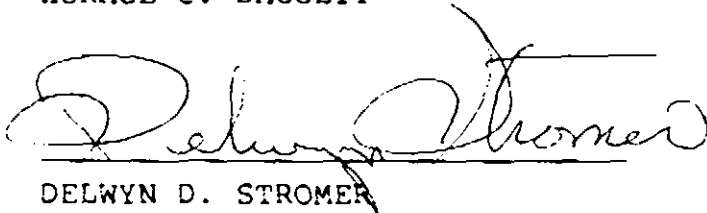


JOY CORNING

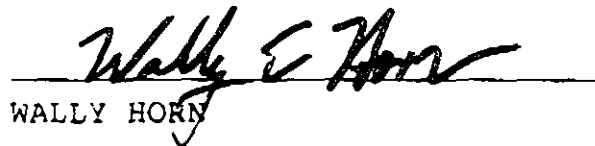
HORACE C. DAGGETT



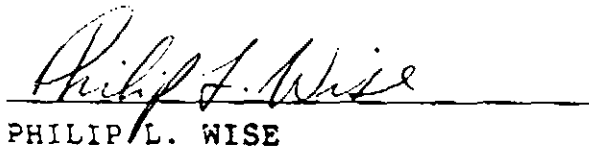
WILLIAM W. DIELEMAN



DELWYN D. STROMER



WALLY HORN



PHILIP L. WISE

CALVIN O. HULTMAN

HOUSE FILE 535  
FISCAL NOTE

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A fiscal note for CONFERENCE COMMITTEE REPORT ON HOUSE FILE 535 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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The Conference Committee report on House File 535 creates a new school finance plan (chapter 257) to replace the present school foundation program (chapter 442), beginning with the 1991-92 school year. The new formula would be fully implemented in 1991-92. The proposal also makes other changes to the funding of school districts and area education agencies (AEAs) beginning with the 1990-91 school year.

**FOUNDATION PLAN**

Foundation Base. Under current law, the foundation base for 1988-89 is 82.0% of the state cost per pupil, and increases .5% per year until it reaches 85.0%. The proposal sets the foundation base for the 1991-92 school year at 83.5%, and increases it .25% per year until it reaches 85%.

Foundation Levy. The foundation property tax levy is established at \$5.40 per thousand dollars of assessed valuation as in current law, except where the foundation levy reduction incentive is in place. It also provides minimum state aid of \$300 per pupil.

Additional Levy. The second effort property tax levy is similar to current law.

Enrollment Calculations. The budget enrollment (enrollment used for regular programs) will consist of adjustments to the district's headcount for the previous September using a five year declining enrollment matrix based upon the magnitude of the decline and the years since the decline occurred.

Allowable Growth. Allowable growth would be computed an additional year in advance using the current law combination of changes in state revenues and changes in the gross national product implicit price deflator. It would allow for some adjustment to the revenue estimates used, but would not allow for adjustments for revenue.

State Cost Per Pupil. The state cost per pupil is recalculated on a statewide basis for the first year of the plan using the matrix budget enrollment. Added to the current law state cost are the semi-annual apportionment monies (school fine), frozen livestock and personal property tax replacements.

District Cost Per Pupil. Regular program district cost per pupil is also recalculated. Districts below the state cost per pupil would be brought up to that level in 1991-92. Districts above the state cost per pupil would be limited to 110% of the state cost per pupil in 1991-92. Beginning 1992-93,



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districts which are between 105% and 110% of the state cost per pupil would have their allowable growth reduced each year until it reaches 105%.

Special Education. Adjustments to special education weights will be made by the School Budget Review Committee (SBRC) so that current law funding would be maintained.

Sharing Incentives. The weighting for whole grade sharing is discontinued after 1992-93. The weighting may be continued for a total of five years. If the school districts involved reorganize, the districts may complete the five-year weighting. The weighting for administrative sharing is reduced to one-half the current law level, and is discontinued after 1992-93. The weighting may be continued for a total of five years as with whole grade sharing. Administrative sharing is limited to superintendents beginning July 1, 1989.

Reorganization Incentives. The incentives for reorganization are eliminated after July 1, 1989. The incentives include a foundation levy reduction, supplemental aid for higher additional levies, and debt service aid for districts that have enrollments of less than 600.

Budget Guarantee. For 1991-92 the guarantee is 101% of the regular program, and for 1992-93 the guarantee is 100% of the regular program. Beginning with 1993-94 the guarantee is eliminated.

Property Tax Hold Harmless. Additional state aid is provided for 1991-92 to school districts where property taxes within the control budget are greater than they would have been under current law. Beginning 1992-93, the property tax adjustment aid will be equal to the aid paid in 1991-92 less the percent by which the value of taxable property in the district increases from the previous year.

#### GENERAL OPERATING FUND OUTSIDE FOUNDATION FORMULA

School Budget Review Committee. The SBRC is given the same authority as under current law, except that it adds the requirement for recommendations on CAAP reporting and allows the granting of modified allowable growth for environmental hazard costs. It also may grant transportation assistance aid (\$3.5 million appropriated) to school districts which have higher than average transportation costs, and may grant supplemental aid (\$5.0 million appropriated) for special needs of school districts which satisfy specified criteria beginning 1991-92. The members of the SBRC would be paid a per diem, and one FTE would be added to staff the Committee.

Additional Allowable Growth Programs. The current law mechanism is continued for funding programs for dropouts and returning dropouts and for gifted and talented programs using modified allowable growth. The school improvement program is repealed after July 30, 1991.

Standards. The proposal appropriates \$11.2 million (\$8.7 million in FY 1991) to school districts and AEAs for at-risk and early childhood programs beginning 1990-91: \$275,000 to AEAs to assist school districts; \$6.125 million (\$4.625 million in FY 1991) to the Child Development Coordinating Council; \$800,000 for

youth services programs; and \$4.0 million (\$3.0 million in FY 1991) for early elementary programs for at-risk children.

Educational Excellence Program. Phase II would remain outside of the formula as under current law, except that allowable growth would be added beginning 1991-92. Allowable growth would also be added to phase III beginning 1991-92, if one component of the phase III plan includes a performance-based pay plan.

Area Education Agencies. Media and education services costs per pupil would be changed to 0.9% and 1.0%, respectively, of the state cost per pupil.

#### DISCRETIONARY SPENDING

Instructional Support Levy. An instructional support levy is established which would allow school districts to raise an additional 10% of their district cost. The levy would be 25% equalized by the state, and the percent of state aid received would be based on the district's assessed valuation per pupil compared to the state's. The required local effort would be either a combination property tax and income surtax or all property tax. The levy could either be imposed by board action for the five years or approved at an election for up to ten years. Voters may also petition for a referendum.

Educational Improvement Program. School districts which have their district cost per pupil reduced to 110% of the state cost per pupil may levy for an additional amount beyond their control budget. The levy would be either a combination property tax and income surtax, or all property tax. It would require approval by voter referendum.

Physical Plant and Equipment Levy. The current law site levy and schoolhouse levy are combined. Use is expanded to include equipment purchases exceeding \$5,000. Of the total \$1.00 per \$1,000 of assessed valuation, \$0.33 may be imposed by board action, and \$0.67 must be approved at an election. The levy could be funded by either a combination property tax and income surtax or by all property tax.

District Management Levy. The current law levies for unemployment insurance, early retirement incentives and tort liability are combined. The management levy would be limited to the amount levied in the previous year plus an adjustment for growth.

Other. The proposal makes no change to the playground levy and would allow school districts who are currently imposing the recreation levy to continue.

#### ASSUMPTIONS

1. The allowable growth rate is estimated at five percent per year for FY 1991, FY 1992, FY 1993, and FY 1994.
2. Assessed valuation will increase by one percent for FY 1990 budgets and an additional one and one-half in FY 1991. No change in assessed valuation is estimated after FY 1991.
3. Enrollments are based upon past trends in each district.

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4. No change in the number of pupils identified for special education.
5. No change in the number of pupils for supplemental weighting.
6. All school districts would have a performance-based component to their phase III plans.
7. In FY 1989, \$1.175 million was appropriated to the Child Development Coordinating Council. This appropriation will continue through FY 1994.

**FISCAL EFFECT:**

With respect to the general operating fund of school districts, the proposal would result in no net impact to the general fund of the State nor to property taxes for FY 1990. The proposal would result in a cumulative increase to state aid of \$152.3 million over current law for FY 1991 through FY 1994. The proposal would result in a cumulative decrease in property taxes of \$20.4 million over current law for FY 1991 through FY 1994. The total cumulative impact to school district general operating fund budgets would be \$131.2 million for FY 1991 through FY 1994.

If all districts levied at the maximum level allowed under the instructional support levy for FY 1992, the state's 25% share would result in an increase in state aid of \$43.3 million. The local district share would result in an estimated \$78.6 million in income surtax and a \$36.8 million in property taxes, if all districts levied the combination property tax and income surtax. Currently, 55 school districts raise \$4.2 million in enrichment taxes.

In total, 411 school districts levy \$44.4 million from either the schoolhouse or site levy, or both. These levies would comprise the proposed physical plant and equipment levy. Currently, 384 districts levy a total of \$13.3 million from one or more of the three levies which would comprise the proposed management levy. However, beginning next year school districts will be allowed to levy for worker's compensation and for liability insurances of any sort from the tort liability levy.

The four levies which allow an income surtax as an option would be limited to a cumulative surtax rate of 20%. The 4 levies include the physical plant and equipment, the instructional support, the educational improvement and asbestos.

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	FY 1991 Current	FY 1991 Governor	FY 1991 Senate	FY 1991 House	FY 1991 Conference Committee	Conference Difference from Current
	-----	-----	-----	-----	-----	-----
Control Budget						
State Aid	\$1,081.3	\$1,088.5	\$1,081.3	\$1,081.3	\$1,081.3	0.0
Property Tax	627.5a	624.5	620.6	620.6	627.5a	0.0
-----	-----	-----	-----	-----	-----	-----
Formula subtotal	\$1,708.8	\$1,713.0	\$1,701.9	\$1,701.9	\$1,708.8	0.0
Ed. Standards						
State aid	0.0	6.9	6.9	6.9	0.0	0.0
At-Risk Programs						
State aid	1.2	11.2b	11.2	11.2	8.7	7.5
Talented & Gifted						
State Aid	0.0	10.0	10.0	10.0	0.0	0.0
SBRC (state aid)						
Transportation aid	0.0	0.0	0.0	0.0	0.0	0.0
Special needs	0.0	0.0	0.0	0.0	0.0	0.0
Educ. Excellence						
Phase II	38.5	38.5	38.5	38.5	38.5	0.0
Phase III	42.4	42.4	42.4	42.4	42.4	0.0
-----	-----	-----	-----	-----	-----	-----
Total General Oper.						
State Aid	\$1,163.4	\$1,197.6	\$1,190.3	\$1,190.3	\$1,170.9	7.5
Property Tax	627.5	624.5	620.6	620.6	627.5	0.0
-----	-----	-----	-----	-----	-----	-----
GRAND TOTAL	\$1,790.9	\$1,822.1	\$1,810.9	\$1,810.9	\$1,798.4	7.5
	=====	=====	=====	=====	=====	=====

(a) \$6.9 million additional allowable growth for gifted and talented programs is included in the control budget

(b) \$1.2 million funding for child development coordinating council included.

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	FY 1992 Current	FY 1992 Governor	FY 1992 Senate	FY 1992 House	FY 1992 Conference Committee	Conference Difference from Current
	-----	-----	-----	-----	-----	-----
Control Budget						
State Aid	\$1,145.2	\$1,195.2	\$1,171.5	\$1,159.4	\$1,171.2	26.0
Property Tax	630.4a	621.7	610.1	620.6	623.1a	(7.3)
-----	-----	-----	-----	-----	-----	-----
Formula subtotal	\$1,775.6	\$1,816.9	\$1,781.6	\$1,780.0	\$1,794.3	18.8
Ed. Standards						
State aid	0.0	6.9	6.9	6.9	0.0	0.0
At-Risk Programs						
State aid	1.2	11.2b	11.8	11.8	11.6	10.4
Talented & Gifted						
State Aid	0.0	0.0c	0.0c	0.0c	0.0	0.0
SBRC (state aid)						
Transportation aid	0.0	0.0	3.5	3.5	3.5	3.5
Special needs	0.0	0.0	7.0	3.5	5.0	5.0
Educ. Excellence						
Phase II	38.5	0.0d	40.4	40.4	40.4	1.9
Phase III	42.4	44.5	44.5	44.5	44.5	2.1
-----	-----	-----	-----	-----	-----	-----
Total General Oper.						
State Aid	\$1,227.3	\$1,257.8	\$1,285.6	\$1,270.0	\$1,276.2	\$48.9
Property Tax	630.4	621.7	610.1	620.6	623.1	(7.3)
-----	-----	-----	-----	-----	-----	-----
GRAND TOTAL	<u>\$18,57.7</u>	<u>\$1,879.5</u>	<u>\$1,895.7</u>	<u>\$1,890.6</u>	<u>\$1,899.3</u>	<u>\$41.6</u>

(a) \$6.9 million additional allowable growth for gifted and talented programs is included in the control budget

(b) \$1.2 million funding for child development coordinating council included.

(c) \$10.0 million for gifted and talented programs incorporated into the control budget

(d) Phase II included incorporated into the control budget

\* \$4.2 million of the total is AEA media and educational services increases.

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	FY 1993 Current	FY 1993 Governor	FY 1993 Senate	FY 1993 House	FY 1993 Conference Committee	Conference Difference frnt
	-----	-----	-----	-----	-----	-----
Control Budget						
State Aid	\$1,215.6	\$1,261.3	\$1,241.6	\$1,241.6	\$1,237.0	21.4
Property Tax	635.5a	630.8	619.7	613.3	627.4a	(8.1)
	-----	-----	-----	-----	-----	-----
Formula subtotal	\$1,851.1	\$1,892.1	\$1,861.3	\$1,854.9	\$1,864.4	13.3
Ed. Standards						
State aid	0.0	6.9	6.9	6.9	0.0	0.0
At-Risk Programs						
State aid	1.2	11.2b	12.3	12.3	12.2	11.0
Talented & Gifted						
State Aid	0.0	0.0c	0.0c	0.0c	0.0	0.0
SBRC (state aid)						
Transportation aid	0.0	0.0	3.5	3.5	3.5	3.5
Special needs	0.0	0.0	7.0	3.5	5.0	5.0
Educ. Excellence						
ase II	38.5	0.0d	42.4	42.4	42.4	3.9
ase III	42.4	46.7	46.7	46.7	46.7	4.3
	-----	-----	-----	-----	-----	-----
Total General Oper.						
State Aid	\$1,297.7	\$1,326.1	\$1,360.4	\$1,356.9	\$1,346.8	\$49.8
Property Tax	635.5	630.8	619.7	613.3	627.4	(8.1)
	-----	-----	-----	-----	-----	-----
GRAND TOTAL	\$1,933.2	\$1,956.9	\$1,980.1	\$1,970.2	\$1,974.2	\$41.0
	=====	=====	=====	=====	=====	=====

(a) \$6.9 million additional allowable growth for gifted and talented programs is included in the control budget

(b) \$1.2 million funding for child development coordinating council included.

(c) \$10.0 million for gifted and talented programs incorporated into the control budget

(d) Phase II included incorporated into the control budget

\* \$4.2 million of the total is AEA media and educational services increases.

	FY 1994 Current	FY 1994 Governor	FY 1994 Senate	FY 1994 House	FY 1994 Conference	Conference Difference
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Control Budget						
State Aid	\$1,294.1	\$1,331.0	\$1,314.5	\$1,319.2	\$1,307.3	13.2
Property Tax	640.0a	644.7	631.6	614.3	635.0a	(5.0)
Formula subtotal	\$1,934.1	\$1,975.7	\$1,946.1	\$1,933.5	\$1,942.3	8.2
Ed. Standards						
State aid	0.0	6.9	6.9	6.9	0.0	0.0
At-Risk Programs						
State aid	1.2b	11.2	13.0	13.0	13.0	11.8
Talented & Gifted						
State Aid	0.0	0.0c	0.0c	0.0c	0.0	0.0
SBRC (state aid)						
Transportation aid	0.0	0.0	3.5	3.5	3.5	3.5
Special needs	0.0	0.0	7.0	3.5	5.0	5.0
Educ. Excellence						
Phase II	38.5	0.0d	44.6	44.6	44.6	6.1
Phase III	42.4	49.1	49.1	49.1	49.1	6.7
Total General Oper.						
State Aid	\$1,376.2	\$1,398.2	\$1,439.8	\$1,439.8	\$1,422.3	\$46.1
Property Tax	640.0	644.7	631.6	614.3	635.0	(5.0)
<b>GRAND TOTAL</b>	<b>\$2,016.2</b>	<b>\$2,042.9</b>	<b>\$2,070.2</b>	<b>\$2,054.1</b>	<b>\$2,057.3</b>	<b>\$41.1</b>

(a) \$6.9 million additional allowable growth for gifted and talented programs is included in the control budget

(b) \$1.2 million funding for child development coordinating council included.

(c) \$10.0 million for gifted and talented programs incorporated into the control budget

(d) Phase II included incorporated into the control budget

\* \$4.2 million of the total is AEA media and educational services increases.

Sources: Department of Education  
Department of Management

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(LSB 4170hv.5, TLJ)

FILED APRIL 26, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE **535**  
BY (PROPOSED COMMITTEE ON  
EDUCATION BILL)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the financing of education programs of school  
2 districts and area education agencies including the  
3 establishment of a school foundation formula, the provision of  
4 property tax levies, allocation of educational excellence  
5 program moneys, provision for payment of programs for certain  
6 at-risk children, making appropriations, and providing  
7 effective dates.

