

Reprinted

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SENATE FILE 2351

BY COMMITTEE ON APPROPRIATIONS

Approved (p. 828)

(SUCCESSOR TO SSB 2284) ✓

Passed Senate, Date 3/17/92 (A 234)

Passed House, Date 4/6/92 (P. 1153)

Vote: Ayes 42 Nays 5

Vote: Ayes 52 Nays 40

Approved June 2, 1992

A BILL FOR

1 An Act relating to state budget and financial control by
2 requiring certain financial practices.

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

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SF 2351

1 Section 1. NEW SECTION. 8.54 GAAP DEFICIT -- GAAP
2 IMPLEMENTATION.

3 For the fiscal year beginning July 1, 1992, and the two
4 succeeding fiscal years, the general assembly shall provide
5 funds to eliminate the state generally accepted accounting
6 principles (GAAP) deficit, as reported in the state's
7 comprehensive annual financial report issued during the prior
8 fiscal year, either by appropriating specific funds to provide
9 an adjustment in the GAAP deficit or setting funds aside in a
10 special account in an amount equal to the GAAP deficit.

11 The funds of the state shall be kept in accordance with
12 generally accepted accounting principles beginning with the
13 fiscal year beginning July 1, 1995.

14 Sec. 2. Section 8.55, Code 1991, is amended by striking
15 the section and inserting in lieu thereof the following:

16 8.55 CASH RESERVE FUND.

17 1. A cash reserve fund is created in the state treasury.
18 The cash reserve fund shall be separate from the general fund
19 of the state and shall not be considered part of the general
20 fund of the state except in determining the adjusted revenue
21 estimate as provided in section 8.56 or determining the cash
22 position of the state as provided in subsection 3. The moneys
23 in the cash reserve fund are not subject to section 8.33 and
24 shall not be transferred, used, obligated, appropriated, or
25 otherwise encumbered except as provided in this section.
26 Moneys in the cash reserve fund may be used for cash flow
27 purposes provided that any moneys so allocated are returned to
28 the cash reserve fund by the end of each fiscal year.

29 2. a. The maximum balance of the cash reserve fund is the
30 amount equal to five percent of the adjusted revenue estimate,
31 as defined in section 8.56, for the general fund of the state
32 for the current fiscal year.

33 b. There is appropriated from any unencumbered and
34 unobligated balance remaining in the general fund of the state
35 at the conclusion of the fiscal year to the cash reserve fund

1 an amount equal to the lesser of the amount of unencumbered
2 and unobligated balance in the general fund of the state or
3 the amount necessary to achieve the maximum balance determined
4 under paragraph "a" of this subsection.

5 3. The moneys in the cash reserve fund may be appropriated
6 by the general assembly in accordance with subsection 4 only
7 in the fiscal year for which the appropriation is made. The
8 moneys shall only be appropriated by the general assembly for
9 nonrecurring emergency expenditures. However, the balance in
10 the cash reserve fund may be used in determining the cash
11 position of the general fund of the state for payment of state
12 obligations.

13 4. a. Except as provided in subsection 1, an
14 appropriation shall not be made from the cash reserve fund
15 unless the appropriation is in accordance with all of the
16 following:

17 (1) The appropriation is contained in a bill or joint
18 resolution in which the appropriation is the only subject
19 matter of the bill or joint resolution.

20 (2) The bill or joint resolution states the need or
21 reasons the appropriation is necessary.

22 b. In addition to the requirements of paragraph "a" of
23 this subsection, an appropriation shall not be made from the
24 cash reserve fund which would cause the fund's balance to be
25 less than three percent of the adjusted revenue estimate for
26 the year for which the appropriation is made unless the bill
27 or joint resolution is approved by vote of at least sixty
28 percent of the members of both chambers of the general
29 assembly and is signed by the governor.

30 Sec. 3. NEW SECTION. 8.56 EXPENDITURE LIMITATION.

31 1. For the purposes of this section, "adjusted revenue
32 estimate" means the sum of the revenue estimate for the
33 general fund of the state made in December by the revenue
34 estimating conference for the following fiscal year, as
35 adjusted by subtracting estimated tax refunds payable from

1 that estimated revenue, plus moneys remaining in the general
2 fund. The adjusted revenue estimate shall be readjusted by
3 the revenue estimating conference in December of the year to
4 which the adjusted revenue estimate applies for any new
5 revenue source in accordance with the provisions of subsection
6 5.

7 2. There is created a state expenditure limitation for
8 each fiscal year beginning on or after July 1, 1993,
9 calculated as provided in this section. The purpose of the
10 expenditure limitation is to establish and maintain a cash
11 reserve balance for the general fund of the state. The scope
12 of the expenditure limitation shall encompass the general fund
13 of the state and all revenues which may be considered to be
14 eligible for deposit in the general fund, including use tax
15 receipts and moneys in and expenditures from trust funds.
16 However, the scope of the expenditure limitation shall not
17 encompass federal funds, donations, constitutionally dedicated
18 moneys, and moneys in and expenditures from state retirement
19 system moneys. The cash balance amount in the cash reserve
20 fund created in section 8.55 shall not be considered to be
21 revenue to the general fund.

22 3. The expenditures from the general fund of the state in
23 a fiscal year shall be limited to the state general fund
24 expenditure limitation amount established pursuant to this
25 subsection. This amount shall be determined by applying the
26 indicated percentage to the adjusted revenue estimate as
27 follows:

28 a. For the fiscal year beginning July 1, 1993, ninety-nine
29 percent of the adjusted revenue estimate for that year, or one
30 hundred percent less the cash reserve shortfall percentage,
31 whichever is greater. However, the percentage may not exceed
32 one hundred percent.

33 b. For the fiscal year beginning July 1, 1994, ninety-
34 eight percent of the adjusted revenue estimate for that year,
35 or one hundred percent less the cash reserve shortfall

1 percentage, whichever is greater. However, the percentage may
2 not exceed one hundred percent.

3 c. For the fiscal year beginning July 1, 1995, ninety-
4 seven percent of the adjusted revenue estimate for that year,
5 or one hundred percent less the cash reserve shortfall
6 percentage, whichever is greater. However, the percentage may
7 not exceed one hundred percent.

8 d. For the fiscal year beginning July 1, 1996, ninety-six
9 percent of the adjusted revenue estimate for that year, or one
10 hundred percent less the cash reserve shortfall percentage,
11 whichever is greater. However, the percentage may not exceed
12 one hundred percent.

13 e. For the fiscal year beginning July 1, 1997, and
14 succeeding fiscal years, ninety-five percent of the adjusted
15 revenue estimate for that year, or one hundred percent less
16 the cash reserve shortfall percentage, whichever is greater.
17 However, the percentage may not exceed one hundred percent.

18 As used in this subsection, the "cash reserve shortfall
19 percentage" is the amount of moneys in the cash reserve fund
20 divided by the adjusted revenue estimate, as defined in
21 section 8.56, for the general fund of the state for the
22 current fiscal year expressed as a percentage less the cash
23 reserve goal percentage. The "cash reserve goal percentage"
24 for the fiscal year beginning July 1, 1993, is one percent;
25 for the fiscal year beginning July 1, 1994, is two percent;
26 for the fiscal year beginning July 1, 1995, is three percent;
27 for the fiscal year beginning July 1, 1996, is four percent;
28 and for fiscal years beginning on or after July 1, 1997, is
29 five percent.

30 4. A cash reserve basis amount for each fiscal year shall
31 be determined by subtracting the state general fund
32 expenditure limitation amount for that fiscal year from the
33 adjusted revenue estimate for that fiscal year. A cash
34 reserve appropriation amount for that fiscal year shall be
35 determined by subtracting the cash balance amount in the cash

1 reserve fund used to determine the adjusted revenue estimate
2 for that fiscal year from the cash reserve basis amount. If
3 the cash reserve appropriation amount is a positive number, in
4 each quarter of that fiscal year, an equal and proportionate
5 amount of the cash reserve appropriation amount is
6 appropriated from the general fund of the state and shall be
7 deposited by the treasurer of state in the cash reserve fund
8 created in section 8.55. The amount appropriated in this
9 subsection is not subject to the provisions of section 8.31,
10 relating to quarterly requisitions and allotment or to section
11 8.32, relating to conditional availability of appropriations.

12 5. The state general fund expenditure limitation amount
13 provided for in this section shall be used by the governor in
14 the preparation of the budget under section 8.22 and by the
15 general assembly in the budget process. If a new revenue
16 source is proposed, the budget revenue projection used for
17 that new revenue source for the period beginning on the
18 effective date of the new revenue source and ending in the
19 fiscal year in which the source is included in the revenue
20 base shall be an amount determined by subtracting estimated
21 tax refunds payable from the projected revenue from that new
22 revenue source, multiplied by ninety-five percent. If a new
23 revenue source is established and implemented, the original
24 state general fund expenditure limitation amount provided for
25 in subsection 3 shall be readjusted to include ninety-five
26 percent of the estimated revenue from the new revenue source.

27 6. In each fiscal year the governor shall submit and the
28 general assembly shall pass a budget which does not exceed the
29 state general fund expenditure limitation amount established
30 for that fiscal year pursuant to this section.

31 Sec. 4. NEW SECTION. 8.57 STANDING APPROPRIATIONS.

32 1. "Standing unlimited appropriation" means an
33 appropriation made from any state fund for more than one
34 fiscal year where the law making the appropriation does not
35 specify the exact dollar amount appropriated. For purposes of

1 this section, "standing unlimited appropriation" includes only
2 the following: an appropriation for advance for increasing
3 enrollment under section 257.13, school foundation aid under
4 section 257.16, instructional support state aid under section
5 257.20, programs for at-risk children under section 279.51,
6 transportation for nonpublic students under section 285.2,
7 phases I, II, and III under section 294A.25, and homestead tax
8 credit under section 425.1.

9 2. Notwithstanding the law authorizing a standing
10 unlimited appropriation for fiscal years beginning on or after
11 July 1, 1993, the amount of increase of a standing unlimited
12 appropriation shall not exceed the amount of the increase in
13 the state general fund revenues allocated for that
14 appropriation for a fiscal year. The increase in the state
15 general fund revenues allocated for a standing unlimited
16 appropriation equals the product of the percent the particular
17 standing unlimited appropriation for the previous fiscal year
18 bears to the total state general fund appropriations for the
19 previous fiscal year multiplied by the sum of the estimated
20 increase in state general fund revenues after adjustment for
21 the amount not available for expenditure during the fiscal
22 year due to the state general fund limitation in section 8.56.
23 Estimated increase in the state general fund revenues shall be
24 based on the estimates made by the revenue estimating
25 conference in December of the previous fiscal year.

26 3. If, as a result of the limitation in this section in
27 the growth of a standing unlimited appropriation for a fiscal
28 year, the amount of the standing unlimited appropriation is
29 insufficient to pay the amount computed in full, the amount
30 that shall be provided the beneficiaries of that appropriation
31 shall be prorated.

32 Sec. 5. Section 257.1, subsection 2, unnumbered paragraph
33 2, Code Supplement 1991, is amended by striking the unnumbered
34 paragraph and inserting in lieu thereof the following:

35 For the budget year commencing July 1, 1993, and each

1 succeeding budget year, the foundation level equals eighty-two
2 and one-half percent.

3 Sec. 6. Section 257.2, subsections 2 and 4, Code
4 Supplement 1991, are amended to read as follows:

5 2. "Base year" means the school year or the state fiscal
6 year, as applicable, ending during the calendar year in which
7 a school budget is certified.

8 4. "Budget year" means the school year or the state fiscal
9 year, as applicable, beginning during the calendar year in
10 which a school budget is certified.

11 Sec. 7. Section 257.2, subsection 12, Code Supplement
12 1991, is amended by striking the subsection and inserting in
13 lieu thereof the following:

14 12. "State percent of growth" means the percentage change
15 in the combined state cost per pupil for the base year to the
16 combined state cost per pupil for the budget year.

17 Sec. 8. Section 257.8, Code 1991, is amended by striking
18 the section and inserting in lieu thereof the following:

19 257.8 ALLOWABLE GROWTH.

20 1. CALCULATION BY DEPARTMENT OF MANAGEMENT. On or before
21 December 31, 1992, and each December 31 thereafter, the
22 department of management shall compute the allowable growth
23 dollar amount for the next budget year as provided in this
24 section. For purposes of this section, any estimated revenues
25 or increases in revenues shall be based on the estimates made
26 by the revenue estimating conference in December of the base
27 year.

28 2. STATE GROWTH ALLOCATED FOR FOUNDATION AID. The amount
29 of the increase in the state general fund revenues allocated
30 for the foundation aid appropriated pursuant to section 257.16
31 equals the product of the percent of total state general fund
32 appropriations for the base year which are spent for
33 foundation aid appropriated pursuant to section 257.16
34 multiplied by the sum of estimated increase in state general
35 fund revenues after adjustment for the amount unavailable for

1 expenditure during the budget year due to the state general
2 fund expenditure limitation in section 8.56.

3 3. GROWTH IN SCHOOL DISTRICT BUDGETS. The combined
4 increase in school districts' combined district costs, as
5 defined in section 257.10, subsection 8, less the additional
6 cost allocated to fund media and educational services, allowed
7 for the budget year equals the quotient of the state general
8 fund revenues allocated for foundation aid, as computed in
9 subsection 2, divided by the foundation level.

10 4. ALLOWABLE GROWTH. The regular program allowable growth
11 for a budget year is equal to the quotient of ninety-five and
12 eight-tenths percent of the amount of state general fund
13 revenues allocated for foundation aid, as computed in
14 subsection 2, divided by the total of all districts' weighted
15 enrollment for the budget year.