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

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1 Section 1. NEW SECTION. 257.1 STATE SCHOOL FOUNDATION  
2 PROGRAM -- STATE AID.

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

6 2. STATE SCHOOL FOUNDATION AID -- FOUNDATION BASE. For a  
7 budget year, each school district in the state is entitled to  
8 receive foundation aid, in an amount per pupil equal to the  
9 difference between the amount per pupil of foundation property  
10 tax in the district, and the combined foundation base per  
11 pupil or the combined district cost per pupil, whichever is  
12 less.

13 For the budget year commencing July 1, 1991, the regular  
14 program foundation base per pupil is eighty-three and twenty-  
15 five hundredths percent of the regular program state cost per  
16 pupil. For each succeeding budget year, the regular program  
17 foundation base shall increase twenty-five hundredths percent  
18 per year until the foundation base reaches eighty-five percent  
19 of the regular program state cost per pupil. For the budget  
20 year commencing July 1, 1991, the special education support  
21 services foundation base is eighty-three and twenty-five  
22 hundredths percent of the special education support services  
23 state cost per pupil. It shall increase at the same rate as  
24 the regular program foundation base. The combined foundation  
25 base is the sum of the regular program foundation base and the  
26 special education support services foundation base.

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

33 Sec. 2. NEW SECTION. 257.2 DEFINITIONS.

34 As used in this chapter:

35 1. "Combined state cost per pupil" is a per pupil amount

1 determined by adding together the regular program state cost  
2 per pupil for a year and the special education support  
3 services state cost per pupil for that year calculated under  
4 section 257.9.

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

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

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

14 5. "School district" means a school corporation organized  
15 under chapter 274.

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

19 a. Foundation aid.

20 b. Revenue obtained from the foundation property tax.

21 c. Revenue obtained from the additional property tax.

22 7. "Expenditures" means the total amounts paid from the  
23 general fund of a school district.

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

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

31 2. AMOUNT FOR REORGANIZED AND DISSOLVED DISTRICTS. For  
32 purposes of this subsection, a reorganized school district is  
33 one which absorbed at least thirty percent of the enrollment  
34 of the school district affected by a reorganization or  
35 dissolved during a dissolution and in which the reorganization

1 was approved in an election pursuant to sections 275.18 and  
2 275.20 or dissolution was approved pursuant to section 275.55,  
3 and the reorganization or dissolution takes effect on or after  
4 July 1, 1991. In the budget year following a reorganization  
5 or dissolution, a reorganized school district, as defined in  
6 this subsection, shall cause a foundation property tax of four  
7 dollars and forty cents per thousand dollars of assessed  
8 valuation to be levied on the taxable property which, in the  
9 school year preceding a reorganization, was within a school  
10 district affected by the reorganization as defined in section  
11 275.1, or in the school year preceding a dissolution was a  
12 part of a school district that dissolved. In the school year  
13 preceding the reorganization or dissolution, the school  
14 district affected by the reorganization or the school district  
15 that dissolved must have had an actual enrollment of fewer  
16 than six hundred in order for the four-dollar-and-forty-cent  
17 levy to apply. In succeeding school years, the foundation  
18 property tax levy on that portion shall be increased twenty  
19 cents per year until it reaches the rate of five dollars and  
20 forty cents per thousand dollars of assessed valuation.

21 The property tax rates of those districts that met the  
22 requirements of section 442.2, subsection 1, Code 1989, prior  
23 to July 1, 1991, shall have the reduced levies that they would  
24 have had under section 442.2, subsection 1, Code 1989, and  
25 those levies shall continue to increase twenty cents per year  
26 as provided in this subsection.

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

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

33 1. COMPUTATION OF TAX. A school district shall cause to  
34 be levied each year, an additional property tax levy. The  
35 rate of the additional property tax levy in a school district

1 shall be determined by the department of management and shall  
2 be calculated to raise the difference between the combined  
3 district cost for the budget year and the sum of the products  
4 of the regular program foundation base per pupil times the  
5 weighted enrollment in the district and the special education  
6 support services foundation base per pupil times the special  
7 education support services weighted enrollment in the  
8 district.

9     2. APPLICATION OF TAX. No later than May 1 of each year,  
10 the department of management shall notify the county auditor  
11 of each county the amount, in dollars and cents per thousand  
12 dollars of assessed value, of the additional property tax levy  
13 in each school district in the county. A county auditor shall  
14 spread the additional property tax levy for each school  
15 district in the county over all taxable property in the dis-  
16 trict.

17     Sec. 5. NEW SECTION. 257.5 SUPPLEMENTAL AID.

18     For purposes of this section, a reorganized school district  
19 is one in which reorganization was approved in an election  
20 pursuant to sections 275.18 and 275.20 and took effect on or  
21 after July 1, 1986.

22     Notwithstanding section 257.4, if the rate of the  
23 additional property tax levy determined under section 257.4  
24 for a budget year for a reorganized school district is higher  
25 than the rate of the additional property tax levy determined  
26 under section 257.4, or section 442.9, Code 1987 or 1989, for  
27 the year previous to the reorganization for a school district  
28 that had a certified enrollment of less than six hundred and  
29 that was a school district affected by the reorganization as  
30 defined in section 275.1, the department of management shall  
31 reduce the rate of the additional property tax levy in the  
32 portion of the reorganized district where the new rate is  
33 higher, to the rate that was levied in that portion of the  
34 district during the year preceding the reorganization, for the  
35 five-year period provided in this section. The department of

1 management shall pay to each reorganized school district  
2 during each of the first five years of existence of the  
3 reorganized district, as supplemental aid, moneys equal to the  
4 difference in revenues that would have been collected under  
5 the additional property tax levy calculated under section  
6 257.4 and the rate for the year previous to the  
7 reorganization.

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

13 For the purpose of the department of management's  
14 determination of the portion of a school district's budget  
15 that was property tax and the portion that was state aid under  
16 section 257.25, supplemental aid shall be considered property  
17 tax.

18 A reorganized school district receiving supplemental aid  
19 prior to July 1, 1991, under section 442.9, Code 1989, shall  
20 continue to receive supplemental aid in the same amount under  
21 this section until the expiration of the five-year period  
22 specified in section 442.9, Code 1989.

23 Sec. 6. NEW SECTION. 257.6 ENROLLMENT.

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

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

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

34 c. Shared-time and part-time pupils of school age enrolled  
35 in public schools within the district, irrespective of the

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

10 d. Eleventh and twelfth grade nonresident pupils who were  
11 residents of the district during the preceding school year and  
12 are enrolled in the district until the pupils graduate.  
13 Tuition for those pupils shall not be charged by the district  
14 in which the pupils are enrolled.

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

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

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

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

1 management.

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

8 4. BUDGET ENROLLMENT. Budget enrollment for the budget  
 9 year shall be calculated for each school district by the  
 10 department of management in the manner provided in this  
 11 subsection. If the basic enrollment of a school district has  
 12 declined from one year to the next during any of the five  
 13 years prior to the base year, the district may be eligible for  
 14 an enrollment adjustment based upon the percent of the  
 15 enrollment decline and the number of years that have elapsed  
 16 since the decline occurred. The budget enrollment for the  
 17 budget year shall be calculated by adding together the  
 18 following percents of enrollment decline in the district's  
 19 basic enrollment from one base year to the preceding base year  
 20 for each of the five preceding base years, commencing with the  
 21 percent of change between the basic enrollment for the budget  
 22 year and the basic enrollment for the base year, adding the  
 23 sum of the percents to one hundred and multiplying the total  
 24 by the basic enrollment for the budget year:

25 26 27 <u>Percent of Decline</u>	28 Years between the Base Year 29 and the Year of Decline				
	1	2	3	4	5
30 Less than 1	0	0	0	0	0
31 1.0 through 2.9	2	2	1	1	0
32 3.0 through 4.9	4	3	2	2	1
33 5.0 through 6.9	6	5	4	3	2
34 7.0 and over	8	7	5	4	3

35 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

1 in section 257.13.

2 5. BUDGET ENROLLMENT FOR 1991-1992. Notwithstanding  
3 subsections 2 and 4, for the budget year commencing July 1,  
4 1991, a school district's budget enrollment is the larger of  
5 the following:

6 a. The sum of five percent of the basic enrollment for the  
7 budget year beginning July 1, 1986, calculated under chapter  
8 442, Code 1987, and ninety-five percent of the larger of the  
9 basic enrollment for the base year or the basic enrollment for  
10 the budget year.

11 b. The basic enrollment for the budget year.

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

16 6. BUDGET ENROLLMENT FOR 1992-1993. Notwithstanding  
17 subsections 2 and 4, for the budget year commencing July 1,  
18 1992, a school district's budget enrollment is the larger of  
19 the following:

20 a. The sum of five percent of the basic enrollment for the  
21 budget year beginning July 1, 1988, calculated under chapter  
22 442, Code 1989, and ninety-five percent of the larger of the  
23 basic enrollment for the base year or the basic enrollment for  
24 the budget year.

25 b. The basic enrollment for the budget year.

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

30 7. WEIGHTED ENROLLMENT. Weighted enrollment is the budget  
31 enrollment plus the district's additional enrollment because  
32 of special education calculated on December 1 of the base year  
33 plus additional pupils added due to the application of the  
34 supplementary weighting.

35 Weighted enrollment for special education support services



1 costs is equal to the weighted enrollment minus the additional  
2 pupils added due to the application of the supplementary  
3 weighting.

4 Sec. 7. NEW SECTION. 257.7 AUTHORIZED EXPENDITURES.

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

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

18 Sec. 8. NEW SECTION. 257.8 STATE PERCENT OF GROWTH --  
19 ALLOWABLE GROWTH.

20 1. CALCULATION BY DEPARTMENT OF MANAGEMENT. On or before  
21 September 15, 1990, the department of management shall compute  
22 a state percent of growth for the budget year beginning July  
23 1, 1991, and a state percent of growth for the year next  
24 following the budget year.

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

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

34 a. The difference in the percents of change in receipts of  
35 state general fund revenues, computed or estimated by the

1 state revenue estimating conference created in section 8.22A  
2 as follows:

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

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

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

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

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

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

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

30 a. The difference in the percents of change in receipts of  
31 state general fund revenues computed or estimated by the state  
32 revenue estimating conference created in section 8.22A as fol-  
33 lows:

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

1 received during the base year.

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

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

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

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

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

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

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

32 6. RECOMPUTATION. On or before September 15 of the base  
33 year the department of management shall recompute the state  
34 percent of growth for the previous year using adjusted  
35 estimates and the actual figures available. The difference

1 between the recomputed state percent of growth for the  
2 previous year and the original computation shall be added to  
3 or subtracted from the state percent of growth for the budget  
4 year next following the budget year, as applicable. However,  
5 on or before September 15, 1990, the department of management  
6 shall recompute the state percent of growth for the previous  
7 year in the manner provided in section 442.7, Code 1989.

8 With regard to values of gross national product implicit  
9 price deflators, the recomputation of the state percent of  
10 growth for the previous year shall be made only with respect  
11 to the value of the deflator for the year which occurred  
12 subsequent to the calculation of the state percent of growth  
13 for the previous year. If subsection 4 is used in the  
14 calculation of the state percent of growth for the previous  
15 year, the calculation made in subsection 3, paragraph "b",  
16 shall not be used in the recomputation of the state percent of  
17 growth for the previous year.

18 7. ALLOWABLE GROWTH CALCULATION. The department of  
19 management shall calculate the regular program allowable  
20 growth for a budget year by multiplying the state percent of  
21 growth for the budget year by the regular program state cost  
22 per pupil for the base year and shall calculate the special  
23 education support services allowable growth for the budget  
24 year by multiplying the state percent of growth for the budget  
25 year by the special education support services state cost per  
26 pupil for the base year.

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

32 a. By the school budget review committee under section  
33 257.21.

34 b. By the department of management under section 257.30.

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

1 1. REGULAR PROGRAM STATE COST PER PUPIL FOR 1991-1992.  
2 For the budget year beginning July 1, 1991, for the regular  
3 program state cost per pupil, the department of management  
4 shall add together the state total of the district costs of  
5 all school districts for the base year, as district cost is  
6 defined in section 442.9, Code 1989, plus the total of the  
7 amounts added to the district cost of school districts  
8 pursuant to section 442.21, Code 1989, plus the amount  
9 included in the districts' budgets in the state for the fiscal  
10 year beginning July 1, 1986, for the additional portion of the  
11 livestock tax credit pursuant to section 442.2, subsection 2,  
12 as it appeared in the 1987 Code and plus the difference  
13 between the following amounts:  
14 a. The general allocation of the school district as  
15 determined under section 405A.2, Code 1989.  
16 b. The foundation property tax rate multiplied by the  
17 total actual value of all personal property assessed for  
18 valuation in the school district as of January 1, 1973,  
19 excluding livestock.  
20 2. CALCULATION. The total calculated under subsection 1  
21 shall be divided by the total enrollment of all school  
22 districts calculated separately for each using twenty percent  
23 of the basic enrollment for the budget year beginning July 1,  
24 1981, and eighty percent of the higher of the basic enrollment  
25 for the budget year beginning July 1, 1989, or the basic  
26 enrollment for the budget year beginning July 1, 1990, except  
27 as otherwise provided in this subsection. For the purpose of  
28 this subsection, "basic enrollment" means basic enrollment as  
29 defined in section 442.4, Code 1989. The regular program  
30 state cost per pupil for the budget year beginning July 1,  
31 1991, is the amount calculated by the department of management  
32 under this subsection plus an allowable growth amount that is  
33 equal to the state percent of growth for the budget year  
34 multiplied by the amount calculated by the department of  
35 management under this subsection, plus fifteen dollars and the

1 sum of twenty dollars times one hundred percent plus the state  
2 percent of growth for the budget year for the cost of  
3 implementing new educational standards and other educational  
4 program needs of school districts.

5 If the enrollment calculated in this subsection for a  
6 school district is less than the basic enrollment for the  
7 budget year for that school district, the basic enrollment for  
8 the budget year for that school district shall be used.

9 3. REGULAR PROGRAM STATE COST PER PUPIL FOR 1992-1993.  
10 For the budget year beginning July 1, 1992, for the regular  
11 program state cost per pupil, the department of management  
12 shall add together the state total of the district costs of  
13 all school districts for the base year, calculated under  
14 section 257.10, subsections 1 and 2, and divide that total by  
15 the total enrollment of all school districts calculated  
16 separately and totaled, using five percent of the basic  
17 enrollment for the budget year beginning July 1, 1986, and  
18 ninety-five percent of the higher of the basic enrollment for  
19 the budget year beginning July 1, 1989, or the basic  
20 enrollment for the budget year beginning July 1, 1990, except  
21 as otherwise provided in this section. The regular program  
22 state cost per pupil for the budget year is the amount  
23 calculated by the department of management under this  
24 subsection plus the sum of the state percent of growth for the  
25 budget year multiplied by an allowable growth amount that is  
26 equal to the amount calculated by the department of management  
27 under this subsection plus forty-five dollars.

28 For the purposes of this subsection, basic enrollment for  
29 the base year means basic enrollment as defined in section  
30 257.6 and basic enrollment for the year preceding the base  
31 year means basic enrollment as defined in section 442.4, Code  
32 1989.

33 If the enrollment calculated in this subsection for a  
34 school district is less than the basic enrollment for the  
35 budget year for that school district, the department of

1 management shall use the basic enrollment for the budget year  
2 for that school district.

3 4. REGULAR PROGRAM STATE COST PER PUPIL FOR 1993-1994.  
4 For the budget year beginning July 1, 1993, for the regular  
5 program state cost per pupil, the department of management  
6 shall add together the state total of the district costs of  
7 all school districts for the base year, calculated under  
8 section 257.10, and divide that total by the total of the  
9 budget enrollments of all school districts for the budget year  
10 beginning July 1, 1991, calculated under section 257.6, sub-  
11 section 4, if section 257.6, subsection 4, had been in effect  
12 for that budget year. The regular program state cost per  
13 pupil for the budget year is the amount calculated by the  
14 department of management under this subsection plus an  
15 allowable growth amount that is equal to the state percent of  
16 growth for the budget year multiplied by the amount calculated  
17 by the department of management under this subsection plus  
18 thirty dollars.

19 5. REGULAR PROGRAM STATE COST PER PUPIL FOR 1994-1995 AND  
20 SUCCEEDING YEARS. For the budget year beginning July 1, 1994,  
21 and succeeding budget years, the regular program state cost  
22 per pupil for a budget year is the regular program state cost  
23 per pupil for the base year plus the regular program allowable  
24 growth for the budget year.

25 6. SPECIAL EDUCATION SUPPORT SERVICES STATE COST PER PUPIL  
26 FOR 1991-1992. For the budget year beginning July 1, 1991,  
27 for the special education support services state cost per  
28 pupil, the department of management shall divide the total of  
29 the approved budgets of the area education agencies for  
30 special education support services for that year approved by  
31 the state board of education under section 273.3, subsection  
32 12, by the total of the weighted enrollment for special educa-  
33 tion support services in the state for the budget year. The  
34 special education support services state cost per pupil for  
35 the budget year is the amount calculated by the department of

1 management under this subsection.