16 The special education support services allowable growth for
17 a budget year is equal to the quotient of four and two-tenths
18 percent of the amount of state general fund revenues allocated
19 for foundation aid, as computed in subsection 2, divided by
20 the total of all area education agencies weighted enrollment
21 for the budget year.

22 5. STATE PERCENT OF GROWTH. "State percent of growth"
23 means the percentage change in the combined state cost per
24 pupil for the base year to the combined state cost per pupil
25 for the budget year.

26 Sec. 9. Section 257.13, Code 1991, is amended by adding
27 after the first unnumbered paragraph the following new
28 unnumbered paragraph:

29 NEW UNNUMBERED PARAGRAPH. Notwithstanding the amount of
30 advance from the state computed in the preceding paragraph,
31 the amount of the appropriation authorized in this section
32 shall not exceed the limit computed pursuant to section 8.57.
33 If, as a result of the limitation in section 8.57, the amount
34 appropriated in this section is insufficient to pay the amount
35 computed in the preceding paragraph in full, the department of

1 management shall proportionally adjust the amount of advance
2 from the state to the school districts.

3 Sec. 10. Section 257.20, Code 1991, is amended by adding
4 after unnumbered paragraph 1, the following new unnumbered
5 paragraph:

6 NEW UNNUMBERED PARAGRAPH. Notwithstanding the amount of
7 instructional support state aid computed in the preceding
8 paragraph, the amount of instructional support state aid for
9 all school districts for a budget year shall not increase from
10 the amount of state aid paid in the base year by more than the
11 amount of the increase in the state general fund revenues
12 allocated for instructional support state aid. For purposes
13 of this section, the "amount of the increase in the state
14 general fund revenues allocated for the instructional support
15 state aid" equals the product of the percent of total state
16 general fund appropriations for the base year which are spent
17 for instructional support state aid under this section
18 multiplied by the sum of estimated increase in state general
19 fund revenues after adjustment for the amount unavailable for
20 expenditure during the budget year due to the state general
21 fund expenditure limitation in section 8.56. The department
22 of management shall proportionally adjust the payment of
23 instructional support state aid to school districts to meet
24 the funding limitations of this paragraph.

25 Sec. 11. Section 279.51, subsection 1, unnumbered
26 paragraph 1, Code Supplement 1991, is amended to read as
27 follows:

28 There is appropriated from the general fund of the state to
29 the department of education for the fiscal year beginning July
30 1, 1990, the sum of eight million seven hundred thousand
31 dollars. For the fiscal year beginning July 1, 1991, and each
32 succeeding fiscal year, there is appropriated the sum of
33 eleven million two hundred thousand dollars plus an additional
34 amount equal to the state percent of growth as calculated in
35 section 257.8 multiplied by the amount appropriated the

1 previous fiscal year. However, the increase in the
2 appropriation for a fiscal year from the previous fiscal year
3 shall not exceed the limit computed in section 8.57.

4 Sec. 12. Section 285.2, unnumbered paragraph 2, Code
5 Supplement 1991, is amended to read as follows:

6 There is appropriated from the general fund of the state to
7 the department of education funds sufficient to pay the
8 approved claims of public school districts for transportation
9 services to nonpublic school pupils as provided in this
10 section. The portion of the amount appropriated for approved
11 claims under section 285.1, subsection 3, shall be determined
12 under section 285.3. However, the increase in the
13 appropriation for a fiscal year from the previous fiscal year
14 shall not exceed the limit computed in section 8.57. If this
15 limitation results in insufficient funds available to pay
16 approved claims in full, the department of education shall
17 prorate the amount of the appropriation for each claim.

18 Sec. 13. Section 294A.25, subsection 1, Code 1991, is
19 amended to read as follows:

20 1. For the fiscal year beginning July 1, 1990, there is
21 appropriated from the general fund of the state to the
22 department of education the amount of ninety-two million one
23 hundred thousand eighty-five dollars to be used to improve
24 teacher salaries. For each fiscal year thereafter, there is
25 appropriated an amount equal to the amount appropriated for
26 the fiscal year beginning July 1, 1990, plus an amount
27 sufficient to pay the costs of the additional funding provided
28 for school districts and area education agencies under
29 sections 294A.9 and 294A.14. However, the increase in the
30 appropriation for a fiscal year from the previous fiscal year
31 shall not exceed the limit computed in section 8.57. The
32 moneys shall be distributed as provided in this section.

33 Sec. 14. Section 425.1, subsection 1, unnumbered paragraph
34 1, Code Supplement 1991, is amended to read as follows:

35 A homestead credit fund is created. There is appropriated

1 annually from the general fund of the state to the department
2 of revenue and finance to be credited to the homestead credit
3 fund, an amount sufficient to implement this chapter.
4 However, the increase in the appropriation for a fiscal year
5 from the previous fiscal year shall not exceed the limit
6 computed in section 8.57. If the amount appropriated is
7 insufficient to pay all homestead credit claims in full, the
8 department shall prorate the fund to the county treasurers and
9 notify the auditors of the pro rata percentage. The auditors
10 shall only allow as a credit that pro rata percentage.

11 Sec. 15. Section 421.31, subsection 5, Code 1991, is
12 amended to read as follows:

13 5. ACCOUNTS. To keep the central budget and proprietary
14 control accounts of the state government in accordance with
15 generally accepted accounting principles beginning with the
16 fiscal year beginning July 1, 1995. Budget accounts are those
17 accounts maintained to control the receipt and disposition of
18 all funds, appropriations, and allotments. Proprietary
19 accounts are those accounts relating to assets, liabilities,
20 income, and expense.

21 Sec. 16. Section 422.69, subsection 3, Code Supplement
22 1991, is amended by striking the subsection.

23 Sec. 17. 1986 Iowa Acts, chapter 1245, section 2046, as
24 amended by 1986 Iowa Acts, chapter 1238, section 59, is
25 repealed.

26 Sec. 18. The state percent of growth for the school budget
27 year beginning July 1, 1993, computed by the department of
28 management on or before September 15, 1991, is null and void.

29 Sec. 19. Sections 5 through 10 and section 18 of this Act
30 take effect July 1, 1992, for purposes of computing state aid
31 to school corporations for school budget years beginning on or
32 after July 1, 1993. This section and sections 15, 16, and 17
33 of this Act take effect upon enactment.

34 EXPLANATION

35 This bill relates to state budget and financial control by

1 requiring certain financial practices.

2 Section 1 establishes implementation of measures to reduce
3 and eliminate the state's deficit under generally accepted
4 accounting principles (GAAP). Beginning in the 1992-1993
5 fiscal year, the state must either appropriate or set aside
6 funds for this purpose. The funds of the state must be kept
7 in accordance with GAAP beginning in the 1995-1996 fiscal
8 year.

9 Section 2 strikes and replaces section 8.55 which creates
10 the Iowa economic emergency fund. It is replaced with a new
11 fund entitled the cash reserve fund. Moneys in the cash
12 reserve fund are not considered to be part of the general
13 fund. The moneys cannot be used or obligated for any purpose
14 other than those provided in this section. Moneys in the cash
15 reserve fund may be used for cash flow purposes provided that
16 any moneys so allocated are returned to the fund by the end of
17 the fiscal year. The cash balance in the general fund of the
18 state at the end of the fiscal year is automatically
19 appropriated to the cash reserve fund. The cash reserve fund
20 is limited to 5 percent of the adjusted revenue estimate for
21 the general fund in any fiscal year. Moneys in the fund can
22 only be appropriated for the fiscal year in which the
23 appropriation is made. An appropriation from the cash reserve
24 fund can only be made under certain conditions spelled out in
25 the bill.

26 Section 3 establishes a state expenditure limitation for
27 the general fund of the state beginning with the 1993-1994
28 fiscal year. The scope of the spending limitation is
29 specified. The spending limitation is phased in over a five-
30 year period in order to build the cash reserve fund to a
31 constant 5 percent of the adjusted revenue estimate for the
32 general fund of the state. A formula is provided to determine
33 an automatic quarterly appropriation amount for this purpose.
34 This appropriation is not subject to statutes relating to
35 quarterly requisitions and allotment or conditional

1 availability of allotments.

2 Section 4 and sections 11 through 14 limit the amount that
3 certain standing unlimited appropriations may increase from
4 one fiscal year to the next beginning with the fiscal year
5 beginning July 1, 1993. These appropriations are the school
6 foundation aid, advance for increasing enrollment,
7 instructional support state aid, programs for at-risk
8 children, transportation for nonpublic schools, educational
9 excellence, and homestead tax credit.

10 Section 5 sets the foundation level under the school
11 foundation formula for school budget years commencing on or
12 after July 1, 1993, at 82.5 percent.

13 Sections 6 through 10 and section 13 strike current
14 provisions relating to school funding under the state school
15 foundation program incorporating the limitation provisions of
16 section 4 of the bill.

17 Section 15 requires the central budget and proprietary
18 control accounts of the state to be kept in accordance with
19 generally accepted accounting principles beginning with the
20 fiscal year beginning July 1, 1995.

21 Section 16 repeals provisions requiring certain sales tax
22 moneys to be deposited in a GAAP escrow account.

23 Section 17 repeals prior enacted provisions requiring the
24 implementation of generally accepted accounting principles
25 over a six-year period.

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SENATE FILE 2351

S-5298

1 Amend Senate File 2351 as follows:

2 1. Page 6, by striking lines 2 through 7 and
3 inserting the following: "the following: an
4 appropriation for homestead tax".

5 2. By striking page 6, line 32 through page 10,
6 line 32.

7 3. Page 11, by striking lines 26 through 28.

8 4. Page 11, lines 29 through 32, by striking the
9 words and figures "Sections 5 through 10 and section
10 18 of this Act take effect July 1, 1992, for purposes
11 of computing state aid to school corporations for
12 school budget years beginning on or after July 1,
13 1993."

14 5. By renumbering as necessary.

By MIKE CONNOLLY

WALLY E. HORN

JAMES B. KERSTEN

DALE L. TIEDEN

JOHN P. KIBBIE

RICHARD F. DRAKE

S-5298 FILED MARCH 18, 1992

Law 3/19 (p 873)

SENATE FILE 2351

S-5312

1 Amend Senate File 2351 as follows:

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

4 "Section 1. Section 8.22A, Code 1991, is amended
5 to read as follows:

6 8.22A REVENUE ESTIMATING CONFERENCE.

7 1. The state revenue estimating conference is
8 created consisting of the governor or the governor's
9 designee, the director of the legislative fiscal
10 bureau, and a third member agreed to by the other two.

11 2. The conference shall meet as often as deemed
12 necessary, but shall meet at least quarterly. The
13 conference may use sources of information deemed
14 appropriate.

15 3. By December 15, 1986 and of each succeeding
16 fiscal year the conference shall agree on a revenue
17 estimate for the fiscal year beginning on the following
18 July 1. That estimate shall be used by the governor
19 in the preparation of the budget message under section
20 8.22 and by the legislature general assembly in the
21 budget process. If the conference agrees to a
22 different estimate at a later meeting which projects a
23 greater amount of revenue than the initial estimate
24 amount agreed to by December 15, the governor and the
25 general assembly shall continue to use the initial
26 estimate amount in the budget process for that fiscal
27 year. However, if the conference agrees to a
28 different estimate at a later meeting which projects a
29 lesser amount of revenue than the initial estimate
30 amount, the governor and the general assembly shall
31 use the lesser amount in the budget process for that
32 fiscal year."

33 2. Page 1, by inserting before line 1, the
34 following:

35 "Sec. ____ . NEW SECTION. 8.53 IOWA ECONOMIC
36 EMERGENCY FUND.

37 1. The Iowa economic emergency fund is created.
38 The fund shall be separate from the general fund of
39 the state and the balance in the fund shall not be
40 considered part of the balance of the general fund of
41 the state, except for purposes of determining the
42 annual inflation factor under section 422.4,
43 subsection 17, the balance in the fund shall be
44 considered part of the general fund of the state. The
45 moneys in the fund shall not revert to the general
46 fund, notwithstanding section 8.33, unless and to the
47 extent the fund exceeds the maximum balance.

48 2. The maximum balance of the Iowa economic
49 emergency fund is the amount equal to ten percent of
50 the funds appropriated from the general fund of the

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Page 2

1 state during the preceding fiscal year. There is
2 appropriated from any surplus existing in the general
3 fund of the state at the conclusion of the fiscal year
4 to the Iowa economic emergency fund an amount equal to
5 the smaller of the amount of the surplus or the amount
6 necessary to achieve the maximum balance.

7 3. The moneys in the Iowa economic emergency fund
8 may be appropriated by the general assembly only in
9 the fiscal year for which the appropriation is made
10 and only for a purpose for which the general assembly
11 previously appropriated funds for that fiscal year.
12 However, the balance in the Iowa economic emergency
13 fund may be used in determining the cash position of
14 the general fund of the state for the payment of state
15 obligations."

16 3. Page 1, lines 20 and 21, by striking the words
17 "determining the adjusted revenue estimate as provided
18 in section 8.56 or".

19 4. Page 2, lines 27 and 28, by striking the words
20 "sixty percent" and inserting the following: "two-
21 thirds".

22 5. Page 5, by striking lines 1 and 2 and
23 inserting the following: "reserve fund on July 1 of
24 that fiscal year from the cash reserve basis amount.
25 If".

26 6. Page 6, line 19, by striking the words "the
27 sum of".