2 7. SPECIAL EDUCATION SUPPORT SERVICES STATE COST PER PUPIL  
3 FOR 1992-1993. For the budget year beginning July 1, 1992,  
4 for the special education support services state cost per  
5 pupil, the department of management shall divide the total of  
6 the approved budgets of the area education agencies for  
7 special education support services for that year approved by  
8 the state board of education under section 273.3, subsection  
9 12, by the total of the weighted enrollment for special educa-  
10 tion support services in the state for the budget year. The  
11 special education support services state cost per pupil for  
12 the budget year is the amount calculated by the department of  
13 management under this subsection.

14 8. SPECIAL EDUCATION SUPPORT SERVICES STATE COST PER PUPIL  
15 FOR 1993-1994. For the budget year beginning July 1, 1993,  
16 for the special education support services state cost per  
17 pupil, the department of management shall divide the total of  
18 the approved budgets of the area education agencies for  
19 special education support services for that year approved by  
20 the state board of education under section 273.3, subsection  
21 12, by the total of the weighted enrollment for special educa-  
22 tion support services in the state for the budget year. The  
23 special education support services state cost per pupil for  
24 the budget year is the amount calculated by the department of  
25 management under this subsection.

26 9. SPECIAL EDUCATION SUPPORT SERVICES STATE COST PER PUPIL  
27 FOR 1994-1995 AND SUCCEEDING YEARS. For the budget year  
28 beginning July 1, 1994, and succeeding budget years, the  
29 special education support services state cost per pupil for  
30 the budget year is the special education support services  
31 state cost per pupil for the base year plus the special  
32 education support services allowable growth for the budget  
33 year.

34 10. COMBINED STATE COST PER PUPIL. The combined state  
35 cost per pupil is the sum of the regular program state cost



1 per pupil and the special education support services state  
2 cost per pupil.

3 Sec. 10. NEW SECTION. 257.10 DISTRICT COST PER PUPIL --  
4 DISTRICT COST.

5 1. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR 1991-1992.  
6 For the budget year beginning July 1, 1991, in order to  
7 determine the regular program district cost per pupil, the de-  
8 partment of management shall divide the regular program  
9 district cost for the base year, as defined in section 442.9,  
10 Code 1989, plus the amount added to district cost pursuant to  
11 section 442.21, Code 1989, for each school district, by the  
12 enrollment of the school district calculated using twenty  
13 percent of the basic enrollment for the budget year beginning  
14 July 1, 1981, and eighty percent of the higher of the basic  
15 enrollment for the budget year beginning July 1, 1989, or the  
16 basic enrollment for the budget year beginning July 1, 1990,  
17 except as otherwise provided in this subsection. Basic  
18 enrollment means basic enrollment as defined in section 442.4,  
19 Code 1989.

20 If the enrollment calculated in this subsection for a  
21 school district is less than the basic enrollment for the  
22 budget year for that school district, the basic enrollment for  
23 the budget year shall be used for that school district  
24 instead.

25 The regular program district cost per pupil for the budget  
26 year beginning July 1, 1991, is the amount calculated by the  
27 department of management under this subsection plus the  
28 allowable growth amount calculated for regular program state  
29 cost per pupil under section 257.9, subsection 2, plus fifteen  
30 dollars, except that if the regular program district cost per  
31 pupil for the budget year calculated under this subsection in  
32 any school district exceeds one hundred ten percent of the  
33 regular program state cost per pupil for the budget year minus  
34 twenty dollars, the department of management shall reduce the  
35 regular program district cost of that district to an amount

1 equal to that one hundred ten percent amount and shall add  
2 twenty dollars times one hundred percent plus the state  
3 percent of growth for the budget year for the cost of  
4 implementing new educational standards and other educational  
5 program needs of school districts.

6 2. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR 1992-1993.  
7 For the budget year beginning July 1, 1992, in order to  
8 determine the regular program district cost per pupil, the  
9 department of management shall divide the regular program  
10 district cost for the base year by the enrollment of the  
11 school district, calculated using five percent of the basic  
12 enrollment for the budget year beginning July 1, 1986, and  
13 ninety-five percent of the higher of the basic enrollment for  
14 the budget year beginning July 1, 1989, or the basic  
15 enrollment for the budget year beginning July 1, 1990, except  
16 as otherwise provided in this section. The regular program  
17 district cost per pupil for the budget year beginning July 1,  
18 1992, is the amount calculated by the department of management  
19 under this subsection plus the allowable growth amount  
20 calculated for regular program state cost per pupil under  
21 section 257.9, subsection 3, and plus forty-five dollars,  
22 except that if the regular program district cost per pupil for  
23 the budget year calculated under this subsection in any school  
24 district exceeds one hundred ten percent of the regular  
25 program state cost per pupil for the budget year, the  
26 department of management shall reduce the regular program  
27 district cost of that district to an amount equal to one  
28 hundred ten percent of the state cost per pupil.

29 For the purposes of this subsection, basic enrollment for  
30 the base year means basic enrollment as defined in section  
31 257.6 and basic enrollment for the year preceding the base  
32 year means basic enrollment as defined in section 442.4, Code  
33 1989.

34 If the enrollment calculated in this subsection for a  
35 school district is less than the basic enrollment of the

1 budget year for that school district, the department of  
2 management shall use the basic enrollment for the budget year  
3 for that school district instead.

4 3. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR 1993-1994.  
5 For the budget year beginning July 1, 1993, in order to  
6 determine the regular program district cost per pupil, the  
7 department of management shall divide the regular program  
8 district cost for the base year by the budget enrollment of  
9 the school district for the budget year beginning July 1,  
10 1991, calculated under section 257.6, subsection 4, if section  
11 257.6, subsection 4, had been in effect for that budget year.  
12 The regular program district cost per pupil for the budget  
13 year beginning July 1, 1993, is the amount calculated by the  
14 department of management under this subsection plus the  
15 allowable growth amount calculated for regular program state  
16 cost per pupil under section 257.9, subsection 4, except that  
17 if the regular program district cost per pupil for the budget  
18 year calculated under this subsection in any school district  
19 exceeds one hundred ten percent of the regular program state  
20 cost per pupil for the budget year, the department of  
21 management shall reduce the regular program district cost of  
22 that district to an amount equal to one hundred ten percent of  
23 the state cost per pupil.

24 4. REGULAR PROGRAM DISTRICT COST PER PUPIL FOR 1994-1995  
25 AND SUCCEEDING YEARS. For the budget year beginning July 1,  
26 1994, and succeeding budget years, the regular program  
27 district cost per pupil for each school district for a budget  
28 year is the regular program district cost per pupil for the  
29 base year plus the regular program allowable growth for the  
30 budget year.

31 However, the regular program district cost per pupil for a  
32 school district for the budget year shall be adjusted by the  
33 department of management in the manner provided in this  
34 subsection. The department of management shall determine the  
35 ratio of the district cost per pupil to the state cost per

1 pupil. If that ratio is greater than one, the department of  
2 management shall multiply the percent by which the ratio  
3 exceeds one by the regular program allowable growth for the  
4 budget year and subtract the result from the district cost per  
5 pupil for that district for the budget year. If that ratio is  
6 less than one, the department of management shall multiply the  
7 percent by which the ratio is less than one by the regular  
8 program allowable growth for the budget year and add the  
9 result to the regular program district cost per pupil for that  
10 district for the budget year.

11 5. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT COST PER  
12 PUPIL FOR 1991-1992. For the budget year beginning July 1,  
13 1991, for the special education support services district cost  
14 per pupil, the department of management shall divide the  
15 approved budget of each area education agency for special  
16 education support services for that year approved by the state  
17 board of education, under section 273.3, subsection 12, by the  
18 total of the weighted enrollment for special education support  
19 services in the area for that budget year.

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

24 6. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT COST PER  
25 PUPIL FOR 1992-1993. For the budget year beginning July 1,  
26 1992, for the special education support services district cost  
27 per pupil, the department of management shall divide the  
28 approved budget of each area education agency for special  
29 education support services for that year approved by the state  
30 board of education under section 273.3, subsection 12, by the  
31 total of the weighted enrollment for special education support  
32 services in the area for the budget year.

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

1 this subsection.

2 7. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT COST PER  
3 PUPIL FOR 1993-1994. For the budget year beginning July 1,  
4 1993, for the special education support services district cost  
5 per pupil, the department of management shall divide the  
6 approved budget of each area education agency for special  
7 education support services for that year approved by the state  
8 board of education under section 273.3, subsection 12, by the  
9 total of the weighted enrollment for special education support  
10 services in the area for the budget year.

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

15 8. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT COST PER  
16 PUPIL FOR 1994-1995 AND SUCCEEDING YEARS. For the budget year  
17 beginning July 1, 1994, and succeeding budget years, the  
18 special education support services district cost per pupil for  
19 the budget year is the special education support services  
20 district cost per pupil for the base year plus the special  
21 education support services allowable growth for the budget  
22 year.

23 9. COMBINED DISTRICT COST PER PUPIL. The combined  
24 district cost per pupil for a school district is the sum of  
25 the regular program district cost per pupil and the special  
26 education support services district cost per pupil. Combined  
27 district cost per pupil does not include additional allowable  
28 growth added for school districts that have a negative balance  
29 of funds raised for special education instruction programs  
30 under section 257.21, additional allowable growth granted by  
31 the school budget review committee for a single school year,  
32 or additional allowable growth added for programs for dropout  
33 prevention.

34 10. REGULAR PROGRAM DISTRICT COST. Regular program  
35 district cost for a school district for a budget year is equal

1 to the regular program district cost per pupil for the budget  
2 year multiplied by the weighted enrollment for the budget  
3 year.

4 11. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT COST.

5 Special education support services district cost for a school  
6 district for a budget year is equal to the special education  
7 support services district cost per pupil for the budget year  
8 multiplied by the special education support services weighted  
9 enrollment for the district for the budget year. If the  
10 special education support services district cost for a school  
11 district for a budget year is less than the special education  
12 support services district cost for that district for the base  
13 year, the department of management shall adjust the special  
14 education support services district cost for that district for  
15 the budget year to equal the special education support  
16 services district cost for the base year.

17 12. COMBINED DISTRICT COST. Combined district cost is the  
18 sum of the regular program district cost and the special  
19 education support services district cost, plus the additional  
20 district cost allocated to the district under section 257.27  
21 to fund media services and educational services provided  
22 through the area education agency.

23 A school district may increase its district cost for the  
24 budget year to the extent that an excess tax levy is  
25 authorized by the school budget review committee under section  
26 257.22.

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

29 In order to provide additional funds for school districts  
30 which send their resident pupils to another school district or  
31 to an area school for classes, which jointly employ and share  
32 the services of teachers under section 280.15, or which use  
33 the services of a teacher employed by another school district,  
34 or which jointly employ and share the services of school  
35 administrators under section 280.15, a supplementary weighting

1 plan for determining enrollment is adopted as follows:

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

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

21 3. WHOLE GRADE SHARING. For the budget years beginning  
22 July 1, 1991, through July 1, 1993, in districts that have  
23 executed whole grade sharing agreements under sections 282.10  
24 through 282.12, the school budget review committee shall  
25 assign an additional weighting equal to one plus an additional  
26 portion equal to one times the percent of the pupil's school  
27 day in which a pupil attends classes in another district or an  
28 area school, attends classes taught by a teacher who is  
29 employed jointly under section 280.15, or attends classes  
30 taught by a teacher who is employed by another district. The  
31 additional weighting for whole grade sharing shall be assigned  
32 by the school budget review committee to a district for a  
33 maximum of five years. If the school district reorganizes  
34 between July 1, 1991, and July 1, 1994, the weighting for  
35 whole grade sharing shall be continued in the enrollment of

1 the reorganized school district so that the total years of  
2 weighting for whole grade sharing equals ten.

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

6 5. SHARED ADMINISTRATORS. Pupils enrolled in a school  
7 district in which the superintendent is employed jointly under  
8 section 280.15 or under section 273.7A, are assigned a  
9 weighting of one plus an additional portion equal to one for  
10 the superintendent who is jointly employed times the percent  
11 of the superintendent's time in which the superintendent is  
12 employed in the school district. However, the total  
13 additional weighting assigned under this subsection for a  
14 budget year for a school district shall not exceed fifteen and  
15 the total additional weighting added cumulatively to the  
16 enrollment of a school district sharing a superintendent shall  
17 not exceed twenty-five.

18 The additional weighting assigned under this subsection may  
19 be assigned to a district for a maximum of five years and,  
20 thereafter, the additional weighting shall not be assigned to  
21 the same district under this section, but may be assigned  
22 under section 257.12.

23 6. SHARED MATHEMATICS, SCIENCE, AND LANGUAGE COURSES. A  
24 school district receiving additional funds under subsection 2  
25 for its pupils at the ninth grade level and above that are  
26 enrolled in sequential mathematics courses at the advanced  
27 algebra level and above; chemistry, advanced chemistry,  
28 physics or advanced physics courses; or foreign language  
29 courses at the second year level and above shall have an  
30 additional weighting of one pupil added to its total.

31 7. CALCULATION OF WEIGHTS. The school budget review  
32 committee shall calculate the weights to be used under  
33 subsections 2 and 3 to the nearest one-hundredth of one and  
34 under subsection 5 to the next highest one-hundredth of one so  
35 that, to the extent possible, the moneys generated by the



1 weighting will be equivalent to the moneys generated by the  
2 one-tenth, five-tenths, and five-hundredths weighting provided  
3 in section 442.39, Code 1989.

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

6 In determining weighted enrollment under section 257.6, a  
7 reorganized school district shall include, for a period of  
8 five years following the effective date of the reorganization,  
9 additional pupils added under section 257.11, subsection 5, in  
10 the year preceding the reorganization. However, the weighting  
11 shall be reduced by the supplementary weighting added for a  
12 pupil whose residency is not within the reorganized district.  
13 For purposes of this section, a reorganized district is one in  
14 which the reorganization was approved in an election pursuant  
15 to sections 275.18 and 275.20 and takes effect on or after  
16 July 1, 1986.

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

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

27 If a district receives an advance under this section for a  
28 budget year, the department of management shall determine the  
29 amount of the advance which would have been generated by local  
30 property tax revenues if the actual enrollment for the budget  
31 year had been used in determining district cost for that  
32 budget year, shall reduce the district's total state school  
33 aids otherwise available under this chapter for the next  
34 following budget year by the amount so determined, and shall  
35 increase the district's additional property tax levy for the

1 next following budget year by the amount necessary to  
2 compensate for the reduction in state aid, so that the local  
3 property tax for the next following year will be increased  
4 only by the amount which it would have been increased in the  
5 budget year if the enrollment calculated in this section could  
6 have been used to establish the levy.

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

12 Sec. 14. NEW SECTION. 257.14 BUDGET ADJUSTMENT.

13 For the budget years commencing July 1, 1991, July 1, 1992,  
14 and July 1, 1993, if the department of management determines  
15 that the regular program district cost of a school district  
16 for a budget year is less than the total of the regular  
17 program district cost plus any adjustment added under this  
18 section for the base year for that school district, the  
19 department of management shall provide a budget adjustment for  
20 that district for that budget year that is equal to the  
21 difference.

22 For the budget year beginning July 1, 1991, the department  
23 of management shall use the regular program district cost for  
24 that budget year of a school district calculated pursuant to  
25 chapter 442, Code 1989, plus the amount added to district cost  
26 pursuant to section 442.21, Code 1989, as the district's base  
27 year regular program district cost. For the budget year  
28 beginning July 1, 1991, in calculating the district's regular  
29 program district cost, the department of management shall  
30 subtract from the district's district cost per pupil the  
31 twenty dollars times one hundred percent plus the state  
32 percent of growth for the budget year added under section  
33 257.10, subsection 1.

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

35 1. PROPERTY TAX ADJUSTMENTS FOR 1991-1992, 1992-1993, AND

1 1993-1994. For each of the budget years beginning July 1,  
2 1991, July 1, 1992, and July 1, 1993, the department of  
3 management shall calculate for each district the difference  
4 between the sum of the revenues generated by the foundation  
5 property tax and the additional property tax in the district  
6 calculated under this chapter and the revenues that would have  
7 been generated by the foundation property tax and the  
8 additional property tax in that district for that budget year  
9 calculated under chapter 442, Code 1989, if chapter 442 were  
10 in effect, except that the revenues that would have been  
11 generated by the additional property tax levy under chapter  
12 442 shall not include revenues generated for gifted and  
13 talented children programs and for the school improvement  
14 program. If the property tax revenues for a district  
15 calculated under this chapter, excluding the amount generated  
16 pursuant to section 257.18, exceed the property tax revenues  
17 for that district calculated under chapter 442, Code 1989, the  
18 department of management shall reduce the revenues raised by  
19 the additional property tax levy in that district under this  
20 chapter by that difference and the department of education  
21 shall pay property tax adjustment aid to the district equal to  
22 that difference.

23 2. PROPERTY TAX ADJUSTMENT AID FOR 1994-1995 AND  
24 SUCCEEDING YEARS. For the budget year beginning July 1, 1994,  
25 and succeeding budget years, the department of education shall  
26 pay property tax adjustment aid to a school district equal to  
27 the amount paid to the district for the base year less an  
28 amount equal to the product of the percent by which the  
29 taxable valuation in the district increased, if the taxable  
30 valuation increased, from January 1 of the year prior to the  
31 base year to January 1 of the base year and the property tax  
32 adjustment aid. The department of management shall adjust the  
33 rate of the additional property tax accordingly and notify the  
34 department of education of the amount of aid to be paid to  
35 each district.