28 7. Page 11, by striking lines 11 through 20 and
29 inserting the following:

30 "Sec. 15. Section 421.31, subsection 5, Code 1991,
31 is amended to read as follows:

32 5. ACCOUNTS. To keep the central budget and
33 proprietary control accounts of the state government
34 ~~in accordance with generally accepted accounting~~
35 ~~principles.~~ Budget accounts are those accounts
36 maintained to control the receipt and disposition of
37 all funds, appropriations, and allotments.
38 Proprietary accounts are those accounts relating to
39 assets, liabilities, income, and expense. For each
40 fiscal year, the financial position and results of
41 operations of the state shall be reported in a
42 comprehensive annual financial report prepared in
43 accordance with generally accepted accounting
44 principles, as established by the governmental
45 accounting standards board."

46 8. By renumbering, relettering, or redesignating
47 and correcting internal references as necessary.

By RICHARD J. VARN
JIM LIND

LEONARD L. BOSWELL
DALE L. TIEDEN

S-5312 FILED MARCH 19, 1992

ADOPTED *(A 1992)*

SENATE FILE 2351

S-5314

1 Amend Senate File 2351 as follows:

2 1. Page 1, line 13, by inserting after the figure
3 "1995." the following: "However, for fiscal years
4 beginning on or after July 1, 1997, general fund
5 expenditures and revenues shall be accounted in such a
6 manner so that they accrue for the fiscal year in
7 which they occur."

8 2. By renumbering as necessary.

By DERRYL MC LAREN
MAGGIE TINSMAN

S-5314 FILED MARCH 19, 1992

ADOPTED (p. 231)

SENATE FILE 2351

S-5322

1 Amend the amendment, S-5305, to Senate File 2351 as
2 follows:

3 1. Page 1, by inserting after line 28 the
4 following:

5 "_____. Page 8, by inserting after line 25 the
6 following:

7 "6. STATE AID FOR WEIGHTED ENROLLMENT GROWTH. The
8 amount of state aid increases in the budget year
9 attributable to weighted enrollment increases from the
10 base year shall be paid from funds appropriated by
11 section 257.13. If funds available under section
12 257.13 are insufficient, the state aid paid for the
13 purposes of this subsection shall be prorated among
14 all districts with increases in budget enrollments."

15 _____ Page 8, line 33, by inserting after the
16 figure "8.57" the following: "and the payment
17 required in section 257.8, subsection 6,"".

By JIM LIND

S-5322 FILED MARCH 19, 1992

ADOPTED (p. 233)

SENATE FILE 2351

S-5323

1 Amend the amendment, S-5307, to Senate File 2351 as
2 follows:

3 1. Page 1, line 9, by striking the word and
4 figure "March 19" and inserting the following: "June
5 1".

By JOE J. WELSH

S-5323 FILED MARCH 19, 1992

ADOPTED (p. 235)

SENATE FILE 2351

S-5305

- 1 Amend Senate File 2351 as follows:
2 1. Page 6, line 3, by inserting after the word
3 "aid" the following: "attributable to the increase in
4 allowable growth".
5 2. Page 7, line 28, by inserting after the word
6 "FOR" the following: "ALLOWABLE GROWTH".
7 3. Page 7, line 30, by inserting after the word
8 "aid" the following: "attributable to the increase in
9 allowable growth".
10 4. Page 7, line 33, by inserting before the word
11 "foundation" the following: "total".
12 5. Page 8, by striking lines 4 through 6 and
13 inserting the following: "increase in the school
14 districts' sum of the regular program district cost
15 per pupil multiplied by the weighted enrollment and
16 the special education support services district cost
17 allowed".
18 6. Page 8, line 8, by inserting after the word
19 "aid" the following: "attributable to the increase in
20 allowable growth".
21 7. Page 8, by striking lines 12 and 13 and
22 inserting the following: "eight-tenths percent of the
23 amount computed in".
24 8. Page 8, line 14, by striking the figure "2"
25 and inserting the following: "3".
26 9. Page 8, by striking lines 18 and 19 and
27 inserting the following: "percent of the amount
28 computed in subsection 3, divided by".
29 10. Page 9, by striking lines 22 and 23 and
30 inserting the following: "of management shall adjust
31 the twenty-five hundredths multiplier in the formula
32 for computing the amount of state aid under the
33 preceding paragraph so that the total amount of
34 instructional support state aid does not exceed".

By RICHARD VARN

S-5305 FILED MARCH 19, 1992
ADOPTED *as amended by 5322 (3/19)*

SENATE FILE 2351

S-5307

- 1 Amend Senate File 2351 as follows:
2 1. Page 9, by inserting after line 24 the
3 following:
4 "Sec. ____ . Section 262A.4, Code 1991, is amended
5 by adding the following new unnumbered paragraph:
6 NEW UNNUMBERED PARAGRAPH. The total amount of
7 bonds which may be outstanding under this chapter
8 shall not exceed the total amount of bonds which are
9 outstanding as of March 19, 1992."
10 2. By renumbering as necessary.

By MIKE CONNOLLY

S-5307 FILED MARCH 19, 1992
RULED OUT OF ORDER (p 493)

SENATE FILE 2351
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SSB 2284)

(AS AMENDED AND PASSED BY THE SENATE MARCH 19, 1992)

~~_____~~ - New Language by the Senate

* - Language Stricken by the Senate

See Conference Committee Below
Passed Senate, Date _____

Passed House, Date 4/6/92 (p. 1153)

Vote: Ayes _____ Nays _____

Vote: Ayes 52 Nays 40

Approved June 2, 1992

A BILL FOR

1 An Act relating to state budget and financial control by
2 requiring certain financial practices.

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

4 Conference Committee Appointed:

5 Hatch (Chair) Wier, Halverson, Bensch, & Miller 4/13 (p. 1318)

6 Senators Varr (Chair), Bassett, Bronstad, Mc Laren, & Lund 4/13 (p. 1369)

7 Passed Per Conference Committee Rpt: 4/24/92

8
9 Senate 43-3 (p. 1636)

10 House 98-0 (p. 1945)

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S.F. 2351

1 Section 1. Section 8.22A, Code 1991, is amended to read as
2 follows:

3 8.22A REVENUE ESTIMATING CONFERENCE.

4 1. The state revenue estimating conference is created
5 consisting of the governor or the governor's designee, the
6 director of the legislative fiscal bureau, and a third member
7 agreed to by the other two.

8 2. The conference shall meet as often as deemed necessary,
9 but shall meet at least quarterly. The conference may use
10 sources of information deemed appropriate.

11 3. By December 15, 1986, and of each succeeding fiscal year
12 the conference shall agree to a revenue estimate for the
13 fiscal year beginning the following July 1. That estimate
14 shall be used by the governor in the preparation of the budget
15 message under section 8.22 and by the legislature general
16 assembly in the budget process. If the conference agrees to a
17 different estimate at a later meeting which projects a greater
18 amount of revenue than the initial estimate amount agreed to
19 by December 15, the governor and the general assembly shall
20 continue to use the initial estimate amount in the budget
21 process for that fiscal year. However, if the conference
22 agrees to a different estimate at a later meeting which
23 projects a lesser amount of revenue than the initial estimate
24 amount, the governor and the general assembly shall use the
25 lesser amount in the budget process for that fiscal year.

26 Sec. 2. NEW SECTION. 8.53 IOWA ECONOMIC EMERGENCY FUND.

27 1. The Iowa economic emergency fund is created. The fund
28 shall be separate from the general fund of the state and the
29 balance in the fund shall not be considered part of the
30 balance of the general fund of the state, except for purposes
31 of determining the annual inflation factor under section
32 422.4, subsection 17, the balance in the fund shall be
33 considered part of the general fund of the state. The moneys
34 in the fund shall not revert to the general fund,
35 notwithstanding section 8.33, unless and to the extent the

1 fund exceeds the maximum balance.

2 2. The maximum balance of the Iowa economic emergency fund
3 is the amount equal to ten percent of the funds appropriated
4 from the general fund of the state during the preceding fiscal
5 year. There is appropriated from any surplus existing in the
6 general fund of the state at the conclusion of the fiscal year
7 to the Iowa economic emergency fund an amount equal to the
8 smaller of the amount of the surplus or the amount necessary
9 to achieve the maximum balance.

10 3. The moneys in the Iowa economic emergency fund may be
11 appropriated by the general assembly only in the fiscal year
12 for which the appropriation is made and only for a purpose for
13 which the general assembly previously appropriated funds for
14 that fiscal year. However, the balance in the Iowa economic
15 emergency fund may be used in determining the cash position of
16 the general fund of the state for the payment of state
17 obligations.

18 Sec. 3. NEW SECTION. 8.54 GAAP DEFICIT -- GAAP
19 IMPLEMENTATION.

20 For the fiscal year beginning July 1, 1992, and the two
21 succeeding fiscal years, the general assembly shall provide
22 funds to eliminate the state generally accepted accounting
23 principles (GAAP) deficit, as reported in the state's
24 comprehensive annual financial report issued during the prior
25 fiscal year, either by appropriating specific funds to provide
26 an adjustment in the GAAP deficit or setting funds aside in a
27 special account in an amount equal to the GAAP deficit.

28 The funds of the state shall be kept in accordance with
29 generally accepted accounting principles beginning with the
30 fiscal year beginning July 1, 1995. However, for fiscal years
31 beginning on or after July 1, 1997, general fund expenditures
32 and revenues shall be accounted in such a manner so that they
33 accrue for the fiscal year in which they occur.

34 Sec. 4. Section 8.55, Code 1991, is amended by striking
35 the section and inserting in lieu thereof the following:

1 8.55 CASH RESERVE FUND.

2 1. A cash reserve fund is created in the state treasury.
3 The cash reserve fund shall be separate from the general fund
4 of the state and shall not be considered part of the general
*5 fund of the state except in determining the cash position of
6 the state as provided in subsection 3. The moneys in the cash
7 reserve fund are not subject to section 8.33 and shall not be
8 transferred, used, obligated, appropriated, or otherwise
9 encumbered except as provided in this section. Moneys in the
10 cash reserve fund may be used for cash flow purposes provided
11 that any moneys so allocated are returned to the cash reserve
12 fund by the end of each fiscal year.

13 2. a. The maximum balance of the cash reserve fund is the
14 amount equal to five percent of the adjusted revenue estimate,
15 as defined in section 8.56, for the general fund of the state
16 for the current fiscal year.

17 b. There is appropriated from any unencumbered and
18 unobligated balance remaining in the general fund of the state
19 at the conclusion of the fiscal year to the cash reserve fund
20 an amount equal to the lesser of the amount of unencumbered
21 and unobligated balance in the general fund of the state or
22 the amount necessary to achieve the maximum balance determined
23 under paragraph "a" of this subsection.

24 3. The moneys in the cash reserve fund may be appropriated
25 by the general assembly in accordance with subsection 4 only
26 in the fiscal year for which the appropriation is made. The
27 moneys shall only be appropriated by the general assembly for
28 nonrecurring emergency expenditures. However, the balance in
29 the cash reserve fund may be used in determining the cash
30 position of the general fund of the state for payment of state
31 obligations.

32 4. a. Except as provided in subsection 1, an
33 appropriation shall not be made from the cash reserve fund
34 unless the appropriation is in accordance with all of the
35 following:

1 (1) The appropriation is contained in a bill or joint
2 resolution in which the appropriation is the only subject
3 matter of the bill or joint resolution.

4 (2) The bill or joint resolution states the need or
5 reasons the appropriation is necessary.

6 b. In addition to the requirements of paragraph "a" of
7 this subsection, an appropriation shall not be made from the
8 cash reserve fund which would cause the fund's balance to be
9 less than three percent of the adjusted revenue estimate for
10 the year for which the appropriation is made unless the bill
11 or joint resolution is approved by vote of at least two-thirds
12 of the members of both chambers of the general assembly and is
13 signed by the governor.

14 Sec. 5. NEW SECTION. 8.56 EXPENDITURE LIMITATION.

15 1. For the purposes of this section, "adjusted revenue
16 estimate" means the sum of the revenue estimate for the
17 general fund of the state made in December by the revenue
18 estimating conference for the following fiscal year, as
19 adjusted by subtracting estimated tax refunds payable from
20 that estimated revenue, plus moneys remaining in the general
21 fund. The adjusted revenue estimate shall be readjusted by
22 the revenue estimating conference in December of the year to
23 which the adjusted revenue estimate applies for any new
24 revenue source in accordance with the provisions of subsection
25 5.

26 2. There is created a state expenditure limitation for
27 each fiscal year beginning on or after July 1, 1993,
28 calculated as provided in this section. The purpose of the
29 expenditure limitation is to establish and maintain a cash
30 reserve balance for the general fund of the state. The scope
31 of the expenditure limitation shall encompass the general fund
32 of the state and all revenues which may be considered to be
33 eligible for deposit in the general fund, including use tax
34 receipts and moneys in and expenditures from trust funds.
35 However, the scope of the expenditure limitation shall not

1 encompass federal funds, donations, constitutionally dedicated
2 moneys, and moneys in and expenditures from state retirement
3 system moneys. The cash balance amount in the cash reserve
4 fund created in section 8.55 shall not be considered to be
5 revenue to the general fund.

6 3. The expenditures from the general fund of the state in
7 a fiscal year shall be limited to the state general fund
8 expenditure limitation amount established pursuant to this
9 subsection. This amount shall be determined by applying the
10 indicated percentage to the adjusted revenue estimate as
11 follows:

12 a. For the fiscal year beginning July 1, 1993, ninety-nine
13 percent of the adjusted revenue estimate for that year, or one
14 hundred percent less the cash reserve shortfall percentage,
15 whichever is greater. However, the percentage may not exceed
16 one hundred percent.

17 b. For the fiscal year beginning July 1, 1994, ninety-
18 eight percent of the adjusted revenue estimate for that year,
19 or one hundred percent less the cash reserve shortfall
20 percentage, whichever is greater. However, the percentage may
21 not exceed one hundred percent.

22 c. For the fiscal year beginning July 1, 1995, ninety-
23 seven percent of the adjusted revenue estimate for that year,
24 or one hundred percent less the cash reserve shortfall
25 percentage, whichever is greater. However, the percentage may
26 not exceed one hundred percent.

27 d. For the fiscal year beginning July 1, 1996, ninety-six
28 percent of the adjusted revenue estimate for that year, or one
29 hundred percent less the cash reserve shortfall percentage,
30 whichever is greater. However, the percentage may not exceed
31 one hundred percent.

32 e. For the fiscal year beginning July 1, 1997, and
33 succeeding fiscal years, ninety-five percent of the adjusted
34 revenue estimate for that year, or one hundred percent less
35 the cash reserve shortfall percentage, whichever is greater.

1 However, the percentage may not exceed one hundred percent.

2 As used in this subsection, the "cash reserve shortfall
3 percentage" is the amount of moneys in the cash reserve fund
4 divided by the adjusted revenue estimate, as defined in
5 section 8.56, for the general fund of the state for the
6 current fiscal year expressed as a percentage less the cash
7 reserve goal percentage. The "cash reserve goal percentage"
8 for the fiscal year beginning July 1, 1993, is one percent;
9 for the fiscal year beginning July 1, 1994, is two percent;
10 for the fiscal year beginning July 1, 1995, is three percent;
11 for the fiscal year beginning July 1, 1996, is four percent;
12 and for fiscal years beginning on or after July 1, 1997, is
13 five percent.

14 4. A cash reserve basis amount for each fiscal year shall
15 be determined by subtracting the state general fund
16 expenditure limitation amount for that fiscal year from the
17 adjusted revenue estimate for that fiscal year. A cash
18 reserve appropriation amount for that fiscal year shall be
19 determined by subtracting the cash balance amount in the cash
20 reserve fund on July 1 of that fiscal year from the cash
21 reserve basis amount. If the cash reserve appropriation
22 amount is a positive number, in each quarter of that fiscal
23 year, an equal and proportionate amount of the cash reserve
24 appropriation amount is appropriated from the general fund of
25 the state and shall be deposited by the treasurer of state in
26 the cash reserve fund created in section 8.55. The amount
27 appropriated in this subsection is not subject to the
28 provisions of section 8.31, relating to quarterly requisitions
29 and allotment or to section 8.32, relating to conditional
30 availability of appropriations.

31 5. The state general fund expenditure limitation amount
32 provided for in this section shall be used by the governor in
33 the preparation of the budget under section 8.22 and by the
34 general assembly in the budget process. If a new revenue
35 source is proposed, the budget revenue projection used for

1 that new revenue source for the period beginning on the
2 effective date of the new revenue source and ending in the
3 fiscal year in which the source is included in the revenue
4 base shall be an amount determined by subtracting estimated
5 tax refunds payable from the projected revenue from that new
6 revenue source, multiplied by ninety-five percent. If a new
7 revenue source is established and implemented, the original
8 state general fund expenditure limitation amount provided for
9 in subsection 3 shall be readjusted to include ninety-five
10 percent of the estimated revenue from the new revenue source.

11 6. In each fiscal year the governor shall submit and the
12 general assembly shall pass a budget which does not exceed the
13 state general fund expenditure limitation amount established
14 for that fiscal year pursuant to this section.

15 Sec. 6. NEW SECTION. 8.57 STANDING APPROPRIATIONS.

16 1. "Standing unlimited appropriation" means an
17 appropriation made from any state fund for more than one
18 fiscal year where the law making the appropriation does not
19 specify the exact dollar amount appropriated. For purposes of
20 this section, "standing unlimited appropriation" includes only
21 the following: an appropriation for advance for increasing
22 enrollment under section 257.13, school foundation aid
23 attributable to the increase in allowable growth under section
24 257.16, instructional support state aid under section 257.20,
25 programs for at-risk children under section 279.51,
26 transportation for nonpublic students under section 285.2,
27 phases I, II, and III under section 294A.25, and homestead tax
28 credit under section 425.1.

29 2. Notwithstanding the law authorizing a standing
30 unlimited appropriation for fiscal years beginning on or after
31 July 1, 1993, the amount of increase of a standing unlimited
32 appropriation shall not exceed the amount of the increase in
33 the state general fund revenues allocated for that
34 appropriation for a fiscal year. The increase in the state
35 general fund revenues allocated for a standing unlimited

1 appropriation equals the product of the percent the particular
2 standing unlimited appropriation for the previous fiscal year
3 bears to the total state general fund appropriations for the
*4 previous fiscal year multiplied by the estimated increase in
5 state general fund revenues after adjustment for the amount
6 not available for expenditure during the fiscal year due to
7 the state general fund limitation in section 8.56. Estimated
8 increase in the state general fund revenues shall be based on
9 the estimates made by the revenue estimating conference in
10 December of the previous fiscal year.

11 3. If, as a result of the limitation in this section in
12 the growth of a standing unlimited appropriation for a fiscal
13 year, the amount of the standing unlimited appropriation is
14 insufficient to pay the amount computed in full, the amount
15 that shall be provided the beneficiaries of that appropriation
16 shall be prorated.

17 Sec. 7. Section 257.1, subsection 2, unnumbered paragraph
18 2, Code Supplement 1991, is amended by striking the unnumbered
19 paragraph and inserting in lieu thereof the following:

20 For the budget year commencing July 1, 1993, and each
21 succeeding budget year, the foundation level equals eighty-two
22 and one-half percent.

23 Sec. 8. Section 257.2, subsections 2 and 4, Code
24 Supplement 1991, are amended to read as follows:

25 2. "Base year" means the school year or the state fiscal
26 year, as applicable, ending during the calendar year in which
27 a school budget is certified.

28 4. "Budget year" means the school year or the state fiscal
29 year, as applicable, beginning during the calendar year in
30 which a school budget is certified.

31 Sec. 9. Section 257.2, subsection 12, Code Supplement
32 1991, is amended by striking the subsection and inserting in
33 lieu thereof the following:

34 12. "State percent of growth" means the percentage change
35 in the combined state cost per pupil for the base year to the

1 combined state cost per pupil for the budget year.

2 Sec. 10. Section 257.8, Code 1991, is amended by striking
3 the section and inserting in lieu thereof the following:

4 257.8 ALLOWABLE GROWTH.

5 1. CALCULATION BY DEPARTMENT OF MANAGEMENT. On or before
6 December 31, 1992, and each December 31 thereafter, the
7 department of management shall compute the allowable growth
8 dollar amount for the next budget year as provided in this
9 section. For purposes of this section, any estimated revenues
10 or increases in revenues shall be based on the estimates made
11 by the revenue estimating conference in December of the base
12 year.

13 2. STATE GROWTH ALLOCATED FOR ALLOWABLE GROWTH FOUNDATION
14 AID. The amount of the increase in the state general fund
15 revenues allocated for the foundation aid attributable to the
16 increase in allowable growth appropriated pursuant to section
17 257.16 equals the product of the percent of total state
18 general fund appropriations for the base year which are spent
19 for total foundation aid appropriated pursuant to section
20 257.16 multiplied by the sum of estimated increase in state
21 general fund revenues after adjustment for the amount
22 unavailable for expenditure during the budget year due to the
23 state general fund expenditure limitation in section 8.56.

24 3. GROWTH IN SCHOOL DISTRICT BUDGETS. The combined
25 increase in the school districts' sum of the regular program
26 district cost per pupil multiplied by the weighted enrollment
27 and the special education support services district cost
28 allowed for the budget year equals the quotient of the state
29 general fund revenues allocated for foundation aid
30 attributable to the increase in allowable growth, as computed
31 in subsection 2, divided by the foundation level.

32 4. ALLOWABLE GROWTH. The regular program allowable growth
33 for a budget year is equal to the quotient of ninety-five and
34 eight-tenths percent of the amount computed in subsection 3,
35 divided by the total of all districts' weighted enrollment for

1 the budget year.

2 The special education support services allowable growth for
3 a budget year is equal to the quotient of four and two-tenths
4 percent of the amount computed in subsection 3, divided by the
5 total of all area education agencies weighted enrollment for
6 the budget year.

7 5. STATE PERCENT OF GROWTH. "State percent of growth"
8 means the percentage change in the combined state cost per
9 pupil for the base year to the combined state cost per pupil
10 for the budget year.

11 6. STATE AID FOR WEIGHTED ENROLLMENT GROWTH. The amount
12 of state aid increases in the budget year attributable to
13 weighted enrollment increases from the base year shall be paid
14 from funds appropriated by section 257.13. If funds available
15 under section 257.13 are insufficient, the state aid paid for
16 the purposes of this subsection shall be prorated among all
17 districts with increases in budget enrollments.

18 Sec. 11. Section 257.13, Code 1991, is amended by adding
19 after the first unnumbered paragraph the following new
20 unnumbered paragraph:

21 NEW UNNUMBERED PARAGRAPH. Notwithstanding the amount of
22 advance from the state computed in the preceding paragraph,
23 the amount of the appropriation authorized in this section
24 shall not exceed the limit computed pursuant to section 8.57.
25 If, as a result of the limitation in section 8.57, and the
26 payment required in section 257.8, subsection 6, the amount
27 appropriated in this section is insufficient to pay the amount
28 computed in the preceding paragraph in full, the department of
29 management shall proportionally adjust the amount of advance
30 from the state to the school districts.

31 Sec. 12. Section 257.20, Code 1991, is amended by adding
32 after unnumbered paragraph 1, the following new unnumbered
33 paragraph:

34 NEW UNNUMBERED PARAGRAPH. Notwithstanding the amount of
35 instructional support state aid computed in the preceding

1 paragraph, the amount of instructional support state aid for
2 all school districts for a budget year shall not increase from
3 the amount of state aid paid in the base year by more than the
4 amount of the increase in the state general fund revenues
5 allocated for instructional support state aid. For purposes
6 of this section, the "amount of the increase in the state
7 general fund revenues allocated for the instructional support
8 state aid" equals the product of the percent of total state
9 general fund appropriations for the base year which are spent
10 for instructional support state aid under this section
11 multiplied by the sum of estimated increase in state general
12 fund revenues after adjustment for the amount unavailable for
13 expenditure during the budget year due to the state general
14 fund expenditure limitation in section 8.56. The department
15 of management shall adjust the twenty-five hundredths
16 multiplier in the formula for computing the amount of state
17 aid under the preceding paragraph so that the total amount of
18 instructional support state aid does not exceed the funding
19 limitations of this paragraph.

20 Sec. 13. Section 279.51, subsection 1, unnumbered
21 paragraph 1, Code Supplement 1991, is amended to read as
22 follows:

23 There is appropriated from the general fund of the state to
24 the department of education for the fiscal year beginning July
25 1, 1990, the sum of eight million seven hundred thousand
26 dollars. For the fiscal year beginning July 1, 1991, and each
27 succeeding fiscal year, there is appropriated the sum of
28 eleven million two hundred thousand dollars plus an additional
29 amount equal to the state percent of growth as calculated in
30 section 257.8 multiplied by the amount appropriated the
31 previous fiscal year. However, the increase in the
32 appropriation for a fiscal year from the previous fiscal year
33 shall not exceed the limit computed in section 8.57.

34 Sec. 14. Section 285.2, unnumbered paragraph 2, Code
35 Supplement 1991, is amended to read as follows:

1 There is appropriated from the general fund of the state to
2 the department of education funds sufficient to pay the
3 approved claims of public school districts for transportation
4 services to nonpublic school pupils as provided in this
5 section. The portion of the amount appropriated for approved
6 claims under section 285.1, subsection 3, shall be determined
7 under section 285.3. However, the increase in the
8 appropriation for a fiscal year from the previous fiscal year
9 shall not exceed the limit computed in section 8.57. If this
10 limitation results in insufficient funds available to pay
11 approved claims in full, the department of education shall
12 prorate the amount of the appropriation for each claim.

13 Sec. 15. Section 294A.25, subsection 1, Code 1991, is
14 amended to read as follows:

15 1. For the fiscal year beginning July 1, 1990, there is
16 appropriated from the general fund of the state to the
17 department of education the amount of ninety-two million one
18 hundred thousand eighty-five dollars to be used to improve
19 teacher salaries. For each fiscal year thereafter, there is
20 appropriated an amount equal to the amount appropriated for
21 the fiscal year beginning July 1, 1990, plus an amount
22 sufficient to pay the costs of the additional funding provided
23 for school districts and area education agencies under
24 sections 294A.9 and 294A.14. However, the increase in the
25 appropriation for a fiscal year from the previous fiscal year
26 shall not exceed the limit computed in section 8.57. The
27 moneys shall be distributed as provided in this section.

28 Sec. 16. Section 425.1, subsection 1, unnumbered paragraph
29 1, Code Supplement 1991, is amended to read as follows:

30 A homestead credit fund is created. There is appropriated
31 annually from the general fund of the state to the department
32 of revenue and finance to be credited to the homestead credit
33 fund, an amount sufficient to implement this chapter.

34 However, the increase in the appropriation for a fiscal year
35 from the previous fiscal year shall not exceed the limit

1 computed in section 8.57. If the amount appropriated is
2 insufficient to pay all homestead credit claims in full, the
3 department shall prorate the fund to the county treasurers and
4 notify the auditors of the pro rata percentage. The auditors
5 shall only allow as a credit that pro rata percentage.