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

8     Sec. 16. NEW SECTION. 257.16 APPROPRIATIONS.

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

11     All state aids paid under this chapter, unless otherwise  
12 stated, shall be paid in monthly installments beginning on  
13 September 15 of a budget year and ending on June 15 of the  
14 budget year and the installments shall be as nearly equal as  
15 possible as determined by the department of management, taking  
16 into consideration the relative budget and cash position of  
17 the state resources. However, the state aid paid to school  
18 districts under section 257.13 shall be paid in monthly  
19 installments beginning on December 15 and ending on June 15 of  
20 a budget year.

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

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

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

1 date established in section 279.10, subsection 1.

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

4 For the budget year beginning July 1, 1991, and succeeding  
5 budget years, the board of directors may elect by resolution  
6 to receive additional funding for an instructional support  
7 program for a period not exceeding five years. The additional  
8 funding for the program is limited to an amount not exceeding  
9 ten percent of the total of regular program district cost and  
10 moneys received under section 257.14 as a budget adjustment  
11 for the budget year. Moneys received by a district for the  
12 instructional support program are miscellaneous income and may  
13 be used for any general fund purpose.

14 Certification of a board's intent to participate in the  
15 instructional support program for a budget year shall be made  
16 to the department of management not later than March 15 of the  
17 base year. The department of management shall calculate the  
18 rate of the instructional support property tax and the amount  
19 of instructional support state aid in the manner provided in  
20 this section.

21 In order to determine the instructional support property  
22 tax for a district, the department of management shall divide  
23 the total assessed valuation in the state by the total budget  
24 enrollment for the budget year in the state to determine a  
25 state assessed valuation per pupil and shall divide the  
26 assessed valuation in each district by the district's budget  
27 enrollment for the budget year to determine the district  
28 valuation per pupil. The department of management shall  
29 multiply the ratio of the state's valuation per pupil to the  
30 district's valuation per pupil by twenty-five hundredths and  
31 subtract that result from one to determine the portion of the  
32 instructional support budget that is funded by instructional  
33 support property tax. The remainder of the budget of the  
34 instructional support program shall be funded by instructional  
35 support state aid.

1 If a school district has approved the use of the  
2 instructional support program for a budget year, the district  
3 cannot also collect moneys under the additional enrichment  
4 amount approved by the voters under chapter 442 for that  
5 budget year.

6 There is appropriated for each fiscal year from the general  
7 fund of the state to the department of education, an amount  
8 necessary to pay instructional support state aid as provided  
9 in this section and section 257.19. Instructional support  
10 state aid shall be paid at the same time and in the same  
11 manner as foundation aid is paid under section 257.16.

12 The instructional support property tax shall be levied in  
13 the manner provided for the additional property tax under  
14 section 257.4.

15 Sec. 19. NEW SECTION. 257.19 CONTINUATION OF  
16 INSTRUCTIONAL SUPPORT PROGRAM.

17 The board of directors may call an election to extend the  
18 instructional support program beyond the five-year period  
19 provided in section 257.18 for a period not exceeding five  
20 years. The initial election to extend the instructional  
21 support program shall be held not later than July 1, 1993.  
22 The board of directors shall direct the county commissioner of  
23 elections to submit the question of whether to participate in  
24 the instructional support program to the qualified electors  
25 residing in the district at a regular school election or  
26 special election. If a majority of those voting on the  
27 question favors participating in the instructional support  
28 program, the board shall certify the budget for the program to  
29 the department of management.

30 If the voters do not approve participation in the  
31 instructional support program, the board may resubmit the  
32 proposition to the electors no sooner than sixty days  
33 following the date of the election at which approval was not  
34 given.

35 At the expiration of the five-year period for which the

1 approval at the election was given, the board may reestablish  
2 its participation in the program in the manner provided in  
3 this section.

4 Sec. 20. NEW SECTION. 257.20 SCHOOL BUDGET REVIEW  
5 COMMITTEE.

6 A school budget review committee is established in the  
7 department of education and consists of the director of the  
8 department of education, the director of the department of  
9 management, and three members appointed by the governor to  
10 represent the public and to serve three-year staggered terms.  
11 The committee shall meet and hold hearings each year and shall  
12 continue in session until it has reviewed budgets of school  
13 districts, as provided in section 257.21. It may call in  
14 school board members and employees as necessary for the  
15 hearings. Legislators shall be notified of hearings  
16 concerning school districts in their constituencies.

17 The committee shall adopt its own rules of procedure under  
18 chapter 17A. The director of the department of education  
19 shall serve as chairperson, and the director of the department  
20 of management shall serve as secretary. The committee members  
21 representing the public are entitled to receive their  
22 necessary expenses while engaged in their official duties.  
23 Members may also be eligible to receive compensation as  
24 provided in section 7E.6. Expense payments shall be made from  
25 appropriations to the department of education.

26 Sec. 21. NEW SECTION. 257.21 DUTIES OF THE COMMITTEE.

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

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

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

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

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

34     a. Any unusual increase or decrease in enrollment.

35     b. Unusual natural disasters.



- 1 c. Unusual initial staffing problems.
- 2 d. The closing of a nonpublic school, wholly or in part.
- 3 e. Substantial reduction in miscellaneous income due to  
4 circumstances beyond the control of the district.
- 5 f. Unusual necessity for additional funds to permit  
6 continuance of a course or program which provides substantial  
7 benefit to pupils.
- 8 g. Unusual need for a new course or program which will  
9 provide substantial benefit to pupils, if the district  
10 establishes such need and the amount of necessary increased  
11 cost.
- 12 h. Unusual need for additional funds for special education  
13 or compensatory education programs.
- 14 i. Year-round or substantially year-round attendance  
15 programs which apply toward graduation requirements, including  
16 but not limited to trimester or four-quarter programs.  
17 Enrollment in such programs shall be adjusted to reflect  
18 equivalency to normal school year attendance.
- 19 j. Any unique problems of districts.
- 20 6. The committee shall establish a modified allowable  
21 growth for a district by increasing its allowable growth when  
22 the district submits evidence that it requires additional  
23 funding for removal, management, or abatement of environmental  
24 hazards due to a state or federal requirement. Environmental  
25 hazards shall include but are not limited to the presence of  
26 asbestos, radon, or the presence of any other hazardous  
27 material dangerous to health and safety.
- 28 The district shall include a budget for the actual cost of  
29 the project that may include the costs of inspection,  
30 reinspection, sampling, analysis, assessment, response  
31 actions, operations and maintenance, training, periodic  
32 surveillance, developing of management plans, recordkeeping  
33 requirements, and encapsulation or removal of the hazardous  
34 material.
- 35 7. The committee may grant supplemental aid or establish a

1 modified allowable growth, or both, for the purpose of  
2 providing additional funds to school districts which have  
3 unique demographic characteristics that cause the district to  
4 have higher costs for logistics. The committee shall  
5 establish criteria for districts to meet in order to receive  
6 supplemental aid or modified allowable growth.

7 There is appropriated from the general fund of the state to  
8 the department of education for the use of the school budget  
9 review committee, for each fiscal year, the amount of two  
10 million dollars, or as much thereof as may be necessary, to  
11 pay supplemental aid under this subsection.

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

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

19 b. The costs associated with the demolition of an unused  
20 school building, or the conversion of an unused school  
21 building for community use, in a school district involved in a  
22 dissolution or reorganization under chapter 275, if the costs  
23 are incurred within three years of the dissolution or  
24 reorganization.

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

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

1 procedures.

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

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

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

25 13. The committee shall review the recommendations of the  
26 director of the department of education relating to the  
27 special education weighting plan, and shall establish a  
28 weighting plan for each school year pursuant to section 281.9,  
29 and report the plan to the director of the department of  
30 education.

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

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

9 In determining the balance of funds of a school district  
10 under this subsection, the committee shall subtract the amount  
11 of any reduction in state aid that occurred as a result of a  
12 reduction in allotments made by the governor under section  
13 8.31.

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

32 b. If the amount certified for a school district to the  
33 director of the department of management under this subsection  
34 for the base year is negative, the director of the department  
35 of management shall determine the amount of the deficit that

1 would have been state aid and the amount that would have been  
2 property taxes for each eligible school district.

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

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

33 If the amount appropriated under this lettered paragraph is  
34 insufficient to make the supplemental aid payments, the  
35 director of the department of management shall prorate the

1 payments on the basis of the amount appropriated.

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

13 17. The committee shall perform the duties assigned to it  
14 under chapter 286A.

15 Sec. 22. NEW SECTION. 257.22 PRIOR ENRICHMENT APPROVAL.

16 If the electors of a school district approved the use of  
17 the additional enrichment amount prior to July 1, 1991, under  
18 chapter 442, Code 1989, or section 279.43, Code 1989, the  
19 approval for use of the enrichment amount shall continue in  
20 effect until the expiration of the period for which it was  
21 approved.

22 Sec. 23. NEW SECTION. 257.23 CASH RESERVE INFORMATION.

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

31 Sec. 24. NEW SECTION. 257.24 AREA EDUCATION AGENCY  
32 PAYMENTS.

33 The department of management shall deduct the amounts  
34 calculated for special education support services, media  
35 services, and educational services for each school district

1 from the state aid due to the district pursuant to this  
2 chapter and shall pay the amounts to the respective area  
3 education agencies on a monthly basis from September 15  
4 through June 15 during each school year. The department of  
5 management shall notify each school district of the amount of  
6 state aid deducted for these purposes and the balance of state  
7 aid shall be paid to the district. If a district does not  
8 qualify for state aid under this chapter in an amount  
9 sufficient to cover its amount due to the area education  
10 agency as calculated by the department of management, the  
11 school district shall pay the deficiency to the area education  
12 agency from other moneys received by the district, on a  
13 quarterly basis during each school year.

14 Sec. 25. NEW SECTION. 257.25 SPECIAL EDUCATION SUPPORT  
15 SERVICES BALANCES.

16 Notwithstanding chapters 273 and 281 and sections of this  
17 chapter relating to the moneys available to area education  
18 agencies for special education support services, for each  
19 school year, the department of education may direct the  
20 department of management to deduct amounts from the portions  
21 of school district budgets that fund special education support  
22 services in an area education agency. The total amount  
23 deducted in an area shall be based upon excess special  
24 education support services unreserved and undesignated fund  
25 balances in that area education agency for a school year. The  
26 department of management shall determine the amount deducted  
27 from each school district in an area education agency on a  
28 proportional basis. The department of management shall  
29 determine from the amounts deducted from the portions of  
30 school district budgets that fund area education agency  
31 special education support services the amount that would have  
32 been local property taxes and the amount that would have been  
33 state aid and for the next following budget year shall  
34 increase the district's total state school aid available under  
35 this chapter for area education agency special education

1 support services and reduce the district's property tax levy  
2 for area education agency special education support services  
3 by the amount necessary for the property tax portion of the  
4 deductions made under this section during the budget year.

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

9 Sec. 26. NEW SECTION. 257.26 FUNDING MEDIA AND  
10 EDUCATIONAL SERVICES.

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

15 1. The total amount funded in each area for media services  
16 in the budget year shall be computed as provided in this  
17 subsection. For the budget year beginning July 1, 1990, the  
18 state media services cost per pupil for the base year and the  
19 area media services cost per pupil for the base year are those  
20 costs calculated under section 442.27, Code 1989. The  
21 department of management shall compute the allowable growth  
22 for media services in the budget year by multiplying the state  
23 media services cost per pupil in the base year times the state  
24 percent of growth for the budget year. The total amount  
25 funded in each area for media services cost for a budget year  
26 equals the sum of the area media services cost per pupil in  
27 the base year, including the cost for media resource material  
28 which shall only be used for the purchase or replacement of  
29 material required in section 273.61, subsection 1, paragraphs  
30 "a", "b", and "c", and the allowable growth for media services  
31 in the budget year times the enrollment served in the area in  
32 the budget year. Funds shall be paid to area education  
33 agencies as provided in section 257.24. The costs shall be  
34 allocated to school districts in the area based upon the  
35 proportion of the enrollment served that resides in the



1 district.

2 2. The total amount funded in each area for educational  
3 services in the budget year shall be computed as provided in  
4 this subsection. For the budget year beginning July 1, 1990,  
5 the state educational services cost per pupil for the base  
6 year and the area educational services cost per pupil for the  
7 base year are the state educational services cost per pupil  
8 for the base year and area educational services cost per pupil  
9 for the base year calculated under section 442.27, Code 1989.  
10 The department of management shall compute the allowable  
11 growth for educational services by multiplying the state  
12 educational services cost per pupil in the base year times the  
13 state percent of growth for the budget year. The total amount  
14 funded in each area for educational services for a budget year  
15 equals the sum of the area educational services cost per pupil  
16 for the base year and the allowable growth for educational  
17 services in the budget year times the enrollment served in the  
18 area in the budget year. Funds shall be paid to area  
19 education agencies as provided in section 257.24. The costs  
20 shall be allocated to school districts in an area based upon  
21 the proportion of the enrollment served that resides in the  
22 area.

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

35 4. If an area education agency does not serve nonpublic

1 school pupils in a manner comparable to services provided  
2 public school pupils for media and educational services, as  
3 determined by the state board of education, the state board  
4 shall instruct the department of management to reduce the  
5 funds for media services and educational services one time by  
6 an amount to compensate for such reduced services. The media  
7 services budget shall be reduced by an amount equal to the  
8 product of the cost per pupil in basic enrollment for the  
9 budget year for media services times the difference between  
10 the enrollment served and the basic enrollment recorded for  
11 the area. The educational services budget shall be reduced by  
12 an amount equal to the product of the cost per pupil in basic  
13 enrollment for the budget year for educational services times  
14 the difference between the enrollment served and the basic  
15 enrollment recorded for the area.

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

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

24 Sec. 27. NEW SECTION. 257.27 PROGRAMS FOR RETURNING  
25 DROPOUTS AND DROPOUT PREVENTION.

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

34 1. Program goals, objectives, and activities to meet the  
35 needs of children who may drop out of school.

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- 1     2. Student identification criteria and procedures.
- 2     3. Staff in-service education design.
- 3     4. Staff utilization plans.
- 4     5. Evaluation criteria and procedures and performance
- 5     measures.
- 6     6. Program budget.
- 7     7. Qualifications required of personnel administering the
- 8     program.
- 9     8. A provision for dropout prevention and integration of
- 10    dropouts into the educational program of the district.
- 11    9. A provision for identifying dropouts.
- 12    10. A program for returning dropouts.
- 13    11. Other factors the department requires.
- 14    Program plans shall identify the parts of the plan that
- 15    will be implemented first upon approval of the application.
- 16    If a district is requesting to use additional allowable growth
- 17    to finance the program, it shall not identify more than five
- 18    percent of its budget enrollment for the budget year as
- 19    returning dropouts and potential dropouts.
- 20    Sec. 28. NEW SECTION. 257.28 DEFINITIONS.
- 21    As used in this chapter:
- 22    1. "Returning dropouts" are resident pupils who have been
- 23    enrolled in a public or nonpublic school in any of grades
- 24    seven through twelve who withdrew from school for a reason
- 25    other than transfer to another school or school district and
- 26    who subsequently enrolled in a public school in the district.
- 27    2. "Potential dropouts" are resident pupils who are
- 28    enrolled in a public or nonpublic school who demonstrate poor
- 29    school adjustment as indicated by two or more of the
- 30    following:
- 31    a. High rate of absenteeism, truancy, or frequent
- 32    tardiness.
- 33    b. Limited or no extracurricular participation or lack of
- 34    identification with school, including but not limited to,
- 35    expressed feelings of not belonging.

1 c. Poor grades, including but not limited to, failing in  
2 one or more school subjects or grade levels.

3 d. Low achievement scores in reading or mathematics which  
4 reflect achievement at two years or more below grade level.

5 Sec. 29. NEW SECTION. 257.29 PLANS FOR RETURNING  
6 DROPOUTS AND DROPOUT PREVENTION.

7 The board of directors of a school district requesting to  
8 use additional allowable growth for programs for returning  
9 dropouts and dropout prevention shall submit applications for  
10 approval for the programs to the department not later than  
11 November 1 preceding the budget year during which the program  
12 will be offered. The department shall review the program  
13 plans and shall prior to January 15 either grant approval for  
14 the program or return the request for approval with comments  
15 of the department included. An unapproved request for a  
16 program may be resubmitted with modifications to the  
17 department not later than February 1. Not later than February  
18 15, the department shall notify the department of management  
19 and the school budget review committee of the names of the  
20 school districts for which programs using additional allowable  
21 growth for funding have been approved and the approved budget  
22 of each program listed separately for each school district  
23 having an approved program.

24 Sec. 30. NEW SECTION. 257.30 FUNDING FOR PROGRAMS FOR  
25 RETURNING DROPOUTS AND DROPOUT PREVENTION.

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

1 district and the sum of the amount funded from the district  
2 cost of the school district plus funds received from other  
3 sources.

4 Sec. 31. NEW SECTION. 257.31 FUNDS FOR NEW EDUCATIONAL  
5 STANDARDS.

6 In addition to the funding provided through the district  
7 cost of school districts, there is appropriated from the  
8 general fund of the state for each fiscal year to the  
9 department of education for allocation to school districts for  
10 the costs of implementing educational standards adopted by the  
11 state board of education under section 256.11, the sum of six  
12 million nine hundred thousand dollars, or so much thereof as  
13 is necessary, to be allocated to school districts based upon  
14 each school district's budget enrollment for the budget year.  
15 Moneys received by school districts under this section are  
16 miscellaneous income. Payments under this section shall be  
17 made in the manner provided in section 257.16.