6 Sec. 17. Section 421.31, subsection 5, Code 1991, is
7 amended to read as follows:

8 5. ACCOUNTS. To keep the central budget and proprietary
9 control accounts of the state government in accordance with
10 generally-accepted-accounting-principles. Budget accounts are
11 those accounts maintained to control the receipt and
12 disposition of all funds, appropriations, and allotments.
13 Proprietary accounts are those accounts relating to assets,
14 liabilities, income, and expense. For each fiscal year, the
15 financial position and results of operations of the state
16 shall be reported in a comprehensive annual financial report
17 prepared in accordance with generally accepted accounting
18 principles, as established by the governmental accounting
19 standards board.

20 Sec. 18. Section 422.69, subsection 3, Code Supplement
21 1991, is amended by striking the subsection.

22 Sec. 19. 1986 Iowa Acts, chapter 1245, section 2046, as
23 amended by 1986 Iowa Acts, chapter 1238, section 59, is
24 repealed.

25 Sec. 20. The state percent of growth for the school budget
26 year beginning July 1, 1993, computed by the department of
27 management on or before September 15, 1991, is null and void.

28 Sec. 21. Sections 7 through 12 and section 20 of this Act
29 take effect July 1, 1992, for purposes of computing state aid
30 to school corporations for school budget years beginning on or
31 after July 1, 1993. This section and sections 17, 18, and 19
32 of this Act take effect upon enactment.

33
34
35

SENATE FILE 2351

H-5726

1 Amend Senate File 2351, as amended, passed, and
2 reprinted by the Senate, as follows:

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

5 "Section 1. Section 8.22A, Code 1991, is amended
6 to read as follows:

7 8.22A REVENUE ESTIMATING CONFERENCE.

8 1. The state revenue estimating conference is
9 created consisting of the governor or the governor's
10 designee, the director of the legislative fiscal
11 bureau, and a third member agreed to by the other two.

12 2. The conference shall meet as often as deemed
13 necessary, but shall meet at least quarterly. The
14 conference may use sources of information deemed
15 appropriate.

16 3. By December 15, ~~1986~~ and of each succeeding
17 fiscal year the conference shall agree to a revenue
18 estimate for the fiscal year beginning the following
19 July 1. That estimate shall be used by the governor
20 in the preparation of the budget message under section
21 8.22 and by the legislature general assembly in the
22 budget process. If the conference agrees to a
23 different estimate at a later meeting which projects a
24 greater amount of revenue than the initial estimate
25 amount agreed to by December 15, the governor and the
26 general assembly shall continue to use the initial
27 estimate amount in the budget process for that fiscal
28 year. However, if the conference agrees to a
29 different estimate at a later meeting which projects a
30 lesser amount of revenue than the initial estimate
31 amount, the governor and the general assembly shall
32 use the lesser amount in the budget process for that
33 fiscal year. As used in this subsection, "later
34 meeting" means only those later meetings which are
35 held prior to the conclusion of the regular session of
36 the general assembly.

37 Sec. 2. NEW SECTION. 8.54 GENERAL FUND
38 EXPENDITURE LIMITATION.

39 1. For the purposes of this section, "adjusted
40 revenue estimate" means the appropriate revenue
41 estimate for the general fund for the following fiscal
42 year as determined under section 8.22A, subsection 3,
43 adjusted by subtracting estimated tax refunds payable
44 from that estimated revenue and adding any new
45 revenues which may be considered to be eligible for
46 deposit in the general fund.

47 2. There is created a state general fund
48 expenditure limitation for each fiscal year beginning
49 on or after July 1, 1993, calculated as provided in
50 this section.

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3. The state general fund expenditure limitation for a fiscal year shall be ninety-nine percent of the adjusted revenue estimate. Any appropriation from the general fund of the state to the Iowa economic emergency fund pursuant to section 8.55 shall not be considered to be made from the state general fund expenditure limitation but shall be considered to be made from the remaining amount.

4. The state general fund expenditure limitation amount provided for in this section shall be used by the governor in the preparation of the budget under section 8.22 and by the general assembly in the budget process. If a new revenue source is proposed, the budget revenue projection used for that new revenue source for the period beginning on the effective date of the new revenue source and ending in the fiscal year in which the source is included in the revenue base shall be an amount determined by subtracting estimated tax refunds payable from the projected revenue from that new revenue source, multiplied by ninety-nine percent. If a new revenue source is established and implemented, the original state general fund expenditure limitation amount provided for in subsection 3 shall be readjusted to include ninety-nine percent of the estimated revenue from the new revenue source.

5. The governor shall submit and the general assembly shall pass a budget which does not exceed the state general fund expenditure limitation.

Sec. 3. Section 8.55, Code 1991, is amended to read as follows:

8.55 IOWA ECONOMIC EMERGENCY FUND.

1. The Iowa economic emergency fund is created. The fund shall be separate from the general fund of the state and the balance in the fund shall not be considered part of the balance of the general fund of the state ~~except for purposes of determining the annual inflation factor under section 422.4, subsection 17, the balance in the fund shall be considered part of the general fund of the state.~~ The moneys in the fund shall not revert to the general fund, notwithstanding section 8.33 ~~unless and to the extent the fund exceeds the maximum balance.~~

2. a. ~~The maximum balance of the Iowa economic emergency fund is the amount equal to ten percent of the funds appropriated from the general fund of the state during the preceding fiscal year.~~ For the purposes of this subsection, "adjusted revenue estimate" means the appropriate revenue estimate for the general fund of the state made by the revenue

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1 estimating conference for the following fiscal year as
2 determined under section 8.22A, subsection 3, adjusted
3 by subtracting estimated tax refunds payable from that
4 estimated revenue and adding any new revenues which
5 may be considered to be eligible for deposit in the
6 general fund.

7 b. The maximum balance of the fund is the amount
8 equal to five percent of the adjusted revenue estimate
9 for the fiscal year. If the amount of moneys in the
10 Iowa economic emergency fund is equal to the maximum
11 balance, moneys in excess of this amount shall be
12 transferred to the capitals fund established in
13 section 8.61.

14 c. There is appropriated from any surplus existing
15 in the general fund of the state at the conclusion of
16 the fiscal year to the Iowa economic emergency fund an
17 amount equal to the smaller of the amount of the
18 surplus or the amount necessary to achieve the maximum
19 balance determined under paragraph "b".

20 d. If, on the first day of the fiscal year after
21 operation of paragraph "c", moneys in the Iowa
22 economic emergency fund are less than the maximum
23 balance determined under paragraph "b", there is
24 appropriated from the general fund of the state the
25 amount necessary to achieve the maximum balance
26 determined under paragraph "b". However, moneys
27 appropriated under this section shall not exceed one
28 percent of the appropriate revenue estimate as
29 determined under section 8.22A, subsection 3.

30 3. The moneys in the Iowa economic emergency fund
31 may be appropriated by the general assembly only in
32 the fiscal year for which the appropriation is made
33 and-only-for-a-purpose-for-which-the-general-assembly
34 previously-appropriated-funds-for-that-fiscal-year.
35 The moneys shall only be appropriated by the general
36 assembly for nonrecurring emergency expenditures, and
37 court-ordered obligations, and generally accepted
38 accounting principles deficit reductions. However,
39 the balance in the Iowa economic emergency fund may be
40 used in determining the cash position of the general
41 fund of the state for the payment of state
42 obligations.

43 4. Notwithstanding section 453.7, subsection 2,
44 interest or earnings on moneys deposited in the Iowa
45 economic emergency fund shall be credited to the
46 capitals fund established in section 8.61.

47 Sec. 4. NEW SECTION. 8.56 GAAP DEFICIT REDUCTION
48 FUND.

49 1. For the purposes of this section, "GAAP" means
50 generally accepted accounting principles as

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1 established by the governmental accounting standards
2 board. A temporary GAAP deficit reduction fund is
3 created in the office of the treasurer of state in
4 order to implement practices by which state expenses
5 are accounted for in the year in which the expenses
6 are incurred. The fund is established for the fiscal
7 period beginning July 1, 1992, and ending when the
8 GAAP deficit is eliminated.

9 2. The fund shall be separate from the general
10 fund of the state and the balance in the fund shall
11 not be considered part of the balance of the general
12 fund of the state except in determining the cash
13 position of the general fund of the state for the
14 payment of state obligations. Notwithstanding section
15 8.33, the moneys in the GAAP deficit reduction fund
16 shall not revert to the general fund of the state but
17 shall remain in the GAAP deficit reduction fund until
18 expended in accordance with an appropriation of the
19 general assembly or deposited in the Iowa economic
20 emergency fund pursuant to subsection 3.

21 3. Moneys in the GAAP deficit reduction fund which
22 are unobligated or unencumbered when the GAAP deficit
23 is eliminated shall be transferred to the Iowa
24 economic emergency fund. Effective upon and after
25 transfer of the moneys to the Iowa economic emergency
26 fund, the GAAP deficit reduction fund is eliminated.

27 4. The general assembly shall appropriate moneys
28 in the GAAP deficit reduction fund to pay expenses in
29 the fiscal year in which the expenses are obligated
30 including but not limited to any of the following:
31 medical assistance program, personal property tax
32 replacement payments to local governments, the last
33 state employee payroll of the fiscal year, and foster
34 care provider payments.

35 Sec. 5. NEW SECTION. 8.57 LIMITATION ON CERTAIN
36 STANDING UNLIMITED APPROPRIATIONS.

37 1. "Standing unlimited appropriation" means an
38 appropriation made from any state fund for more than
39 one fiscal year where the law making the appropriation
40 does not specify the exact dollar amount appropriated.
41 For purposes of this section, "standing unlimited
42 appropriation" includes only the following: an
43 appropriation for supplemental aid to reorganized
44 school districts under section 257.5, an appropriation
45 for an advance for increasing enrollment under section
46 257.13, school foundation aid under section 257.16,
47 instructional support state aid under section 257.20,
48 programs for at-risk children under section 279.51,
49 transportation for nonpublic students under section
50 285.2, and phases II and III under section 294A.25.

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1 2. Notwithstanding the law authorizing a standing
2 unlimited appropriation for fiscal years beginning on
3 or after July 1, 1993, the amount of increase of a
4 standing unlimited appropriation shall not exceed the
5 amount of the increase in the state general fund
6 revenues allocated for that appropriation for a fiscal
7 year. The increase in the state general fund revenues
8 allocated for a standing unlimited appropriation
9 equals the product of the percent the particular
10 standing unlimited appropriation for the previous
11 fiscal year bears to the total state general fund
12 appropriations for the previous fiscal year multiplied
13 by the increase in the adjusted revenue estimate.

14 3. If, as a result of the limitation in this
15 section in the growth of a standing unlimited
16 appropriation for a fiscal year, the amount of the
17 standing unlimited appropriation is insufficient to
18 pay the amount computed in full, the amount that shall
19 be provided the beneficiaries of that appropriation
20 shall be prorated.

21 4. However, any difference between the expenditure
22 authorized under any standing unlimited appropriation
23 and the amount calculated under subsection 2 may be
24 reinstated by the approval of both the general
25 assembly and the governor.

26 5. As used in this section, "adjusted revenue
27 estimate" means the appropriate revenue estimate for
28 the general fund for the fiscal year as determined
29 under section 8.22A, subsection 3, adjusted by
30 subtracting estimated tax refunds payable from that
31 estimated revenue. However, "adjusted revenue
32 estimate" does not include any moneys included in the
33 appropriate revenue estimate which is generated from a
34 new revenue source.

35 Sec. 6. NEW SECTION. 8.58 APPROPRIATIONS FREEZE.
36 Notwithstanding contrary provisions of the Code,
37 the amounts appropriated under the applicable sections
38 of the Code for fiscal years commencing on or after
39 July 1, 1993, are limited to those amounts expended
40 under those sections for the fiscal year commencing
41 July 1, 1992. If an applicable section appropriates
42 moneys to be distributed to different recipients and
43 the operation of this section reduces the total amount
44 to be distributed under the applicable section, the
45 moneys shall be prorated among the recipients. As
46 used in this section, "applicable sections" means the
47 following sections: 1.15; 6.9; 7.5; 18.75; 19.10;
48 19.29; 25.2; 25A.11; 29A.29; 29A.51; 29A.54; 29A.72;
49 53.50; 66.23; 66.28; 79.24; 79.34; 85.57; 85.59;
50 97.51; 97B.49, subsection 14; 97B.72; 97B.72A; 97C.12;

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1 98.7; 98.12; 98.47; 135C.45; 135D.22; 147.68; 147.69;
2 163.15; 167.20; 214A.14; 218.72; 222.11; 222.50;
3 222.66; 222.69; 225.28; 225.34; 226.17; 229.35; 230.8;
4 230.11; 246.319; 262.43; 275.31; 280A.50; 304A.29;
5 307.45; 311.19; 411.20; 421.30; 425.1; 425.23; 425.39;
6 426A.1; 427B.13; 450.70; 450.95; 468.43; 663.44;
7 663A.5; 815.10; and 820.24.

8 Sec. 7. NEW SECTION. 8.61 CAPITALS FUND.

9 1. A capitals fund is created in the state
10 treasury. Moneys in the capitals fund shall be used
11 solely for capital projects, including maintenance.
12 Moneys in the fund shall only be available for
13 expenditure as a result of appropriations made by the
14 general assembly and notwithstanding section 8.33,
15 moneys in the fund shall not revert to the general
16 fund of the state. The capital projects for which
17 moneys in the fund shall be appropriated are those
18 compiled by the department under section 8.6,
19 subsections 13, 14, and 15, and which have been
20 submitted to the legislative capital projects
21 committee.

22 2. Moneys to be credited to the capitals fund are
23 interest and earnings from moneys in the Iowa economic
24 emergency fund and that portion of the Iowa economic
25 emergency fund designated as provided in section 8.55,
26 subsection 2, paragraph "b", and other moneys
27 designated for or appropriated to the fund. There is
28 appropriated from any surplus existing in the general
29 fund of the state at the conclusion of the fiscal year
30 to the capitals fund that amount of the surplus which
31 is not appropriated to the Iowa economic emergency
32 fund as provided in section 8.55, subsection 2,
33 paragraph "c".

34 3. Notwithstanding section 453.7, subsection 2,
35 interest or earnings on moneys deposited in the
36 capitals fund shall be credited to the capitals fund.

37 Sec. 8. Section 257.5, unnumbered paragraph 2,
38 Code Supplement 1991, is amended to read as follows:

39 There is appropriated from the general fund of the
40 state to the department of management for each fiscal
41 year an amount sufficient to pay the supplemental aid
42 to school districts under this section. However, the
43 increase in the appropriation for a fiscal year from
44 the previous fiscal year shall not exceed the limit
45 computed in section 8.57. If this limitation results
46 in insufficient funds available to pay all recipients
47 in full, the department of management shall prorate
48 the amount of the appropriation for each recipient.
49 Supplemental aid shall be paid in the manner provided
50 in section 257.16.

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1 Sec. 9. Section 257.8, subsection 6, Code 1991, is
2 amended by adding the following new unnumbered
3 paragraph:

4 NEW UNNUMBERED PARAGRAPH. If subsection 9 is used
5 in the calculation of the state percent of growth for
6 the previous year, there shall not be a recomputation
7 of the state percent of growth for the previous year.

8 Sec. 10. Section 257.8, Code 1991, is amended by
9 adding the following new subsection:

10 NEW SUBSECTION. 9. LIMITATION ON STATE PERCENT OF
11 GROWTH. Notwithstanding other contrary provisions
12 contained in this section, if for any budget year the
13 moneys otherwise appropriated to pay the state
14 foundation aid under section 257.16 would result in an
15 increase in such appropriation above that allowed
16 under section 8.57, subsection 2, the department of
17 management shall reduce the state percent of growth so
18 that the total appropriation of state foundation aid
19 under section 257.16 does not exceed the appropriation
20 allowed under section 8.57, subsection 2. In
21 computing the reduction in the state percent of growth
22 under this subsection, the department shall not
23 consider that portion of the increased state
24 foundation aid attributable to the increase in
25 weighted enrollment from the base year to the budget
26 year. However, expenditures allowed under this
27 subsection may be increased as provided in section
28 8.57, subsection 4, except that in order for such an
29 increase in expenditures to be effective for any
30 budget year, both houses of the general assembly and
31 the governor must approve the increase by March 1 in
32 the base year.

33 Sec. 11. Section 257.13, Code 1991, is amended by
34 adding after the first unnumbered paragraph the
35 following new unnumbered paragraph:

36 NEW UNNUMBERED PARAGRAPH. Notwithstanding the
37 amount of advance from the state computed in the
38 preceding paragraph, the amount of the advance
39 authorized for all school districts under this section
40 shall not exceed the limit computed pursuant to
41 section 8.57. If, as a result of the limitation in
42 section 8.57, subsection 2, the total amount
43 appropriated in this section is insufficient to pay
44 the amount computed in the preceding paragraph for all
45 school districts in full, the department of management
46 shall proportionally adjust the amount of advance from
47 the state to the school districts.

48 Sec. 12. Section 257.20, Code Supplement 1991, is
49 amended by adding after unnumbered paragraph 1, the
50 following new unnumbered paragraph:

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1 NEW UNNUMBERED PARAGRAPH. Notwithstanding the
2 amount of instructional support state aid computed in
3 the preceding paragraph, the amount of instructional
4 support state aid for all school districts for a
5 budget year shall not increase from the amount of
6 state aid paid in the base year by more than the
7 amount of the increase in the state general fund
8 revenues allocated for instructional support state
9 aid. For purposes of this section, the "amount of the
10 increase in the state general fund revenues allocated
11 for the instructional support state aid" equals the
12 product of the percent of total state general fund
13 appropriations for the base year which are spent for
14 instructional support state aid under this section
15 multiplied by the sum of appropriate estimated
16 increase in state general fund revenues as determined
17 under section 8.57 after adjustment for the amount
18 unavailable for expenditure during the budget year due
19 to the state general fund expenditure limitation in
20 section 8.54. The department of management shall
21 adjust the twenty-five hundredths multiplier in the
22 formula for computing the amount of state aid under
23 the preceding paragraph so that the total amount of
24 instructional support state aid does not exceed the
25 funding limitations of this paragraph.

26 Sec. 13. NEW SECTION. 257.28A STATE REVENUE
27 LIMITATION REPLACEMENT LEVY.

28 If the application of section 257.8, subsection 9,
29 reduces the amount of state school foundation aid in a
30 budget year which would have been otherwise received
31 by a school district, the board of directors of the
32 school district may raise additional funding up to the
33 amount of the reduction in state school foundation aid
34 in the budget year for the school district caused by
35 the application of section 257.8, subsection 9, except
36 that the amount raised shall not exceed five percent
37 of the total of regular program district cost for the
38 budget year.

39 The additional funding may be raised by either a
40 state revenue limitation replacement property tax or
41 by a combination of a state revenue limitation
42 replacement property tax and a state revenue
43 limitation replacement income surtax, except that the
44 amount raised through the state revenue replacement
45 income surtax shall not exceed fifty percent of the
46 total amount of additional funding raised. The method
47 of raising the additional funding, and the amount of
48 moneys to be raised under the property tax and income
49 surtax, if any, shall be contained in the resolution
50 adopted by the board of directors to either

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1 participate in the raising of this additional funding
2 or to direct the county commissioner of elections to
3 call an election to submit the question of such
4 participation at a special election. In order for a
5 school district to participate in raising the
6 additional funding in a school year, the board of
7 directors shall adopt the necessary resolution by
8 March 20 of the base year.

9 If the board does not provide for an election and
10 adopts a resolution to participate in raising
11 additional funding pursuant to this section, the
12 additional funding shall be raised unless within
13 fourteen days following the action of the board, the
14 secretary of the board receives a petition containing
15 the required number of signatures, asking that an
16 election be called to approve or disapprove the action
17 of the board in adopting the resolution to raise the
18 additional funding. The petition must be signed by
19 eligible electors equal in number to not less than one
20 hundred or thirty percent of the number of voters at
21 the last preceding regular school election, whichever
22 is greater. The board shall either rescind its action
23 or direct the county commissioner of elections to
24 submit the question to the qualified electors of the
25 school district at a special election.

26 If a special election is required, the special
27 election shall be held on the second Tuesday in May in
28 the base year. If a majority of those voting on the
29 question at the election favors disapproval of the
30 action of the board, the district shall not
31 participate in the raising of the additional funding
32 for the budget year.

33 If the board does not direct for the calling of an
34 election and a qualifying petition calling for an
35 election is not filed within fourteen days following
36 the action the board, or if a majority of those voting
37 on the question favors approval of the action, the
38 board shall so certify to the department of management
39 and the district shall participate in the raising of
40 the additional funding. If there is an election and
41 the question is approved for a budget year, the school
42 board by its own action may raise additional funding
43 under this section for any of the four school years
44 immediately following the budget year and such action
45 of the board shall not be subject to a call for an
46 election during those four years.

47 The certification to the department of management
48 shall include a certification of the amount to be
49 raised through property tax and income surtax, if any,
50 to the department of management. The department of

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1 management shall determine the appropriate property
2 tax levy and income surtax in accordance with the
3 resolution. The department of management shall
4 determine these amounts based upon the most recent
5 figures available for the district's valuation on
6 taxable property and individual state income tax paid
7 in the district, and shall certify to the director's
8 county auditor the amount of state revenue limitation
9 replacement property tax, and to the director of
10 revenue and finance the amount of state revenue
11 limitation replacement income surtax to be imposed if
12 a state revenue limitation replacement income surtax
13 is to be imposed. The state revenue limitation
14 replacement property tax and income surtax, if an
15 income surtax is imposed, shall be levied and imposed,
16 collected, and paid to the school district in the
17 manner provided for the instructional support program
18 in sections 257.21 through 257.26.

19 Moneys received pursuant to this section are
20 miscellaneous income and may be used for any general
21 fund purpose. Notwithstanding section 24.17, the
22 certified school budget may be amended to include
23 provisions for the expenditures of moneys raised under
24 this section after March 15 of the base year.

25 Certification of a board's intent to participate
26 for a budget year and the amount to be raised shall be
27 made to the department of management not later than
28 March 15 of the base year. The department of
29 management shall determine the amount of property tax
30 to be levied based upon the most recent figures
31 available for the district's valuation of taxable
32 property and shall certify to the district's county
33 auditor the amount of state revenue limitation
34 replacement property tax.

35 Sec. 14. Section 279.51, subsection 1, unnumbered
36 paragraph 1, Code Supplement 1991, is amended to read
37 as follows:

38 There is appropriated from the general fund of the
39 state to the department of education for the fiscal
40 year beginning July 1, 1990, the sum of eight million
41 seven hundred thousand dollars. For the fiscal year
42 beginning July 1, 1991, and each succeeding fiscal
43 year, there is appropriated the sum of eleven million
44 two hundred thousand dollars plus an additional amount
45 equal to the state percent of growth as calculated in
46 section 257.8 multiplied by the amount appropriated
47 the previous fiscal year. However, the increase in
48 the appropriation for a fiscal year from the previous
49 fiscal year shall not exceed the limit computed in
50 section 8.57.

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1 Sec. 15. Section 285.2, unnumbered paragraph 2,
2 Code Supplement 1991, is amended to read as follows:
3 There is appropriated from the general fund of the
4 state to the department of education funds sufficient
5 to pay the approved claims of public school districts
6 for transportation services to nonpublic school pupils
7 as provided in this section. The portion of the
8 amount appropriated for approved claims under section
9 285.1, subsection 3, shall be determined under section
10 285.3. However, the increase in the appropriation for
11 a fiscal year from the previous fiscal year shall not
12 exceed the limit computed in section 8.57. If this
13 limitation results in insufficient funds available to
14 pay approved claims in full, the department of
15 education shall prorate the amount of the
16 appropriation for each claim.

17 Sec. 16. Section 294A.25, subsection 1, Code 1991,
18 is amended to read as follows:

19 1. For the fiscal year beginning July 1, 1990,
20 there is appropriated from the general fund of the
21 state to the department of education the amount of
22 ninety-two million one hundred thousand eighty-five
23 dollars to be used to improve teacher salaries. For
24 each fiscal year thereafter, there is appropriated an
25 amount equal to the amount appropriated for the fiscal
26 year beginning July 1, 1990, plus an amount sufficient
27 to pay the costs of the additional funding provided
28 for school districts and area education agencies under
29 sections 294A.9 and 294A.14. However, the increase in
30 the appropriation for a fiscal year from the previous
31 fiscal year shall not exceed the limit computed in
32 section 8.57. The moneys shall be distributed as
33 provided in this section.

34 Sec. 17. Section 421.31, subsection 5, Code 1991,
35 is amended to read as follows:

36 5. ACCOUNTS. To keep the central budget and
37 proprietary control accounts of the state government
38 ~~in accordance with generally accepted accounting~~
39 ~~principles.~~ Budget accounts are those accounts
40 maintained to control the receipt and disposition of
41 all funds, appropriations, and allotments.
42 Proprietary accounts are those accounts relating to
43 assets, liabilities, income, and expense. For each
44 fiscal year, the financial position and results of
45 operations of the state shall be reported in a
46 comprehensive annual financial report prepared in
47 accordance with generally accepted accounting
48 principles, as established by the governmental
49 accounting standards board.

50 Sec. 18. Section 422.69, subsection 3, Code

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- 1 Supplement 1991, is amended by striking the
 2 subsection.
 3 Sec. 19. 1986 Iowa Acts, chapter 1245, section
 4 2046, as amended by 1986 Iowa Acts, chapter 1238,
 5 section 59, is repealed.
 6 Sec. 20. Sections 8 and 10 through 13 of this Act
 7 take effect July 1, 1992, for purposes of computing
 8 state aid to school corporations for school budget
 9 years beginning on or after July 1, 1993. This
 10 section and sections 17, 18, and 19 of this Act, being
 11 deemed of immediate importance, take effect upon
 12 enactment."
 13 2. Title page, line 2, by inserting after the
 14 word "practices" the following: ", by providing for a
 15 state revenue limitation replacement property tax and
 16 income surtax and providing effective date and
 17 applicability provisions".

By COMMITTEE ON APPROPRIATIONS
 JOCHUM of Dubuque, Chairperson

H-5726 FILED APRIL 6, 1992

ADOPTED *as amended by 5731, 5736, 5732, 5745, 5746, 5749 4/6 (p. 1153)*

SENATE FILE 2351

H-5728

- 1 Amend the Committee amendment, H-5726, to Senate
 2 File 2351, as amended, passed, and reprinted by the
 3 Senate, as follows:
 4 1. Page 5, line 47, by inserting after the figure
 5 "1.15;" the following: "2.12;"

By KREMER of Buchanan

H-5728 FILED APRIL 6, 1992

LOST *(p. 1153)*

SENATE FILE 2351

H-5731

- 1 Amend the Committee amendment, H-5726, to Senate
 2 File 2351, as amended, passed, and reprinted by the
 3 Senate, as follows:
 4 1. By striking page 8, line 50 through page 9,
 5 line 2, and inserting the following: "adopted by the
 6 board of directors to direct the county commissioner
 7 of elections to".
 8 2. Page 9, by striking lines 9 through 26 and
 9 inserting the following:
 10 "The special".
 11 3. Page 9, by striking lines 33 through 36 and
 12 inserting the following:
 13 "If a majority of those voting".
 14 4. Page 9, by striking lines 40 through 46 and
 15 inserting the following: "the additional funding."