18 Sec. 32. SPECIAL EDUCATION WEIGHTS. For the budget years  
19 beginning July 1, 1991, July 1, 1992, and July 1, 1993, in  
20 making recommendations to the school budget review committee  
21 under section 281.9, subsection 4, the director of the  
22 department of education shall consider the changes in the  
23 value of the state cost per pupil established under section  
24 257.9 from the value of the state cost per pupil for the base  
25 year established under section 442.8, Code 1989, and changes  
26 in the value of the district cost per pupil for school  
27 districts established in section 257.10 from the value of the  
28 district cost per pupil for school districts established in  
29 section 442.9, Code 1989. Notwithstanding section 281.9,  
30 subsection 4, for the budget years commencing July 1, 1990,  
31 July 1, 1991, and July 1, 1992, the increase or decrease in  
32 the weighting assigned to each category of children requiring  
33 special education is not limited to two-tenths of the  
34 weighting assigned to pupils in a regular curriculum.

35 Sec. 33. Section 96.31, Code 1989, is amended to read as

1 follows:

2 96.31 TAX FOR BENEFITS.

3 Political subdivisions may levy a tax outside their general  
4 fund levy limits to pay the cost of unemployment benefits.

5 For school districts the cost of unemployment benefits shall  
6 be included in the district management levy pursuant to  
7 section 298.4.

8 Sec. 34. Section 111E.4, Code 1989, is amended to read as  
9 follows:

10 111E.4 PAYMENT IN LIEU OF PROPERTY TAXES.

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

1 space property acquired by the department on or after January  
2 1, 1987.

3 Sec. 35. Section 256.21, unnumbered paragraph 4, Code  
4 1989, is amended to read as follows:

5 A sabbatical grant to a teacher shall be equal to the costs  
6 to the school district of the teacher's regular compensation  
7 as defined in section 294A.2 plus the cost to the district of  
8 the fringe benefits of the teacher. The grant shall be paid  
9 to the school district, and the district shall continue to pay  
10 the teacher's regular compensation as well as the cost to the  
11 district of the substitute teacher. Teachers and boards of  
12 school districts are encouraged to seek funding from other  
13 sources to pay the costs of sabbaticals for teachers. Grant  
14 moneys are miscellaneous income for purposes of chapter ~~442~~  
15 257.

16 Sec. 36. Section 265.6, Code 1989, is amended to read as  
17 follows:

18 265.6 STATE AID APPLICABLE.

19 If the state board of regents has established a laboratory  
20 school, it shall receive state aid pursuant to chapters 257  
21 and 281 and-442 for each pupil enrolled in the laboratory  
22 school in the same amount as the public school district in  
23 which the pupil resides would receive aid for that pupil and  
24 shall transmit the amount received to the institution of  
25 higher education at which the laboratory school has been  
26 established. If the board of a school district terminates a  
27 contract with the state board of regents for attendance of  
28 pupils in a laboratory school, the school district shall  
29 inform the ~~state-comptroller~~ department of management of the  
30 number of these pupils who are enrolled in the district on the  
31 second third Friday of the following September. The state  
32 ~~comptroller~~ department of management shall pay to the school  
33 district, from funds appropriated in section ~~442-26~~ 257.16, an  
34 amount equal to the amount of state aid paid for each pupil in  
35 that school district for that school year in payments made as

1 provided in section ~~442-26~~ 257.16. However, payments shall  
2 not be made for pupils for which an advance is received by the  
3 district under section ~~442-28~~ 257.13.

4 Sec. 37. Section 273.3, subsections 2 and 12, Code 1989,  
5 is amended to read as follows:

6 2. Be authorized to receive and expend money for providing  
7 programs and services as provided in sections 273.1 to 273.9,  
8 and chapters 257 and 281 and ~~442~~. All costs incurred in  
9 providing the programs and services, including administrative  
10 costs, shall be paid from funds received pursuant to sections  
11 273.1 to 273.9 and chapters 257 and 281 and ~~442~~.

12 12. Prepare an annual budget estimating income and  
13 expenditures for programs and services as provided in sections  
14 273.1 to 273.9 and chapter 281 within the limits of funds  
15 provided under section 281.9 and chapter ~~442~~ 257. The board  
16 shall give notice of a public hearing on the proposed budget  
17 by publication in an official county newspaper in each county  
18 in the territory of the area education agency in which the  
19 principal place of business of a school district that is a  
20 part of the area education agency is located. The notice  
21 shall specify the date, which shall be not later than November  
22 10 of each year, the time, and the location of the public  
23 hearing. The proposed budget as approved by the board shall  
24 then be submitted to the state board of education, on forms  
25 provided by the department, no later than December 1 preceding  
26 the next fiscal year for approval. The state board shall  
27 review the proposed budget of each area education agency and  
28 shall ~~prior to~~ January 1, either grant approval or return the  
29 budget without approval with comments of the state board  
30 included. Any An unapproved budget shall be resubmitted to  
31 the state board for final approval.

32 Sec. 38. Section 273.9, Code 1989, is amended to read as  
33 follows:

34 273.9 FUNDING.

35 1. For the school year beginning July 1, 1975, and each



1 succeeding school year, school districts shall pay for the  
2 programs and services provided through the area education  
3 agency and shall include expenditures for the programs and  
4 services in their budgets, in accordance with the-provisions  
5 of this section.

6 2. School districts shall pay the costs of special  
7 education instructional programs with the moneys available to  
8 the districts for each child requiring special education, by  
9 application of the special education weighting plan in section  
10 281.9. Special education instructional programs shall be  
11 provided at the local level if practicable, or otherwise by  
12 contractual arrangements with the area education agency board  
13 as provided in section 273.3, subsection 5, but in each case  
14 the total money available through section 281.9 and chapter  
15 442 257 because of weighted enrollment for each child  
16 requiring special education instruction shall be made  
17 available to the district or agency which provides the special  
18 education instructional program to the child, subject to  
19 adjustments for transportation or other costs which may be  
20 paid by the school district in which the child is enrolled.  
21 Each district shall co-operate with its area education agency  
22 to provide an appropriate special education instructional  
23 program for each child who requires special education  
24 instruction, as identified and counted within the  
25 certification by the area director of special education or as  
26 identified by the area director of special education  
27 subsequent to the certification, and shall not provide a  
28 special education instructional program to a child who has not  
29 been so identified and counted within the certification or  
30 identified subsequent to the certification.

31 3. The costs of special education support services  
32 provided through the area education agency shall be funded by  
33 ~~an-increase-in-the-allowable-growth-of-each-school-district~~  
34 ~~determined as provided in section-442:7~~ chapter 257. Special  
35 education support services shall not be funded until the

1 program plans submitted by the special education directors of  
2 each area education agency as required by section 273.5 are  
3 modified as necessary and approved by the director of the  
4 department of education according to the criteria and  
5 limitations of ~~chapter~~ chapters 257 and 281 and-section-442-7.

6 4. The costs of media services provided through the area  
7 education agency shall be funded as provided in section ~~442-27~~  
8 257.26. Media services shall not be funded until the program  
9 plans submitted by the administrators of each area education  
10 agency as required by section 273.4 are modified as necessary  
11 and approved by the director of the department of education  
12 according to the criteria and limitations of ~~section~~ sections  
13 257.26 and 273.6 and-of-section-442-27.

14 5. The costs of educational services provided through the  
15 area education agency shall be funded within the limitations  
16 in section ~~442-27~~ 257.26.

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

20 Sec. 39. Section 273.12, Code 1989, is amended to read as  
21 follows:

22 273.12 FUNDS -- USE RESTRICTED.

23 Funds generated for educational services under the  
24 ~~provisions-of~~ section ~~442-27~~ 257.26 and subject to approval  
25 under the provisions of section 273.9, subsection 5, shall not  
26 be expended by an area education agency for the purpose of  
27 assisting either a public employer or employee organization in  
28 collective bargaining negotiations under chapter 20 if the  
29 public employer is a school district, or the employee  
30 organization consists of employees of a school district,  
31 located within the boundaries of the area education agency.

32 Sec. 40. Section 273.13, Code 1989, is amended to read as  
33 follows:

34 273.13 ADMINISTRATIVE EXPENDITURES.

35 During the budget year beginning July 1, 1989, and the

1 three succeeding budget years, the board of directors of an  
2 area education agency in which the administrative expenditures  
3 as a percent of the area education agency's operating fund for  
4 a base year exceed five percent shall reduce its  
5 administrative expenditures to five percent of the area  
6 education agency's operating fund. During each of the four  
7 years, the board of directors shall reduce administrative  
8 expenditures by twenty-five percent of the reduction in  
9 administrative expenditure required by this section.  
10 Thereafter, the administrative expenditures shall not exceed  
11 five percent of the operating fund. Annually, the board of  
12 directors shall certify to the department of education the  
13 amounts of the area education agency's expenditures and its  
14 operating fund. For the purposes of this section, "base year"  
15 and "budget year" mean the same as defined in section 442.6,  
16 Code 1989, and section 257.2, and "administrative  
17 expenditures" means expenditures for executive administration.

18 Sec. 41. Section 274.37, unnumbered paragraph 2, Code  
19 1987, is amended to read as follows:

20 The boards in the respective districts, the boundaries of  
21 which have been changed under this section, complete in all  
22 respects, except for the passage of time prior to the  
23 effective date of the change, and when ~~all~~ the right of appeal  
24 of the change has expired, may enter into joint contracts for  
25 the construction of buildings for the benefit of the  
26 corporations whose boundaries have been changed, using funds  
27 accumulated under ~~section-278-17-subsection-7~~ the physical  
28 plant and equipment levy in section 298.2. The district in  
29 which the building is to be located may use any funds  
30 authorized in accordance with chapter 75. ~~Nothing-in-this~~  
31 ~~section-shall-be-construed-to~~ This section does not permit the  
32 changed districts to expend any funds jointly which they are  
33 not entitled to expend acting individually.

34 Sec. 42. Section 275.12, subsection 5, Code 1989, is  
35 amended to read as follows:

1 5. The petition may also include a provision that the  
2 schoolhouse-tax voter-approved physical plant and equipment  
3 levy provided in section ~~278.17-subsection-7~~ 298.2, will be  
4 voted upon at the election conducted under section 275.18.

5 Sec. 43. Section 275.14, Code 1989, is amended to read as  
6 follows:

7 275.14 OBJECTION -- TIME OF FILING -- NOTICE.

8 Within ten days after the petition is filed, the area  
9 education agency administrator shall fix a final date for  
10 filing objections to the petition which shall be not more than  
11 sixty days after the petition is filed and shall fix the date  
12 for a hearing on the objections to the petition. Objections  
13 shall be filed in the office of the administrator who shall  
14 give notice at least ten days prior to the final day for  
15 filing objections, by one publication in a newspaper published  
16 within the territory described in the petition, or if none is  
17 published ~~therein~~ in the territory, in a newspaper published  
18 in the county where the petition is filed, and of general  
19 circulation in the territory described. The notice shall also  
20 list the date, time, and location for the hearing on the  
21 petition as provided in section 275.15. The cost of  
22 publication shall be assessed to each district whose territory  
23 is involved in the ratio that the number of pupils in basic  
24 enrollment for the budget year, as defined in section ~~442.4~~  
25 257.6 in each district bears to the total number of pupils in  
26 basic enrollment for the budget year in the total area  
27 involved. Objections shall be in writing in the form of an  
28 affidavit and may be made by any person residing or owning  
29 land within the territory described in the petition, or who  
30 would be injuriously affected by the change petitioned for and  
31 shall be on file not later than twelve o'clock noon of the  
32 final day fixed for filing objections.

33 Objection forms shall be prescribed by the department of  
34 education and may be obtained from the area education agency  
35 administrator. Objection forms that request that property be

1 removed from a proposed district shall include the correct  
2 legal description of the property to be removed.

3 Sec. 44. Section 275.20, Code 1989, is amended to read as  
4 follows:

5 275.20 SEPARATE VOTE IN EXISTING DISTRICTS.

6 The voters shall vote separately in each existing school  
7 district affected and voters residing in the entire existing  
8 district are eligible to vote both upon the proposition to  
9 create a new school corporation and the proposition to levy  
10 the ~~schoolhouse-tax-under-section-278-17-subsection-7~~ voter-  
11 approved physical plant and equipment levy under section  
12 298.2, if the petition included a provision for a vote to  
13 authorize the levy the-schoolhouse-tax. If a proposition  
14 receives a majority of the votes cast in each of at least  
15 seventy-five percent of the districts, and also a majority of  
16 the total number of votes cast in all of the districts, the  
17 proposition is carried.

18 Sec. 45. Section 275.33, subsection 2, unnumbered  
19 paragraph 1, Code 1989, is amended to read as follows:

20 The collective bargaining agreement of the district with  
21 the largest basic enrollment, as defined in section ~~442-4~~  
22 257.6, in the new district shall serve as the base agreement  
23 and the employees of the other districts involved in the  
24 formation of the new district shall automatically be accreted  
25 to the bargaining unit of that collective bargaining agreement  
26 for purposes of negotiating the contracts for the following  
27 years without further action by the public employment  
28 relations board. If only one collective bargaining agreement  
29 is in effect among the districts which are party to the  
30 reorganization, then that agreement shall serve as the base  
31 agreement, and the employees of the other districts involved  
32 in the formation of the new district shall automatically be  
33 accreted to the bargaining unit of that collective bargaining  
34 agreement for purposes of negotiating the contracts for the  
35 following years without further action by the public

1 employment relations board. The board of the newly formed  
2 district, using the base agreement as its existing contract,  
3 shall bargain with the combined employees of the existing  
4 districts for the school year beginning with the effective  
5 date of the reorganization. The bargaining shall be completed  
6 by March 15 prior to the school year in which the  
7 reorganization becomes effective or within one hundred eighty  
8 days after the organization of the new board, whichever is  
9 later. If a bargaining agreement was already concluded by the  
10 board and employees of the existing district with the contract  
11 serving as the base agreement for the school year beginning  
12 with the effective date of the reorganization, that agreement  
13 shall be void. However, if the base agreement contains  
14 multiyear provisions affecting school years subsequent to the  
15 effective date of the reorganization, the base agreement shall  
16 remain in effect as specified in the agreement.

17 Sec. 46. Section 275.55, unnumbered paragraph 4, Code  
18 1989, is amended to read as follows:

19 The attachment is effective July 1 following its approval.  
20 If the dissolution proposal is for the dissolution of a school  
21 district with a certified enrollment of fewer than six  
22 hundred, the territory located in the school district that  
23 dissolved is eligible, if approved by the director of the  
24 department of education, for a reduction in the uniform  
25 foundation property tax levy under section ~~442-2~~ 257.3,  
26 subsection 1. If the director approves a reduction in the  
27 uniform foundation property tax levy as provided in this  
28 section, the director shall notify the director of the  
29 department of management of the reduction.

30 Sec. 47. Section 276.11, Code 1989, is amended by striking  
31 the section and inserting in lieu thereof the following:

32 276.11 FUNDING OF COMMUNITY EDUCATION.

33 The costs of community education shall be paid from moneys  
34 in the general fund of the school district.

35 Sec. 48. Section 277.2, Code 1989, is amended to read as

1 follows:

2 277.2 SPECIAL ELECTION.

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

12 Sec. 49. Section 278.1, subsection 7, Code 1989, is  
13 amended by striking the subsection.

14 Sec. 50. Section 278.1, unnumbered paragraph 4, Code 1989,  
15 is amended by striking the unnumbered paragraph.

16 Sec. 51. Section 279.26, Code 1989, is amended to read as  
17 follows:

18 279.26 LEASE ARRANGEMENTS.

19 The board of directors of a local school district for which  
20 a schoolhouse-tax voter-approved physical plant and equipment  
21 levy has been voted pursuant to section ~~278.17-subsection-7~~  
22 298.2, may enter into a rental or lease arrangement,  
23 consistent with the purposes for which the schoolhouse-tax  
24 voter-approved physical plant and equipment levy has been  
25 voted, for a period not exceeding ten years and not exceeding  
26 the period for which the schoolhouse-tax voter-approved  
27 physical plant and equipment levy has been authorized by the  
28 voters.

29 Sec. 52. Section 279.45, Code 1989, is amended to read as  
30 follows:

31 279.45 ADMINISTRATIVE EXPENDITURES.

32 For the budget year beginning July 1, 1989, and each of the  
33 following three budget years, the board of directors of a  
34 school district in which the administrative expenditures as a  
35 percent of the school district's operating fund for a base

1 year exceed five percent, shall reduce its administrative  
2 expenditures so that they are one-half percent less as a  
3 percent of the school district's operating fund than they were  
4 for the base year. However, a school district is not required  
5 to reduce its administrative expenditures below five percent  
6 of its operating fund. Thereafter, a school district shall  
7 not increase the percent of its administrative expenditures  
8 compared to its operating fund. Annually, the board of  
9 directors shall certify to the department of education the  
10 amounts of the school district's administrative expenditures  
11 and its operating fund. For the purposes of this section,  
12 "base year" and "budget year" mean the same as defined in  
13 section 442.6, Code 1989, and section 257.2, and  
14 "administrative expenditures" means expenditures for executive  
15 administration.

16 Sec. 53. Section 279.46, Code 1989, is amended to read as  
17 follows:

18 279.46 RETIREMENT INCENTIVES -- TAX.