By HALVORSON of Clayton
 MILLER of Cherokee

H-5731 FILED APRIL 6, 1992

ADOPTED *(p. 1153)*

SENATE FILE 2351

H-5740

1 Amend the Committee amendment, H-5726, to Senate
2 File 2351, as amended, passed, and reprinted by the
3 Senate, as follows:

4 1. Page 3, by inserting after line 46 the
5 following:

6 "5. a. Except as provided in subsection 4, an
7 appropriation shall not be made from the Iowa economic
8 emergency fund unless the appropriation is in
9 accordance with all of the following:

10 (1) The appropriation is contained in a bill or
11 joint resolution in which the appropriation is the
12 only subject matter of the bill or joint resolution.

13 (2) The bill or joint resolution states the
14 reasons the appropriation is necessary.

15 b. In addition to the requirements of paragraph
16 "a" of this subsection, an appropriation shall not be
17 made from the Iowa economic emergency fund which would
18 cause the fund's balance to be less than three percent
19 of the adjusted revenue estimate for the year for
20 which the appropriation is made unless the bill or
21 joint resolution is approved by vote of at least two-
22 thirds of the members of each chamber of the general
23 assembly and is signed by the governor."

By HALVORSON of Clayton

H-5740 FILED APRIL 6, 1992

LOST (p. 1125)

SENATE FILE 2351

H-5732

1 Amend the Committee amendment, H-5726, to Senate
2 File 2351, as amended, passed, and reprinted by the
3 Senate, as follows:

4 1. Page 4, line 8, by inserting after the word
5 "eliminated" the following: "or on June 30, 1996,
6 whichever occurs first".

By MILLER of Cherokee

H-5732 FILED APRIL 6, 1992

ADOPTED (p. 112)

SENATE FILE 2351

H-5736

1 Amend the Committee amendment, H-5726, to Senate
2 File 2351, as amended, passed, and reprinted by the
3 Senate, as follows:

4 1. Page 10, by striking lines 25 through 34.

By HATCH of Polk

H-5736 FILED APRIL 6, 1992

ADOPTED (p. 112)

SENATE FILE 2351

H-5738

1 Amend the Committee amendment, H-5726, to Senate
2 File 2351, as amended, passed, and reprinted by the
3 Senate, as follows:

4 1. Page 12, by inserting after line 12 the
5 following:

6 "Sec. ____ . Sections 2, 5, 6, and 8 through 16 of
7 this Act are repealed effective June 30, 1995."

By OLLIE of Clinton

BROWN of Lucas

H-5738 FILED APRIL 6, 1992

LOST (p. 112)

SENATE FILE 2351

H-5742

1 Amend the Committee amendment, H-5726, to Senate
2 File 2351, as amended, passed, and reprinted by the
3 Senate, as follows:

4 1. Page 4, line 46, by inserting after the figure
5 "257.16" the following: "for the school budget year
6 commencing July 1, 1993, only".

7 2. Page 6, by inserting after line 33 the
8 following:

9 "Sec. ____ . Section 257.2, subsection 12, Code
10 Supplement 1991, is amended to read as follows:

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

16 3. Page 7, by inserting after line 32 the
17 following:

18 "Sec. ____ . Section 257.8, Code 1991, is amended by
19 adding the following new subsection:

20 NEW SUBSECTION. 10. CALCULATION OF STATE PERCENT
21 OF GROWTH AND ALLOWABLE GROWTH FOR BUDGET YEARS
22 COMMENCING ON OR AFTER JULY 1, 1994.

23 a. REPEAL. Effective for budget years commencing
24 on or after July 1, 1994, subsections 1 through 9 are
25 stricken.

26 b. DETERMINATION OF STATE PERCENT OF GROWTH. For
27 budget years commencing on or after July 1, 1994, the
28 state percent of growth for a budget year shall be
29 determined by enactment of legislation in the school
30 year preceding the base year. For any budget year in
31 which legislation is not enacted as required under
32 this paragraph, the state percent of growth for a
33 budget year shall be the state percent of growth in
34 the base year.

35 c. ALLOWABLE GROWTH CALCULATION. The department
36 of management shall calculate the regular program
37 allowable growth for a budget year by multiplying the
38 state percent of growth for the budget year by the
39 regular program state cost per pupil for the base year
40 and shall calculate the special education support
41 services allowable growth for the budget year by
42 multiplying the state percent of growth for the budget
43 year by the special education support services state
44 cost per pupil for the base year.

45 d. COMBINED ALLOWABLE GROWTH. The combined
46 allowable growth per pupil for each school district is
47 the sum of the regular program allowable growth per
48 pupil and the special education support services
49 allowable growth per pupil for the budget year, which
50 may be modified as follows:

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- 1 (1) By the school budget review committee under
- 2 section 257.31.
- 3 (2) By the department of management under section
- 4 257.36."
- 5 4. Renumber as necessary.

By OLLIE of Clinton
BROWN of Lucas

H-5742 FILED APRIL 6, 1992
LOST

SENATE FILE 2351

H-5743

2 File 2351, as amended, passed, and reprinted by the
3 Senate, as follows:

4 1. Page 1, line 49, by striking the figure "1993"
5 and inserting the following: "1992".

6 2. Page 5, line 39, by striking the figure "1993"
7 and inserting the following: "1992".

8 3. Page 5, line 41, by striking the figure "1992"
9 and inserting the following: "1991".

10 4. Page 6, by inserting after line 36 the
11 following:

12 "Sec. 701. Section 256.7, subsection 18, Code
13 Supplement 1991, is amended to read as follows:

14 18. a. Adopt, by July 1, 1992, rules and a
15 procedure for accrediting all community college
16 programs in Iowa. Rules adopted shall satisfy the
17 requirements for implementing the educational and
18 service program contained in section 280A.48.

19 b. Adopt, by July 1, 1993, rules and a procedure
20 for review and approval of proposed community college
21 budgets prior to January 1 of the base year."

22 5. Page 6, by inserting after line 50 the
23 following:

24 "Sec. 702. Section 257.6, subsection 1, unnumbered
25 paragraph 3, Code 1991, is amended to read as follows:

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

34 Sec. 703. Section 257.6, subsection 1, Code 1991,
35 is amended by adding the following new paragraphs:

36 NEW PARAGRAPH. e. Resident pupils receiving
37 competent private instruction from a licensed
38 practitioner provided through a public school district
39 pursuant to chapter 299A shall be counted as two-
40 tenths of one pupil.

41 NEW PARAGRAPH. f. Resident pupils receiving
42 competent private instruction under dual enrollment
43 pursuant to chapter 299A shall be counted as one-tenth
44 of one pupil.

45 Sec. 704. Section 257.6, subsection 3, Code 1991,
46 is amended by striking the subsection.

47 Sec. 705. Section 257.6, subsection 4, Code 1991,
48 is amended by striking the subsection and inserting in
49 lieu thereof the following:

50 4. BUDGET ENROLLMENT. Budget enrollment for the

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1 budget year is the basic enrollment for the budget
2 year.

3 Sec. 706. Section 257.6, subsection 5, unnumbered
4 paragraph 1, Code 1991, is amended to read as follows:

5 Weighted enrollment is the budget enrollment plus
6 the district's additional enrollment ~~because of~~
7 ~~special education calculated on December 1 of the base~~
8 year weighting for special education instructional
9 purposes as computed in subsection 6 plus additional
10 pupils added due to the application of the
11 supplementary weighting.

12 Sec. 707. Section 257.6, subsection 5, unnumbered
13 paragraph 2, Code 1991, is amended to read as follows:

14 Weighted enrollment for special education support
15 services costs is equal to the ~~weighted enrollment~~
16 ~~minus the additional pupils added due to the~~
17 ~~application of the supplementary weighting~~ basic
18 enrollment for the budget year.

19 Sec. 708. Section 257.6, Code 1991, is amended by
20 adding the following new subsection:

21 NEW SUBSECTION. 6. ADDITIONAL WEIGHTING FOR
22 SPECIAL EDUCATION INSTRUCTIONAL PURPOSES.

23 a. Commencing with the budget year beginning July
24 1, 1993, and each budget year thereafter, the
25 department of management shall determine the
26 additional weighting for special education
27 instructional purposes for each school district in the
28 manner provided in this section.

29 For children requiring special education who are
30 defined in section 281.9, subsection 1, paragraph "d",
31 that weight is the product of the weighting for that
32 category and the number of children in that category
33 counted on December 1 of the base year, minus the
34 number of children in that category. For children
35 requiring special education who are defined in section
36 281.9, subsection 1, paragraphs "b" and "c", that
37 weight is calculated under paragraphs "b" and "c",
38 based upon each district's percent of weightedness.

39 b. The maximum percent of weightedness for a
40 school district for the budget years beginning July 1,
41 1993, and July 1, 1994, is nine and nine hundredths
42 percent and the intermediate percent of weightedness
43 is seven and fifty-two hundredths percent. Prior to
44 January 1, 1995, and each two years thereafter, the
45 school budget review committee shall review the
46 maximum percent of weightedness and the intermediate
47 percent of weightedness as they relate to the costs of
48 special education for children requiring special
49 education who are defined in section 281.9, subsection
50 1, paragraphs "b" and "c", and based upon those costs

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1 may adjust the maximum percent of weightedness and the
2 intermediate percent of weightedness for the two
3 succeeding fiscal years.

4 c. For the budget year beginning July 1, 1993, the
5 department of management shall calculate for each
6 school district a base year percent of weightedness by
7 dividing each district's additional enrollment because
8 of special education for those children calculated on
9 December 1, 1991, under section 281.9, subsection 1,
10 paragraphs "b" and "c", Code 1991, by the district's
11 basic enrollment for the budget year beginning July 1,
12 1992. For the budget year beginning July 1, 1993, and
13 succeeding budget years, if the base year percent of
14 weightedness is greater than the maximum percent of
15 weightedness, the district's percent of weightedness
16 for the budget year is the maximum percent of
17 weightedness and the weighting for those children for
18 the budget year is the maximum percent of weightedness
19 multiplied by the district's basic enrollment for the
20 budget year. However, if the maximum percent of
21 weightedness multiplied by regular program district
22 cost for the budget year is less than the district's
23 additional enrollment because of special education for
24 those children calculated on December 1, 1991, under
25 section 281.9, subsection 1, paragraphs "b" and "c",
26 Code 1991, multiplied by the regular program district
27 cost for the budget year beginning July 1, 1992, the
28 percent of weightedness shall be increased to a
29 percent that provides an amount equal to the
30 district's funding for special education instructional
31 purposes for those children for the base year, and the
32 weighting for those children shall be recalculated
33 based upon the revised percent of weightedness. If
34 the base year percent of weightedness for a district
35 is between the maximum percent of weightedness and the
36 intermediate percent of weightedness, the percent of
37 weightedness for the budget year is the base percent
38 of weightedness and the district's weighting for those
39 children for the budget year is the base percent of
40 weightedness multiplied by the district's basic
41 enrollment for the budget year. If the base year
42 percent of weightedness is below the intermediate
43 percent of weightedness, the district's percent of
44 weightedness for the budget year is the sum of the
45 district's base year percent of weightedness and any
46 adjustment granted by the school budget review
47 committee, not exceeding the intermediate percent of
48 weightedness, and the district's weighting for those
49 children for the budget year is the revised percent of
50 weightedness multiplied by the district's basic

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1 enrollment for the budget year.

2 Sec. 709. Section 257.8, subsection 1, unnumbered
3 paragraph 2, Code 1991, is amended to read as follows:

4 On or before each ~~September~~ December 15 thereafter,
5 the department of management shall compute a state
6 percent of growth for the budget year next following
7 the budget year. The state percents of growth shall
8 be forwarded to the director of the department of
9 education."

10 6. Page 7, by inserting after line 32 the
11 following:

12 "Sec. 710. Section 257.9, subsections 3 and 4,
13 Code 1991, are amended to read as follows:

14 3. Special education support services state cost
15 per pupil for ~~1991-1992~~ 1992-1993. For the budget
16 year beginning July 1, ~~1991~~ 1992, for the special
17 education support services state cost per pupil, the
18 department of management shall divide the total of the
19 approved budgets of the area education agencies for
20 special education support services for that year
21 approved by the state board of education under section
22 273.3, subsection 12, by the total of the weighted
23 basic enrollment for special education support
24 services in the state for the budget year. The
25 special education support services state cost per
26 pupil for the budget year is the amount calculated by
27 the department of management under this subsection.

28 4. Special education support services state cost
29 per pupil for ~~1992-1993~~ 1993-1994 and succeeding
30 years. For the budget year beginning July 1, ~~1992~~
31 1993, and succeeding budget years, the special
32 education support services state cost per pupil for
33 the budget year is the special education support
34 services state cost per pupil for the base year plus
35 the special education support services allowable
36 growth for the budget year.