19 The board of directors of a school district may adopt a  
20 program for payment of a monetary bonus, continuation of  
21 health or medical insurance coverage, or other incentives for  
22 encouraging its employees to retire before the normal  
23 retirement date as defined in chapter 97B. The program is  
24 available only to employees between fifty-nine and sixty-five  
25 years of age who notify the board of directors prior to March  
26 1 of the fiscal year that they intend to retire not later than  
27 the next following June 30. An employee retiring under this  
28 section shall apply for a retirement allowance under chapter  
29 97B or chapter 294. If the total estimated accumulated cost  
30 to a school district of the bonus or other incentives for  
31 employees who retire under this section does not exceed the  
32 estimated savings in salaries and benefits for employees who  
33 replace the employees who retire under the program, the board  
34 may ~~certify-for~~ include in the district management levy a-tax  
35 ~~on-all-taxable-property-in-the-school-district~~ an amount to



1 pay the costs of the program provided in this section. The  
2 ~~levy-certified-under-this-section-is-in-addition-to-any-other~~  
3 ~~levy-authorized-for-that-school-district-by-law-and-is-not~~  
4 ~~subject-to-budget-limitations-otherwise-provided-by-law--A~~  
5 ~~board-may-amend-its-certified-budget-during-a-fiscal-year-to~~  
6 ~~provide-for-payments-required-under-this-section--Moneys~~  
7 ~~received-from-the-levy-imposed-under-this-section-are~~  
8 ~~miscellaneous-income-for-purposes-of-chapter-442-~~

9 Sec. 54. NEW SECTION. 279.51 PROGRAMS FOR AT-RISK  
10 CHILDREN.

11 1. School districts operating programs for at-risk  
12 children that meet the requirements of this section are  
13 eligible for funding provided in this section. The programs  
14 that qualify a school district for funding under this section  
15 are the following:

16 a. A preschool educational program for four-year-old, or  
17 three and four-year-old, at-risk children. If the funding  
18 provided in subsection 3 is not sufficient to ensure that  
19 services are provided to all identified at-risk children in  
20 the district, the district shall provide services to those at-  
21 risk children deemed most educationally disadvantaged.  
22 Programs provided under this paragraph may be provided to  
23 children not meeting at-risk criteria and shall establish a  
24 fee for participation in the program in the manner provided in  
25 section 279.49.

26 b. A full-day kindergarten program.

27 c. A program for three, four, and five-year-old children  
28 which is a combination of the programs in paragraphs "a" and  
29 "b".

30 2. The state board of education shall adopt rules under  
31 chapter 17A to implement this section, using the criteria for  
32 identification of and operation of programs for at-risk  
33 children adopted by the child development coordinating  
34 council. The state board shall require that school districts  
35 submit program plans and proposed budgets for each program.

1 3. There is appropriated from the general fund of the  
2 state for each fiscal year to the department of education the  
3 sum of ten million dollars, or as much thereof as is  
4 necessary, to make the payments for approved programs for at-  
5 risk children under this section and to make payments to area  
6 education agencies. Two hundred seventy-five thousand dollars  
7 of the funds appropriated in this subsection shall be  
8 allocated to the area education agencies to assist school  
9 districts in developing program plans and proposed budgets.  
10 The department of education shall divide the remainder of the  
11 moneys appropriated in this subsection by the number of  
12 kindergarten children enrolled in school districts in the  
13 state on the third Friday of September of the base year, as  
14 base year is defined in section 257.2, to determine a per  
15 pupil amount. A school district's maximum budget is equal to  
16 the per pupil amount for that fiscal year multiplied by the  
17 number of kindergarten children enrolled in the district on  
18 the third Friday of September of the base year.

19 4. Payments shall be made to school districts by the  
20 department of education in the same manner as foundation aid  
21 under section 257.16.

22 Sec. 55. NEW SECTION. 279.52 OPTIONAL FUNDING OF  
23 ASBESTOS PROJECTS.

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

31 For the purpose of this section, "cost of an asbestos  
32 project" includes the costs of inspection and reinspection,  
33 sampling, analysis, assessment, response actions, operations  
34 and maintenance, training, periodic surveillance, developing  
35 of management plans and recordkeeping requirements relating to

1 the presence of asbestos in school buildings of the district  
2 and its removal or encapsulation.

3 Sec. 56. NEW SECTION. 279.53 ADDITIONAL ENRICHMENT  
4 AMOUNT FOR ASBESTOS PROJECTS.

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

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

21 3. The additional enrichment amount needed for an asbestos  
22 project shall be raised within the limits provided in this  
23 section by a combination of an enrichment property tax and a  
24 school district income surtax imposed in the proportion of a  
25 property tax of twenty-seven cents per thousand dollars of  
26 assessed valuation of taxable property in the district for  
27 each five percent of income surtax.

28 4. The additional enrichment amount for a district for an  
29 asbestos project is limited to the amount which may be raised  
30 by a combination tax in the prescribed proportion which does  
31 not exceed a property tax of one dollar and sixty-two cents  
32 per thousand dollars of assessed valuation and an income  
33 surtax of thirty percent.

34 Sec. 57. NEW SECTION. 279.54 COMPUTATION OF ENRICHMENT  
35 AMOUNT FOR AN ASBESTOS PROJECT.

1 If a majority of those voting in an election approves  
2 raising the additional enrichment amount for an asbestos  
3 project under section 279.53 and this section, the board shall  
4 certify to the department of management that the required  
5 procedures have been carried out, and the department of  
6 management shall establish the amount of additional enrichment  
7 property tax to be levied and the amount of school district  
8 income surtax to be imposed for each school year for which the  
9 additional enrichment amount for an asbestos project is  
10 authorized. The department of management shall determine these  
11 amounts based upon the most recent figures available for the  
12 district's valuation of taxable property, individual state  
13 income tax paid, and budget enrollment in the district, and  
14 shall certify to the district's county auditor the amount of  
15 enrichment property tax, and to the director of revenue and  
16 finance the amount of school district income surtax to be  
17 imposed.

18 The school district income surtax for an asbestos project  
19 shall be imposed on the state individual income tax for the  
20 calendar year during which the school's budget year begins, or  
21 for a taxpayer's fiscal year ending during the second half of  
22 that calendar year or the first half of the succeeding  
23 calendar year, and shall be imposed on all individuals  
24 residing in the school district on the last day of the  
25 applicable tax year. As used in this section, "state  
26 individual income tax" means the tax computed under section  
27 422.5, less the deductions allowed in sections 422.10 through  
28 422.12.

29 An additional enrichment amount for an asbestos project  
30 authorized under section 279.53 is authorized for the period  
31 specified in section 279.52. If the board wishes to continue  
32 any additional enrichment amount for an asbestos project  
33 beyond the period authorized, it shall reestablish its  
34 authority to do so in the manner provided in section 279.53  
35 within the twelve-month period prior to termination of the

1 existing period.

2 Sec. 58. NEW SECTION. 279.55 STATUTES APPLICABLE.

3 The director of revenue and finance shall administer any  
4 school district income surtax imposed under this chapter, and  
5 sections 422.20, 422.22 to 422.31, 422.68, and 422.72 through  
6 422.75, apply in respect to administration of the school  
7 district income surtax.

8 Sec. 59. NEW SECTION. 279.56 FORM AND TIME OF RETURN.

9 The school district income surtax imposed under section  
10 279.54 shall be made a part of the Iowa individual income tax  
11 return subject to the conditions and restrictions set forth in  
12 section 422.21.

13 Sec. 60. NEW SECTION. 279.57 DEPOSIT OF SCHOOL DISTRICT  
14 INCOME SURTAX.

15 The director of revenue and finance shall deposit the  
16 moneys received as school district income surtax on or before  
17 November 1 of the year following the close of the budget year  
18 for which the surtax is imposed, to the credit of each  
19 district from which the moneys are received, in a "school  
20 district income surtax fund" which is established in the  
21 office of the treasurer of state.

22 All school district surtax moneys received or refunded  
23 after November 1 of the year following the close of the school  
24 budget year for which the surtax is imposed shall be deposited  
25 in or withdrawn from the general fund of the state and shall  
26 be considered part of the cost of administering the school  
27 district surtax.

28 Sec. 61. NEW SECTION. 279.58 SCHOOL DISTRICT INCOME  
29 SURTAX CERTIFICATION.

30 On or before October 20 each year, the director of revenue  
31 and finance shall make an accounting of the school district  
32 income surtax collected under this chapter applicable to tax  
33 returns for the last preceding calendar year, or for fiscal  
34 year taxpayers, on the last day of their tax year ending  
35 during that calendar year and after the date of the election

1 approving the surtax, from taxpayers in each school district  
2 in the state which has imposed a surtax, and shall certify to  
3 the department of management and the department of education  
4 the amount of total school district income surtax credited  
5 from the taxpayers of each school district. Additional  
6 returns in process, if any, at the time of certification shall  
7 be completed and the additional amount of school district  
8 income surtax reported to the department of management for  
9 distribution back to the school district with the first  
10 installment of the following school year.

11 Sec. 62. NEW SECTION. 279.59 SCHOOL DISTRICT INCOME  
12 SURTAX DISTRIBUTION.

13 The director of revenue and finance shall draw warrants in  
14 payment of the amount of surtax payable to each of the school  
15 districts in two installments to be paid on approximately the  
16 first day of December and the first day of February, and shall  
17 cause the warrants to be delivered to the respective school  
18 districts.

19 Sec. 63. Section 280.4, subsection 4, Code 1989, is  
20 amended to read as follows:

21 4. In order to provide funds for the excess costs of  
22 instruction of non-English-speaking students above the costs  
23 of instruction of pupils in a regular curriculum, students  
24 identified as non-English-speaking are assigned an additional  
25 weighting of ~~two-tenths~~ and that weighting shall be included  
26 in the weighted enrollment of the school district of  
27 residence. The school budget review committee shall calculate  
28 the additional amount for the weighting to the nearest one-  
29 hundredth of one so that, to the extent possible, the moneys  
30 generated by the weighting will be equivalent to the moneys  
31 generated by the two-tenths weighting provided prior to July  
32 1, 1991.

33 Sec. 64. Section 280.13A, unnumbered paragraph 3, Code  
34 1989, is amended to read as follows:

35 It is not necessary that school districts that are parties

1 to an agreement under this section must be engaged in sharing  
2 academic programming and receiving supplementary weighting  
3 under section ~~442-39~~ 257.11.

4 Sec. 65. Section 281.2, subsection 4, Code 1989, is  
5 amended to read as follows:

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

14 Sec. 66. Section 281.8, unnumbered paragraph 1, Code 1989,  
15 is amended to read as follows:

16 It ~~shall-not-be~~ is not incumbent upon the school districts  
17 to keep a child requiring special education in regular  
18 instruction when the child cannot sufficiently profit from the  
19 work of the regular classroom, nor to keep such a child  
20 requiring special education in the special class or  
21 instruction for children requiring special education when it  
22 is determined by the director of special education of an area  
23 education agency that the child can no longer benefit from the  
24 instruction or needs more specialized instruction available in  
25 special schools. However, the school district shall count the  
26 child requiring special education in the enrollment as  
27 provided in sections 257.6, 273.9, and 281.9 ~~and-442-4~~ and  
28 shall ~~insure~~ ensure that appropriate educational provisions  
29 are made for the child requiring special education within the  
30 limits of funds moneys available under ~~the-provisions-of~~ this  
31 chapter and chapters 257 and 273 ~~and-442~~.

32 Sec. 67. Section 281.9, subsections 2, 4, and 9, Code  
33 1989, are amended to read as follows:

34 2. The weighting for each category of child multiplied by  
35 the number of children in each category in the enrollment of a

1 school district, as identified and certified by the director  
2 of special education for the area, determines the weighted  
3 enrollment to be used in that district for purposes of  
4 computations required under the state school foundation plan  
5 in chapter 442 257.

6 4. On December 1, 1987, and no later than December 1 every  
7 two years thereafter, for the school year commencing the  
8 following July 1, the director of the department of education  
9 shall report to the school budget review committee the average  
10 costs of providing instruction for children requiring special  
11 education in the categories of the weighting plan established  
12 under this section, and the director of the department of  
13 education shall make recommendations to the school budget  
14 review committee for needed alterations to make the weighting  
15 plan suitable for subsequent school years. The school budget  
16 review committee shall establish the weighting plan for each  
17 school year after the school year commencing July 1, 1987, and  
18 shall report the plan to the director of the department of  
19 education. Commencing December 1, 1990, the school budget  
20 review committee may establish weights to the nearest

21 hundredth. The school budget review committee shall not alter  
22 the weighting assigned to pupils in a regular curriculum, but  
23 it may increase or decrease the weighting assigned to each  
24 category of children requiring special education by not more  
25 than two-tenths of the weighting assigned to pupils in a  
26 regular curriculum. The state board of education shall adopt  
27 rules under chapter 17A, to implement the weighting plan for  
28 each year and to assist in identification and proper indexing  
29 of each child in the state who requires special education.

30 9. Commencing with the school year beginning July 1, 1975,  
31 funds generated for special education instructional programs  
32 under this chapter and chapter 442 257 shall not be expended  
33 for modifications of school buildings to make them accessible  
34 to children requiring special education. ~~Unnumbered-funds~~  
35 ~~generated-for-special-education-instructional-programs-for-the~~



1 school-years-beginning-July-17-1975-and-July-17-1976, shall  
2 not-be-expended-for-such-purpose-unless-approved-by-the  
3 department-of-public-instruction-based-upon-applications  
4 received-by-the-department-prior-to-January-17-1978-and  
5 approved-prior-to-April-17-1978.

6 Sec. 68. Section 282.3, subsection 1, Code 1989, is  
7 amended to read as follows:

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

19 Sec. 69. Section 282.7, subsection 3, Code 1989, is  
20 amended to read as follows:

21 3. Notwithstanding section sections 28E.9 and 282.8 and  
22 section-28E.9, a school district may negotiate an agreement  
23 under subsection 1 for attendance of its pupils in a school  
24 district located in a contiguous state subject to a reciprocal  
25 agreement by the two state boards in the manner provided in  
26 this subsection. Prior to negotiating an agreement with the  
27 school district in the contiguous state, the board of  
28 directors shall file a written request with the state board of  
29 education for a determination whether the school district in  
30 the contiguous state meets requirements substantially similar  
31 to those required for accredited or approved school districts  
32 in this state and the school district receives or has  
33 available services equivalent to those that would be provided  
34 in this state by an area education agency. The school  
35 district shall also obtain approval by the department of

1 education of the sharing proposal, before the agreement  
2 becomes effective. Six months prior-to before making the  
3 request for approval, the district shall request a feasibility  
4 study from the department of education. If the state board of  
5 this state and the corresponding state board in the contiguous  
6 state agree that the school districts of their respective  
7 states meet substantially similar requirements and have  
8 substantially similar services available to the school  
9 district, and if the Iowa department of education approves the  
10 proposed contract, the two state boards may sign a reciprocal  
11 agreement for attendance of their pupils in the school  
12 district of the other state, subject to the agreement signed  
13 between the boards of directors of the two districts. A  
14 school district that negotiates an agreement with a school  
15 district in a contiguous state under this subsection is not  
16 eligible for supplementary weighting under section 442-39  
17 257.11 as a result of that agreement.

18 Sec. 70. Section 282.24, subsection 1, unnumbered  
19 paragraph 1, Code 1989, is amended to read as follows:

20 ~~There-is-established-a~~ The maximum tuition fee that may be  
21 charged for elementary and high school students residing  
22 within another school district or corporation except students  
23 attending school in another district under section 282.7,  
24 subsection 1, or subsections 1 and 3, ~~That-fee is the~~  
25 district cost per pupil of the receiving district as computed  
26 in section ~~442-97-subsection-17-paragraph-"a"~~ 257.10.

27 Sec. 71. Section 282.28, unnumbered paragraph 2, Code  
28 1989, is amended to read as follows:

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

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1 approved claim shall be paid by the department of revenue and  
2 finance to the area education agency by October 1. The total  
3 amount paid by the department of revenue and finance shall be  
4 deducted monthly from the state foundation aid paid under  
5 section 442-26 257.16 during the remainder of that fiscal year  
6 to all school districts in the state. The portion of the  
7 total amount of the approved claim that shall be deducted from  
8 the state aid of a school district shall be the same as the  
9 ratio that the budget enrollment for the budget year of the  
10 school district bears to the total budget enrollment in the  
11 state for that budget year. The department of revenue and  
12 finance shall transfer the total amount of the approved claim  
13 from the moneys appropriated under section 442-26 257.16 for  
14 payment to the area education agency.

15 Sec. 72. Section 282.31, subsection 1, paragraph a, Code  
16 1989, is amended to read as follows:

17 a. A child who lives in a facility pursuant to section  
18 282.30, subsection 1, paragraph "a", and who is not enrolled  
19 in the educational program of the district of residence of the  
20 child, shall receive appropriate educational services. The  
21 area education agency shall submit a proposed program and  
22 budget to the department of education by January 1 for the  
23 next succeeding school year. The department of education  
24 shall review and approve or modify the program and proposed  
25 budget and shall notify the area education agency by February  
26 1. The area education agency shall submit a claim to the  
27 department of education by August 1 following the school year  
28 for the actual cost of the program. The department shall  
29 review and approve or modify all expenditures incurred in  
30 compliance with the guidelines pursuant to section 256.7,  
31 subsection 12, and shall notify the department of revenue and  
32 finance of the approved claim amount by September 1. The  
33 total amount of the approved claim shall be paid by the  
34 department of revenue and finance to the area education agency  
35 by October 1. The total amount paid by the department of

1 revenue and finance shall be deducted monthly from the state  
2 school foundation aid paid under section ~~442-26~~ 257.16 during  
3 the remainder of that fiscal year to all school districts in  
4 the state. The portion of the total amount of the approved  
5 claims that shall be deducted from the state aid of a school  
6 district shall be the same as the ratio that the budget  
7 enrollment for the budget year of the school district bears to  
8 the total budget enrollment in the state for that budget year.  
9 The department of revenue and finance shall transfer the total  
10 amount of the approved claims from the moneys appropriated  
11 under section ~~442-26~~ 257.16 for payment to the area education  
12 agencies.

13 Sec. 73. Section 282.31, subsection 3, Code 1989, is  
14 amended to read as follows:

15 3. The actual special education instructional costs,  
16 including transportation, for a child who requires special  
17 education shall be paid by the department of revenue and  
18 finance to the school district in which the facility or home  
19 is located, only when a district of residence cannot be  
20 determined, and the child was not included in the weighted  
21 enrollment of any district pursuant to section 281.9, and the  
22 payment pursuant to subsection 2, paragraph "a", was not made  
23 by any district. The district shall submit a proposed program  
24 and budget to the department of education by January 1 for the  
25 next succeeding school year. The department of education  
26 shall review and approve or modify the program and proposed  
27 budget and shall notify the district by February 1. The  
28 district shall submit a claim by August 1 following the school  
29 year for the actual cost of the program. The department shall  
30 review and approve or modify the claim and shall notify the  
31 department of revenue and finance of the approved claim amount  
32 by September 1. The total amount of the approved claim shall  
33 be paid by the department of revenue and finance to the school  
34 district by October 1. The total amount paid by the  
35 department of revenue and finance shall be deducted monthly

1 from the state foundation aid paid under section ~~442-26~~ 257.16  
2 during the remainder of that fiscal year to all school  
3 districts in the state. The portion of the total amount of  
4 the approved claims that shall be deducted from the state aid  
5 of a school district shall be the same as the ratio that the  
6 budget enrollment for the budget year of the school district  
7 bears to the total budget enrollment in the state for the  
8 budget year. The department of revenue and finance shall  
9 transfer the total amount of the approved claims from moneys  
10 appropriated under section ~~442-26~~ 257.16 for payment to the  
11 school district.

12 Sec. 74. Section 283A.9, Code 1989, is amended to read as  
13 follows:

14 283A.9 BUILDING FOR SCHOOL LUNCH FACILITY.

15 School districts ~~are authorized to~~ may purchase, erect, or  
16 otherwise acquire a building for use as a school lunch  
17 facility, and to equip such a building for such that use, and  
18 pay for ~~same~~ the acquisition or equipping from unencumbered  
19 funds on hand in the schoolhouse fund ~~derived from taxes voted~~  
20 ~~under authority of section 278-17-subsection 77-or-275-32,~~  
21 subject to the terms of this section, or may pay for ~~same~~ the  
22 facility or equipment from the proceeds of the sale of school  
23 property sold under section 297.22, or from surplus remaining  
24 in the schoolhouse fund after retirement of a bond issue ~~or~~  
25 ~~from a tax voted for said purposes.~~

26 Sec. 75. Section 285.2, unnumbered paragraph 3, Code 1989,  
27 is amended to read as follows:

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

1 income as defined in section ~~442-5~~ 257.2.

2 Sec. 76. Section 286A.2, subsections 3, 4, and 5, Code  
3 1989, are amended to read as follows:

4 3. "Base year" means base year as defined in section ~~442-6~~  
5 257.2.

6 4. "Budget year" means budget year as defined in section  
7 ~~442-6~~ 257.2.

8 5. "State percent of growth" is the state percent of  
9 growth calculated under section ~~442-7~~ 257.8.

10 Sec. 77. Section 286A.14, subsection 1, unnumbered  
11 paragraph 1, Code 1989, is amended to read as follows:

12 1. An area school budget review procedure is established  
13 for the school budget review committee created in section  
14 ~~442-12~~ 257.20. The school budget review committee, in  
15 addition to its duties under chapter ~~442~~ 257, shall meet and  
16 hold hearings each year under this chapter to review unusual  
17 circumstances of area schools, either upon the committee's  
18 motion or upon the request of an area school. The committee  
19 may grant supplemental aid to the area school from funds  
20 appropriated to the department of education for area school  
21 budget review purposes, or an amount may be added to the area  
22 school allowable growth for all cost centers and area school  
23 allowable growth for noninstructional functions for the budget  
24 year either on a temporary or permanent basis, or the  
25 committee may allow both.

26 Sec. 78. Section 291.13, Code 1989, is amended to read as  
27 follows:

28 291.13 GENERAL AND SCHOOLHOUSE FUNDS.

29 The money collected by ~~a-tax-authorized-by-the-electors~~ the  
30 regular and voter-approved physical plant and equipment levies  
31 or the proceeds of the sale of bonds authorized by law or the  
32 proceeds of a tax estimated and certified by the board for the  
33 purpose of paying interest and principal on lawful bonded  
34 ~~indebtedness or-for-the-purchase-of-sites-as-authorized-by~~  
35 ~~law~~, shall be called deposited in the schoolhouse fund and,

1 except when authorized by the electors, may be used only for  
2 the purpose for which originally authorized or certified. The  
3 money collected by the district management levy shall be  
4 deposited in the general fund of the school district. All  
5 other moneys received for any other purpose shall be called  
6 deposited in the general fund. The treasurer shall keep a  
7 separate account with for each fund, paying-no and shall not  
8 pay an order that fails to state the fund upon which it is  
9 drawn and the specific use to which it is to be applied.

10 Sec. 79. Section 294A.2, subsections 1 and 2, Code 1989,  
11 are amended to read as follows:

12 1. "Certified enrollment in a school district" for the  
13 school years beginning July 1, 1987, July 1, 1988, and July 1,  
14 1989, means that district's basic enrollment for the budget  
15 year beginning July 1, 1987 as defined in section 442.4, Code  
16 1989. For each school year thereafter, certified enrollment  
17 in a school district means that district's basic enrollment  
18 for the budget year as defined in section 257.2.

19 2. "Enrollment served" for the fiscal years beginning July  
20 1, 1987, July 1, 1988, and July 1, 1989, means that area  
21 education agency's enrollment served for the budget year  
22 beginning July 1, 1987. For each school year thereafter,  
23 enrollment served means that area education agency's  
24 enrollment served for the budget year. Enrollment served  
25 shall be determined under section ~~442.27~~-subsection-12  
26 257.27.

27 Sec. 80. Section 294A.9, unnumbered paragraph 1, Code  
28 1989, is amended to read as follows:

29 Phase II is established to improve the salaries of  
30 teachers. For each fiscal year through the fiscal year  
31 beginning July, 1, 1990, the department of education shall  
32 allocate to each school district for the purpose of  
33 implementing phase II an a per pupil amount equal to seventy-  
34 five dollars and ninety-three cents multiplied by the  
35 district's certified enrollment and to each area education

1 agency for the purpose of implementing phase II an a per pupil  
2 amount equal to three dollars and fifty-five cents multiplied  
3 by the enrollment served in the area education agency, ~~if the~~  
4 ~~general assembly has appropriated sufficient moneys to the~~  
5 ~~fund so that pursuant to section 294A.37 thirty-eight million~~  
6 ~~five hundred thousand dollars will be allocated by the~~  
7 ~~department to school districts and area education agencies for~~  
8 ~~phase II. If, because of the amount of the appropriation made~~  
9 ~~by the general assembly to the fund, less than thirty-eight~~  
10 ~~million five hundred thousand dollars is allocated for phase~~  
11 ~~II, the department of education shall adjust the amount for~~  
12 ~~each student in certified enrollment and each student in~~  
13 ~~enrollment served based upon the amount allocated for phase~~  
14 ~~II.~~ Notwithstanding the per pupil amount of the payments  
15 specified in this section, for the fiscal year beginning July  
16 1, 1991, and succeeding fiscal years, the per pupil amounts  
17 upon which the phase II moneys are based shall be increased by  
18 an amount equal to the product of the state percent of growth  
19 calculated under section 257.8 and the per pupil amount for  
20 the previous fiscal year.

21 Sec. 81. Section 294A.14, Code 1989, is amended by adding  
22 the following new unnumbered paragraph after unnumbered  
23 paragraph 1:

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

34 Sec. 82. Section 294A.22, Code 1989, is amended to read as  
35 follows:



1 294A.22 PAYMENTS.

2 Payments for each phase of the educational excellence  
3 program shall be made by the department of revenue and finance  
4 on a quarterly basis, and the payments shall be separate from  
5 state aid payments made pursuant to sections ~~442-25~~ 257.16 and  
6 ~~442-26~~ 257.24. ~~For the school year beginning July 1, 1987,~~  
7 ~~the first quarterly payment shall be made not later than~~  
8 ~~October 15, 1987 taking into consideration the relative budget~~  
9 ~~and cash position of the state resources.~~ The payments to a  
10 school district or area education agency may be combined and a  
11 separate accounting of the amount paid for each program shall  
12 be included.

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

16 Sec. 83. Section 294A.25, subsection 1, Code 1989, is  
17 amended to read as follows:

18 1. ~~For each fiscal year commencing with the fiscal year~~  
19 beginning July 1, 1987 1990, there is appropriated from the  
20 general fund of the state to the department of education the  
21 amount of ninety-two million one hundred thousand eighty-five  
22 dollars to be used to improve teacher salaries. For each  
23 fiscal year thereafter, there is appropriated an amount equal  
24 to the amount appropriated for the fiscal year beginning July  
25 1, 1990, plus an amount sufficient to pay the costs of the  
26 additional funding provided for school districts and area  
27 education agencies under section 294A.9 and for those school  
28 districts and area education agencies with a performance-based  
29 pay component in phase III as provided in section 294A.14.  
30 The moneys shall be distributed as provided in this section.

31 Sec. 84. Section 294A.25, subsection 5, Code 1989, is  
32 amended to read as follows:

33 5. For each the fiscal year beginning July 1, 1990, and  
34 succeeding fiscal years, the remainder of moneys appropriated  
35 in subsection 1 to the department of education shall be

1 deposited in the educational excellence fund to be allocated  
2 in an amount to meet the minimum salary requirements of this  
3 chapter for phase I, in an amount of ~~thirty-eight-million-five~~  
4 ~~hundred-thousand-dollars~~ to meet the requirements for phase  
5 II, and the remainder of the appropriation for phase III.

6 Sec. 85. Section 296.7, Code 1989, is amended to read as  
7 follows:

8 296.7 INDEBTEDNESS FOR INSURANCE AUTHORIZED -- TAX LEVY.

9 A school district or merged area school corporation ~~is~~  
10 ~~authorized-to~~ may contract indebtedness and to issue general  
11 obligation bonds or enter into insurance agreements obligating  
12 the school district or corporation to make payments beyond its  
13 current budget year to procure or provide for a policy of  
14 insurance, a self-insurance program, or establish and maintain  
15 a local government risk pool to protect the school district or  
16 corporation from tort liability, loss of property,  
17 environmental hazards, or any other risk associated with the  
18 operation of the school district or corporation. Taxes for  
19 the payment of the principal, premium, or interest on ~~such-a~~  
20 ~~bond~~ the bonds, the payment of ~~such-an~~ the premium on the  
21 insurance policy, the payment of the costs of ~~such a self-~~  
22 insurance program, the payment of the costs of ~~such a local~~  
23 government risk pool, and the payment of any amounts payable  
24 under ~~any-such~~ an insurance agreement authorized in this  
25 section may be levied in excess of any tax limitation imposed  
26 by statute. However, for a school district, a tax levied  
27 under this section shall be included in the district  
28 management levy under section 298.4. Such a self-insurance  
29 program or local government risk pool is not insurance and is  
30 not subject to regulation under chapters 505 through 523C.  
31 However, those self-insurance plans regulated pursuant to  
32 section 509A.14 shall remain subject to the requirements of  
33 section 509A.14 and rules adopted pursuant to that section.  
34 If the board by resolution restricts the use of money in a  
35 fund as a reserve for uninsured liability or a self-insurance

1 program, the use shall be restricted and unavailable for any  
2 other purpose until the board removes the restriction. The  
3 removal is not effective until all obligations of the  
4 restricted fund have been satisfied, or the next fiscal year,  
5 whichever occurs later.

6 Sec. 86. NEW SECTION. 297.35 CONTINUATION OF LOAN  
7 AGREEMENT.

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

16 Sec. 87. Section 297.36, Code 1989, is amended to read as  
17 follows:

18 297.36 LOAN AGREEMENTS.

19 In order to make immediately available proceeds of the  
20 schoolhouse-tax voter-approved physical plant and equipment  
21 levy which has been approved by the voters as provided in  
22 section ~~278-17-subsection-7~~ 298.2, the board of directors may,  
23 with or without notice, borrow money and enter into loan  
24 agreements in anticipation of the collection of the tax with a  
25 bank, investment banker, trust company, insurance company, or  
26 insurance group.

27 By resolution, the board shall provide for an annual levy  
28 which is within the limits of the tax-approved-by-the-voters  
29 voter-approved physical plant and equipment levy to pay for  
30 the amount of the principal and interest due each year until  
31 maturity. The board shall file a certified copy of the  
32 resolution with the auditor of each county in which the  
33 district is located. The filing of the resolution with the  
34 auditor ~~shall-make~~ makes it the duty of the auditor to  
35 annually levy the amount certified for collection until funds

1 are realized to repay the loan and interest on the loan in  
2 full.

3 The loan must mature within the period of time authorized  
4 by the voters and shall bear interest at a rate which does not  
5 exceed the limits provided under chapter 74A. A loan  
6 agreement entered into pursuant to this section shall be in a  
7 form as the board of directors shall by resolution provide and  
8 the loan shall be payable as to both principal and interest  
9 from the proceeds of the annual levy of the ~~voted-tax-pursuant~~  
10 ~~to-section-278-17-subsection-7~~ voter-approved physical plant  
11 and equipment levy, or so much thereof as will be sufficient  
12 to pay the loan and interest on the loan.

13 The proceeds of a loan must be deposited in a fund which is  
14 separate from other district funds. Warrants paid from this  
15 fund must be for purposes authorized ~~by-the-voters-as-provided~~  
16 ~~in-section-278-17-subsection-7~~ for the voter-approved physical  
17 plant and equipment levy.

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

34 This section is supplemental and in addition to existing  
35 statutory authority to finance the purposes specified in

1 section ~~278.17~~-subsection-7 298.2 for the physical plant and  
2 equipment levy, and for the borrowing of money and execution  
3 of loan agreements in connection with that section and  
4 subsection, and is not subject to any other law. The fact  
5 that a school corporation may have previously borrowed money  
6 and entered into loan agreements under authority of this  
7 section does not prevent the school corporation from borrowing  
8 additional money and entering into further loan agreements if  
9 the aggregate of the amount payable under all of the loan  
10 agreements does not exceed the proceeds of the voted-tax  
11 voter-approved physical plant and equipment levy.

12 Sec. 88. Section 298.1, Code 1989, is amended to read as  
13 follows:

14 298.1 SCHOOL TAXES.

15 The board of each school district shall estimate the amount  
16 of the proposed expenditures and proposed receipts for the  
17 general school purposes at a time and in a manner to  
18 effectuate the provisions of chapter ~~442~~ 257 and sections  
19 281.9 and 281.11. Compliance with chapter 24 shall be  
20 observed.

21 Sec. 89. NEW SECTION. 298.2 IMPOSITION OF PHYSICAL PLANT  
22 AND EQUIPMENT LEVY.

23 1. A physical plant and equipment levy of not exceeding  
24 one dollar per thousand dollars of assessed valuation in the  
25 district is established. The physical plant and equipment  
26 levy consists of the regular physical plant and equipment levy  
27 of not exceeding fifty cents per thousand dollars of assessed  
28 valuation in the district and a voter-approved physical plant  
29 and equipment levy of not exceeding fifty cents per thousand  
30 dollars of assessed valuation in the district. However, the  
31 board of directors may increase the rate of the voter-approved  
32 levy to a rate not exceeding sixty-seven cents for the purpose  
33 of using either section 279.26 or 297.36, or both, if approved  
34 by the voters and if the board correspondingly reduces the  
35 rate of the regular physical plant and equipment levy. The

1 levy limitations of this subsection are subject to subsection  
2 5.

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

7 3. The board may, and upon the written request of twenty-  
8 five eligible electors of a district having a population of  
9 five thousand or less or of fifty eligible electors of any  
10 other district shall, direct the county commissioner of  
11 elections to provide for submitting the proposition of levying  
12 the voter-approved physical plant and equipment levy for a  
13 period of time authorized by the voters in the notice of  
14 election not to exceed ten years. The proposition is adopted  
15 if a majority of those voting on the proposition approves it.

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

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

31 5. If the board of directors of a school district in which  
32 the voters have authorized the schoolhouse tax prior to July  
33 1, 1991, has entered into a rental or lease arrangement under  
34 section 279.26, Code 1989, or has entered into a loan  
35 agreement under section 297.36, Code 1989, the levy shall

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

4 Sec. 90. NEW SECTION. 298.3 REVENUES FROM THE LEVIES.

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

8 1. The purchase and improvement of grounds. For the  
9 purpose of this section: "purchase of grounds" includes the  
10 legal costs relating to the property acquisition, costs of  
11 surveys of the property, costs of relocation assistance under  
12 state and federal law, and other costs incidental to the  
13 property acquisition. "Improvement of grounds" includes  
14 grading, landscaping, paving, seeding, and planting of shrubs  
15 and trees; constructing sidewalks, roadways, retaining walls,  
16 sewers and storm drains, and installing hydrants; surfacing  
17 and soil treatment of athletic fields and tennis courts;  
18 furnishing and installing flagpoles, gateways, fences, and  
19 underground storage tanks which are not parts of building  
20 service systems; demolition work; and special assessments  
21 against the school district for public improvements, as  
22 defined in section 384.37.

23 2. The construction of schoolhouses or buildings and  
24 opening roads to schoolhouses or buildings.

25 3. The purchase of buildings and the purchase of a single  
26 unit of equipment exceeding five thousand dollars in value.

27 4. The payment of debts contracted for the erection or  
28 construction of schoolhouses or buildings, not including  
29 interest on bonds.

30 5. Procuring or acquisition of libraries.

31 6. Repairing, remodeling, reconstructing, improving, or  
32 expanding the schoolhouses or buildings and additions to  
33 existing schoolhouses.

34 For the purpose of this subsection, "repairing" means to  
35 restore an existing structure or thing to its original

1 condition, as near as may be, after decay, waste, injury, or  
2 partial destruction, but does not include maintenance; and  
3 "reconstruction" means to rebuild or to restore as an entity a  
4 thing which was lost or destroyed.

5 7. Expenditures for energy conservation.

6 8. The rental of facilities under chapter 28E.

7 9. Purchase of transportation equipment for transporting  
8 students.

9 10. Lease-purchase option agreements for school buildings.

10 11. Equipment purchases for recreational purposes.

11 Interest earned on money in the schoolhouse fund may be  
12 expended for a purpose listed in this section.

13 Sec. 91. NEW SECTION. 298.4 DISTRICT MANAGEMENT LEVY.

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

20 1. To pay the cost of unemployment benefits as provided in  
21 section 96.31.

22 2. To pay the costs of liability insurance and the costs  
23 of a judgment or settlement relating to liability together  
24 with interest accruing on the judgment or settlement to the  
25 expected date of payment.

26 3. To pay the costs of insurance agreements under section  
27 296.7.

28 4. To pay the costs of a judgment under section 298.16.

29 5. To pay the cost of early retirement benefits to  
30 employees under section 279.46.

31 Sec. 92. Section 298.9, Code 1989, is amended to read as  
32 follows:

33 298.9 SPECIAL LEVIES.

34 If a-schoolhouse-tax the voter-approved physical plant and  
35 equipment levy is voted at a special election and certified to



1 said the board after the regular levy is made, it the board  
2 shall at its next regular meeting levy such the tax and cause  
3 the-same it to be forthwith entered upon the tax list to be  
4 collected as other school taxes. If the certification is so  
5 filed prior to April 1, said the annual levy shall begin with  
6 the tax levy of the year of filing. If the certification is  
7 filed after April 1 in any a year, such the levy shall begin  
8 with the levy of the fiscal year succeeding the year of the  
9 filing of such the certification.

10 Sec. 93. Section 298.10, Code 1989, is amended to read as  
11 follows:

12 298.10 LEVY FOR CASH RESERVE.

13 The board of directors of a school district may certify for  
14 levy by March 15 of a school year, a tax on all taxable  
15 property in the school district in order to raise an amount  
16 for a necessary cash reserve for a school district's general  
17 fund. The amount raised for a necessary cash reserve does not  
18 increase a school district's authorized expenditures as  
19 defined in section ~~442-57-subsection-2~~ 257.7.

20 Sec. 94. Section 298.16, Code 1989, is amended to read as  
21 follows:

22 298.16 JUDGMENT TAX.

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

29 Sec. 95. NEW SECTION. 300.5 APPLICABILITY.

30 This chapter applies only to school districts that have  
31 approved the levy and collection of the tax prior to July 1,  
32 1991, and have not voted to discontinue the levy under section  
33 300.3.

34 Sec. 96. Section 301.30, unnumbered paragraph 3, Code  
35 1989, is amended to read as follows:

1 The costs of providing textbook services to nonpublic  
2 school pupils as provided in section 301.1 shall not be  
3 included in the computation of district cost under chapter 442  
4 257, but shall be shown in the budget as an expense from  
5 miscellaneous income. Any textbook reimbursements received by  
6 a local school district for serving nonpublic school pupils  
7 shall not affect district cost limitations of chapter 442 257.  
8 The reimbursements provided in this section are miscellaneous  
9 income as defined in section 442-5 257.2.

10 Sec. 97. Section 331.512, subsection 12, Code 1989, is  
11 amended to read as follows:

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

14 Sec. 98. Section 422.9, subsection 6, unnumbered paragraph  
15 3, Code 1989, is amended to read as follows:

16 ~~The provisions of this~~ This subsection shall ~~do~~ does not  
17 affect the amount of the taxpayer's checkoff to the Iowa  
18 election campaign fund under section 56.18, the checkoff for  
19 the fish and game protection fund in section 107.16, the  
20 credits from tax provided in sections 422.10~~7~~-422-~~11A~~~~7~~-and  
21 through 422.12 and the allocation of these credits between  
22 spouses if the taxpayers filed separate returns or separately  
23 on combined returns, or the amount of the taxpayer's school  
24 district income surtax liability under section 442-~~15~~ 257.58  
25 as these items were properly computed or claimed on taxpayers'  
26 returns.

27 Sec. 99. Section 442.39, subsection 4, Code 1989, is  
28 amended to read as follows:

29 4. Pupils enrolled in a school district in which ~~one or~~  
30 ~~more administrators are~~ the superintendent is employed jointly  
31 under section 280.15~~7~~ or ~~in which one or more administrators~~  
32 ~~are employed under section~~ 273.7A, are assigned a weighting of  
33 one plus five-hundredths for each administrator superintendent  
34 who is jointly employed times the percent of the  
35 administrator's superintendent's time in which the

1 administrator superintendent is employed in the school  
2 district. However, the total additional weighting assigned  
3 under this subsection for a budget year for a school district  
4 is fifteen and the total additional weighting that may be  
5 added cumulatively to the enrollment of school districts  
6 sharing an-administrator a superintendent is twenty-five.

7 For-the-purposes-of-this-section7-"administrators"-includes  
8 the-following7

9 a7--Executive-administrators7-which-includes-the  
10 superintendent-and-such-assistants-as-deputy7-associate7-and  
11 assistant-superintendents-who-perform-activities-in-the-gen-  
12 eral-direction-and-management-of-the-affairs-of-the-local  
13 school-districts7

14 b7--School-administrators7-which-includes-assistant  
15 principals7-and-other-assistants-in-general-supervision-of-the  
16 operations-of-the-school7--School-administrators-does-not  
17 include-principals7

18 c7--Business-administrators7-which-includes-personnel  
19 associated-with-activities-concerned-with-purchasing7-paying  
20 for7-transporting7-exchanging7-and-maintaining-goods-and  
21 services-for-the-school-district7

22 Effective July 1, 1988, the additional weighting assigned  
23 under this subsection may be assigned to a district for a  
24 maximum of five years and, thereafter, the additional  
25 weighting shall not be assigned to the same district under  
26 this section, but may be assigned under section 442.39A.  
27 Additional weighting assigned under this subsection between  
28 July 1, 1988, and June 30, 1989, may be continued under this  
29 subsection for a maximum of five years.

30 Sec. 100. Section 613A.7, Code 1989, is amended to read as  
31 follows:

32 613A.7 INSURANCE.

33 The governing body of any a municipality may purchase a  
34 policy of liability insurance insuring against all or any part  
35 of liability which might be incurred by such the municipality

1 or its officers, employees, and agents under the provisions of  
2 section 613A.2 and section 613A.8 and may similarly purchase  
3 insurance covering torts specified in section 613A.4. The  
4 governing body of any a municipality may adopt a self-  
5 insurance program, including but not limited to the  
6 investigation and defense of claims, the establishment of a  
7 reserve fund for claims, the payment of claims, and the  
8 administration and management of the self-insurance program,  
9 to cover all or any part of the liability. The governing body  
10 of any a municipality may join and pay funds into a local  
11 government risk pool to protect itself against any or all  
12 liability. The governing body of any a municipality may enter  
13 into insurance agreements obligating the municipality to make  
14 payments beyond its current budget year to provide or procure  
15 such policies of insurance, self-insurance program, or local  
16 government risk pool. The premium costs of such the  
17 insurance, the costs of such a self-insurance program, the  
18 costs of a local government risk pool, and the amounts payable  
19 under any such insurance agreements may be paid out of the  
20 general fund or any available funds or may be levied in excess  
21 of any tax limitation imposed by statute. However, for school  
22 districts, the costs shall be included in the district  
23 management levy as provided in section 296.7. Any independent  
24 or autonomous board or commission in the municipality having  
25 authority to disburse funds for a particular municipal  
26 function without approval of the governing body may similarly  
27 enter into insurance agreements, procure liability insurance,  
28 adopt a self-insurance program, or join a local government  
29 risk pool within the field of its operation. The procurement  
30 of such insurance constitutes a waiver of the defense of  
31 governmental immunity as to those exceptions listed in section  
32 613A.4 to the extent stated in such the policy but shall have  
33 no further effect on the liability of the municipality beyond  
34 the scope of this chapter, but if a municipality adopts a  
35 self-insurance program or joins and pays funds into a local

1 government risk pool such action does not constitute a waiver  
2 of the defense of governmental immunity as to the exceptions  
3 listed in section 613A.4. The existence of any insurance  
4 which covers in whole or in part any judgment or award which  
5 may be rendered in favor of the plaintiff, or lack of any such  
6 insurance, shall not be material in the trial of any action  
7 brought against the governing body of any a municipality, or  
8 its officers, employees, or agents and any reference to such  
9 insurance, or lack of same insurance, ~~shall-be~~ is grounds for  
10 a mistrial. A self-insurance program or local government risk  
11 pool is not insurance and is not subject to regulation under  
12 chapters 505 through 523C.

13 Sec. 101. Section 613A.10, Code 1989, is amended to read  
14 as follows:

15 613A.10 TAX TO PAY JUDGMENT OR SETTLEMENT.

16 When a final judgment is entered against or a settlement is  
17 made by a municipality for a claim within the scope of section  
18 613A.2 or 613A.8, payment shall be made and the same remedies  
19 shall apply in the case of nonpayment as in the case of other  
20 judgments against the municipality. If said a judgment or  
21 settlement is unpaid at the time of the adoption of the annual  
22 budget, ~~it~~ the municipality shall budget an amount sufficient  
23 to pay the judgment or settlement together with interest  
24 accruing thereon on it to the expected date of payment. Such  
25 A tax may be levied in excess of any limitation imposed by  
26 statute. However, for school districts the costs of a  
27 judgment or settlement under this section shall be included in  
28 the district management levy pursuant to section 298.4.

29 Sec. 102. If the electors of a school district have  
30 approved, prior to March 15, 1991, the schoolhouse tax levy to  
31 provide for the lease-purchase of school buildings or other  
32 authorized school district tax levy, the tax levy so approved  
33 shall continue in effect until the expiration period for which  
34 it was approved.

35 Sec. 103. FUNDS FOR NEW EDUCATIONAL STANDARDS. There is

1 appropriated from the general fund of the state for the fiscal  
2 year commencing July 1, 1990, and ending June 30, 1991, to the  
3 department of education for allocation to school districts for  
4 the costs of implementing educational standards adopted by the  
5 state board of education under section 256.11, the sum of  
6 sixteen million nine hundred thousand dollars, or so much  
7 thereof as is necessary, to be allocated to school districts  
8 based upon each school district's budget enrollment for the  
9 budget year. Moneys received by school districts under this  
10 section are miscellaneous income for purposes of chapter 442.  
11 Payments under this section shall be made in the manner  
12 provided in section 442.26.

13 Sec. 104. Chapter 260A, Code 1989, is repealed effective  
14 July 1, 1991.

15 Sec. 105. Sections 279.43, 294A.11, 294A.24, 297.5, and  
16 298.17, Code 1989, are repealed effective July 1, 1991.

17 Sec. 106. Section 99 of this Act, being deemed of  
18 immediate importance, takes effect upon enactment.

19 Sec. 107. Sections 54, 83, 84, and 103 of this Act take  
20 effect July 1, 1990.

21 Sec. 108. Sections 1 through 33, 38, 39, 47, 53, 55  
22 through 62, 63, 67, 85, 89 through 91, 95, 98, 101, and 102 of  
23 this Act take effect July 1, 1990, for the purpose of  
24 computations required for payment of state aid to and levying  
25 of property taxes by school districts for the budget year  
26 beginning July 1, 1991.

27 Sec. 109. Sections 34 through 37, 40 through 46, 48  
28 through 52, 64 through 66, 68 through 82, 86 through 88, 92,  
29 93, 96, 97, and 100 of this Act take effect July 1, 1991.

30

#### EXPLANATION

31 This bill rewrites the formula that provides state school  
32 foundation aid and makes other changes in the financing of  
33 area education agencies and school districts. Changes to the  
34 school foundation aid formula take effect July 1, 1991. The  
35 foundation level begins at 83.25% and increases .25% per year

1 until it reaches 85% of the state cost per pupil. School  
2 district budgets are guaranteed at 101% of the prior year's  
3 budget for the first year and 100% the next two years. Both  
4 state cost and district cost are recalculated for each year of  
5 the first three years of the formula in order to provide a  
6 transition to the new formula. In addition, the enrollment  
7 calculation is phased in over a three-year period until in the  
8 1993-1994 school year enrollment is based upon a declining  
9 enrollment matrix. Districts will retain the ability to  
10 receive an advance for increasing enrollment. Allowable  
11 growth will be calculated for a two-year period rather than a  
12 single year. The allowable growth amount will be adjusted  
13 based upon whether a district's district cost per pupil is  
14 higher or lower than the state cost per pupil.

15 Values of special education and supplementary weighting  
16 will be adjusted to provide that the same amount of money will  
17 be generated as under the current formula. Special education  
18 support services costs will be recalculated to provide the  
19 same level of funding for the area education agencies as the  
20 current law.

21 A property tax adjustment is established to provide that  
22 property tax revenues under the new formula will not exceed  
23 property tax revenues that would have been generated under the  
24 current formula. Twenty dollars per pupil plus growth is  
25 added to state cost per pupil and district cost per pupil for  
26 the costs of the new educational standards and educational  
27 improvement under the formula. In addition, six million nine  
28 hundred thousand dollars is provided to help school districts  
29 to meet the new standards. For 1990-1991, sixteen million  
30 dollars is appropriated to meet the new standards. Beginning  
31 July 1, 1990, ten million dollars is appropriated to the  
32 department of education for allocation to area education  
33 agencies and school districts for programs for at-risk  
34 children. Beginning July 1, 1991, two million dollars is  
35 appropriated to the school budget review committee to be

1 granted to school districts with unique demographic problems.

2 A physical plant and equipment property tax levy of not  
3 exceeding \$1.00 per thousand dollars of assessed valuation is  
4 established to replace the present schoolhouse and site  
5 levies. Fifty cents of the dollar may be levied by board  
6 action and the remainder requires approval at an election. Up  
7 to sixty-seven cents may be anticipated for a ten-year period.  
8 A district management levy is established to be placed in a  
9 special account of the general fund. The recreational and  
10 playground levy is abolished, but those districts currently  
11 using the levy may continue to do so.

12 An instructional support program is established in which  
13 districts may increase their regular educational program  
14 budgets by ten percent and receive partial state funding for  
15 the costs of the program. The remainder of the cost is funded  
16 by property taxes. The board may approve the use of the  
17 instructional support program for five years and thereafter  
18 approval by the electorate is required.

19 Supplementary weighting provided for "whole-grade sharing"  
20 by school districts is repealed effective July 1, 1994.

21 The funds received by school districts and area education  
22 agencies for phase II of the educational excellence program  
23 will include a growth amount and phase III will include a  
24 growth amount if a performance-based pay plan is a component  
25 of the plan.

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OFFICE OF THE GOVERNOR

STATE CAPITOL

DES MOINES, IOWA 50319

5 5 28 1989

TERRY E. BRANSTAD  
GOVERNOR

May 5, 1989

The Honorable Donald Avenson  
Speaker of the House  
State Capitol Building  
L O C A L

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.

The Honorable Donald Avenson  
May 5, 1989  
Page 2

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 Lепley 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 Agency's 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 AEA's. 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 AEA's that has been mandated by the General Assembly.

The Honorable Donald Avenson  
May 5, 1989  
Page 3

That report is due on January 1. The Department of Education is reviewing the entire organizational structure and finances of the AEA's. We should not be providing substantial additional property tax funds to the AEA's 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.

The Honorable Donald Avenson  
May 5, 1989  
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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

TEB/ps

cc: Secretary of the Senate  
Chief Clerk of the House  
Secretary of State

*Item Added*

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.

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.

*Approved by the General Assembly 27th 99*

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:

Percent of Decline	Years between the Base Year and the Year of Decline				
	1	2	3	4	5
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 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.

1. 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

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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.
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 201.9, 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 201.9, 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.J, 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-278:17-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 278:17-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-278:17-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 402:4 257.6, 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 ~~278.17~~ 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 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. Unencumbered 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, 1976 and approved prior to April 1, 1976.~~

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 442:97-subsection 17-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 278:17 subsection 97 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 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 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.37 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.~~ *Handwritten: 2/2/90* 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 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 31, 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 ~~278.17-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-278.17-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-278:17-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 278:17-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 442:57-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 4425 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 dissolution 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 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 who is jointly employed times the percent of the administrator's superintendent's time in which the 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 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 some 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.

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DONALD D. AVENSON  
Speaker of the House

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JO ANN ZIMMERMAN  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 535, Seventy-third General Assembly.

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JOSEPH O'HERN  
Chief Clerk of the House

Approved *Glen Vestad* 5/5, 1989

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TERRY E. BRANSTAD  
Governor