37 Sec. 711. Section 257.10, subsections 3 and 4,
38 Code 1991, are amended to read as follows:

39 3. Special education support services district
40 cost per pupil for ~~1991-1992~~ 1992-1993. For the
41 budget year beginning July 1, ~~1991~~ 1992, for the
42 special education support services district cost per
43 pupil, the department of management shall divide the
44 approved budget of each area education agency for
45 special education support services for that year
46 approved by the state board of education, under
47 section 273.3, subsection 12, by the total of the
48 weighted basic enrollment for special education
49 support services in the area for that budget year. &

50 The special education support services district

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1 cost per pupil for each school district in an area for
2 the budget year is the amount calculated by the
3 department of management under this subsection.
4 4. Special education support services district
5 cost per pupil for ~~1992-1993~~ 1993-1994 and succeeding
6 years. For the budget year beginning July 1, 1992
7 1993, and succeeding budget years, the special
8 education support services district cost per pupil for
9 the budget year is the special education support
10 services district cost per pupil for the base year
11 plus the special education support services allowable
12 growth for the budget year.

13 Notwithstanding the special education support
14 services district cost per pupil for the budget year
15 beginning July 1, 1991, calculated under subsection 3,
16 for area education agencies that have fewer than three
17 and five-tenths public school pupils per square mile,
18 the special education support services district cost
19 per pupil for the budget year beginning July 1, 1991,
20 is one hundred forty-seven dollars.

B 21 Sec. 712. Section 257.10, subsection 7, Code 1991,
22 is amended to read as follows:

23 7. SPECIAL EDUCATION SUPPORT SERVICES DISTRICT
24 COST. Special education support services district
25 cost for a school district for a budget year is equal
26 to the special education support services district
27 cost per pupil for the budget year multiplied by the
28 ~~special-education-support-services-weighted basic~~
29 enrollment for the district for the budget year. ~~If~~
30 ~~the-special-education-support-services-district-cost~~
31 ~~for-a-school-district-for-a-budget-year-is-less-than~~
32 ~~the-special-education-support-services-district-cost~~
33 ~~for-that-district-for-the-base-year,-the-department-of~~
34 ~~management-shall-adjust-the-special-education-support~~
35 ~~services-district-cost-for-that-district-for-the~~
36 ~~budget-year-to-equal-the-special-education-support~~
37 ~~services-district-cost-for-the-base-year."~~

38 7. Page 7, by inserting after line 47 the
39 following:

40 "Sec. 713. Section 257.14, unnumbered paragraph 1,
41 Code 1991, is amended to read as follows:

42 For the budget years commencing July 1, 1991, and
43 July 1, 1992, and July 1, 1993, if the department of
44 management determines that the regular program
45 district cost of a school district for a budget year
46 is less than the total of the regular program district
47 cost plus any adjustment added under this section for
48 the base year for that school district, the department
49 of management shall provide a budget adjustment for
50 that district for that budget year that is equal to

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1 the difference.

2 Sec. 714. Section 257.16, unnumbered paragraph 2,
3 Code 1991, is amended to read as follows:

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

16 Sec. 715. Section 257.20, unnumbered paragraph 1,
17 Code Supplement 1991, is amended to read as follows:

18 In order to determine the amount of instructional
19 support state aid and the amount of local funding for
20 the instructional support program for a district, the
21 department of management shall divide the total
22 assessed valuation in the state by the total budget
23 enrollment for the budget year in the state to
24 determine a state assessed valuation per pupil and
25 shall divide the assessed valuation in each district
26 by the district's budget enrollment for the budget
27 year to determine the district assessed valuation per
28 pupil. The department of management shall multiply
29 the ratio of the state's valuation per pupil to the
30 district's valuation per pupil by twenty-five
31 hundredths and subtract that result from one to
32 determine the portion of the instructional support
33 program budget that is local funding. The remaining
34 portion of the budget shall be funded by instructional
35 support state aid. However, for the budget year
36 beginning July 1, 1992, only, the amount of state aid
37 is three and one-quarter percent less than the amount
38 computed under this paragraph for that budget year."

39 8. Page 10, by inserting before line 35 the
40 following:

41 "Sec. 716. Section 257.31, subsection 12, Code
42 Supplement 1991, is amended to read as follows:

43 12. The committee shall review the recommendations
44 of the director of the department of education
45 relating to the special education weighting plan, and
46 shall establish a weighting plan weight for each
47 school year pursuant to section 281.9 for children
48 requiring special education under section 281.9,
49 subsection 1, paragraph "d", and report the plan
50 weight to the director of the department of education.

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1 The committee shall also review the maximum and
2 intermediate percents of weightedness and may adjust
3 the percents of weightedness under section 257.6,
4 subsection 6.

5 Sec. 717. Section 257.31, Code Supplement 1991, is
6 amended by adding the following new subsection:

7 NEW SUBSECTION. 12A. The committee may adjust the
8 percent of weightedness of a school district, by not
9 more than one-half of one percent in any year, for
10 which the percent of weightedness is below the
11 intermediate percent of weightedness based upon that
12 district's special education needs.

13 Sec. 718. Section 257.31, subsection 14, paragraph
14 a, Code Supplement 1991, is amended to read as
15 follows:

16 a. If the amount certified for a school district
17 to the director of the department of management under
18 this subsection for the base year is positive, the
19 director of the department of management shall
20 subtract the amount of the positive balance exceeding
21 five percent of the additional funds generated for
22 special education, not to include any previous
23 carryover, from the amount of state aid remaining to
24 be paid to the district during the budget year. If
25 the positive amount exceeding the five percent amount
26 exceeds the amount of state aid that remains to be
27 paid to the district, not including any previous
28 carryover, the school district shall pay the excess on
29 a quarterly basis prior to June 30 of the budget year
30 to the director of the department of management from
31 other funds received by the district. The director of
32 the department of management shall determine the
33 amount of the positive balance that exceeds the five
34 percent amount that came from local property tax
35 revenues and shall increase the district's total state
36 school aids available under this chapter for the next
37 following budget year by the amount so determined and
38 shall reduce the district's tax levy computed under
39 section 257.4 for the next following budget year by
40 the amount necessary to compensate for the increased
41 state aid.

42 Sec. 719. Section 257.31, subsection 14, paragraph
43 b, Code Supplement 1991, is amended by striking the
44 paragraph.

45 Sec. 720. Section 265.6, Code 1991, is amended to
46 read as follows:

47 265.6 STATE AID APPLICABLE.

48 If the state board of regents has established a
49 laboratory school, it shall receive state aid pursuant
50 to chapters 257 and 281 for each pupil enrolled in the

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1 laboratory school in the same amount as the public
2 school district in which the pupil resides would
3 receive aid for that pupil and shall transmit the
4 amount received to the institution of higher education
5 at which the laboratory school has been established.
6 If the board of a school district terminates a
7 contract with the state board of regents for
8 attendance of pupils in a laboratory school, the
9 school district shall inform the department of
10 management of the number of these pupils who are
11 enrolled in the district on the third Friday of the
12 following September. The department of management
13 shall pay to the school district, from funds
14 appropriated in section 257.16, an amount equal to the
15 amount of state aid paid for each pupil in that school
16 district for that school year in payments made as
17 provided in section 257.16. ~~However, payments shall~~
18 ~~not be made for pupils for which an advance is~~
19 ~~received by the district under section 257.13."~~

B

20 9. Page 11, by inserting after line 33 the
21 following:

22 "Sec. 721. Section 299A.2, Code Supplement 1991,
23 is amended to read as follows:

24 299A.2 COMPETENT PRIVATE INSTRUCTION BY LICENSED
25 PRACTITIONER.

26 If a licensed practitioner provides competent
27 instruction to a child of compulsory attendance age,
28 the practitioner shall possess a valid license or
29 certificate which has been issued by the state board
30 of educational examiners under chapter 260 and which
31 is appropriate to the ages and grade levels of the
32 children to be taught. Competent private instruction
33 may include, but is not limited to, instruction or
34 instructional supervision offered through an
35 accredited nonpublic school or public school district
36 by a teacher, who is employed by the accredited
37 nonpublic school or public school district, who
38 assists and supervises a parent, guardian, or legal
39 custodian in providing instruction to a child. If
40 competent private instruction is provided through a
41 public school district, the child shall be enrolled
42 and included in the basic enrollment of the school
43 district as provided in section 257.6. Sections
44 299A.3 through 299A.7 do not apply to competent
45 private instruction provided by a licensed
46 practitioner under this section.

47 Sec. 722. Section 299A.8, Code Supplement 1991, is
48 amended to read as follows:

49 299A.8 DUAL ENROLLMENT.

50 If a parent, guardian, or legal custodian of a

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1 child who is receiving competent private instruction
 2 under this chapter submits a request, the child shall
 3 also be registered in a public school for dual
 4 enrollment purposes. If the child is enrolled in a
 5 public school district for dual enrollment purposes,
 6 the child shall be permitted to participate in any
 7 academic activities in the district and shall also be
 8 permitted to participate on the same basis as public
 9 school children in any extracurricular activities
 10 available to children in the child's grade or group,
 11 and the parent, guardian, or legal custodian shall not
 12 be required to pay the costs of any annual testing
 13 under this chapter. If the child is enrolled for dual
 14 enrollment purposes, the child shall be included in
 15 the public school's basic enrollment under sections
 16 ~~442-4*~~ and as provided in section 257.6 ~~and shall be~~
 17 ~~counted as one pupil."~~

B

18 10. Page 12, by inserting after line 5 the
 19 following:

20 "Sec. 723. Section 257.13, Code 1991, is repealed.

21 Sec. 724. The state board of education shall
 22 conduct a study to review the community college
 23 funding formula in relation to the state's ability to
 24 provide future increases in the community college
 25 funding formula. A report of the findings and
 26 recommendations shall be submitted to the general
 27 assembly by December 1, 1992.

28 Sec. 725. Sections 702, 703, 705, 707, 710, 711,
 29 712, 714, 715, 720, 721, 722, and 723 of this Act,
 30 being deemed of immediate importance, take effect upon
 31 enactment for the purpose of computations required for
 32 payment of state aid to and levying of property taxes
 33 by school districts for the budget year beginning July
 34 1, 1992.

35 Sec. 726. Sections 704, 706, 708, 713, 716, 717,
 36 718, and 719 of this Act take effect July 1, 1992, for
 37 the purpose of computations required for payment of
 38 state aid to and levying of property taxes by school
 39 districts for the budget year beginning July 1, 1993.

40 Sec. 727. Section 709 of this Act takes effect
 41 July 1, 1992, for the purpose of computing state
 42 percent of growth for the budget year beginning July
 43 1, 1994."

44 11. By renumbering as necessary.

By HALVORSON of Clayton

H-5743 FILED APRIL 6, 1992

DIVISION A - LOST, DIVISION B - NOT GERMANE (p. 1147)

(p. 1148)

SENATE FILE 2351

H-5744

1 Amend the Committee amendment, H-5726, to Senate
2 File 2351, as amended, passed, and reprinted by the
3 Senate, as follows:

4 1. Page 1, by inserting after line 36 the follow-
5 ing:

6 "Sec. 999. NEW SECTION. 8.47 LARGE SALE OF
7 ASSETS BY STATE DEPARTMENTS AND AGENCIES SUBJECT TO
8 APPROVAL.

9 Before a state department or agency, including the
10 state board of regents, sells assets worth five
11 million dollars or more, the state department or
12 agency shall include the sale in its budget request to
13 the general assembly. If the general assembly
14 approves the sale of the assets, the assets may be
15 sold by the state department or agency."

16 2. Page 12, line 10, by inserting before the
17 figure "17," the following: "999,".

18 3. Renumber as necessary.

By BERNAU of Story	SVOBODA of Tama
HAMMOND of Story	GRUHN of Dickinson
SHEARER of Louisa	OSTERBERG of Linn
HATCH of Polk	FOGARTY of Palo Alto
BISIGNANO of Polk	BROWN of Lucas
DODERER of Johnson	JESSE of Jasper
DVORSKY of Johnson	MILLER of Cherokee
BRAND of Benton	HALVORSON of Webster
BRAMMER of Linn	HANSON of Black Hawk
MERTZ of Kossuth	ADAMS of Hamilton

H-5744 FILED APRIL 6, 1992

ADOPTED (p. 1135)

SENATE FILE 2351

H-5745

1 Amend the Committee amendment, H-5726, to Senate
2 File 2351, as amended, passed, and reprinted by the
3 Senate, as follows:

4 1. Page 4, lines 44 through 46, by striking the
5 words "an appropriation for an advance for increasing
6 enrollment under section 257.13,".

7 2. Page 7, by striking lines 33 through 47.

8 3. Page 12, line 6, by striking the word and
9 figure "10 through" and inserting the following "10,
10 12, and".

11 4. By renumbering as necessary.

By OLLIE of Clinton
HATCH of Polk

H-5745 FILED APRIL 6, 1992

ADOPTED (p. 1147)

SENATE FILE 2351

H-5746

1 Amend the Committee amendment, H-5726, to Senate
2 File 2351, as amended, passed, and reprinted by the
3 Senate, as follows:

4 1. Page 3, line 38, by inserting after the word
5 "reductions" the following: "and supplemental
6 appropriations to pay for the cost of foster care
7 under chapter 232, assistance to dependent children
8 under chapter 239, and additional medical assistance
9 under chapter 249A".

By HAMMOND of Story
HATCH of Polk

H-5746 FILED APRIL 6, 1992

ADOPTED (p. 1149)

SENATE FILE 2351

H-5747

1 Amend the amendment, H-5726, to Senate File 2351,
2 as amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 6, by inserting after line 36 the
5 following:

6 "Sec. ____ . NEW SECTION. 232.143 APPROPRIATION
7 FOR COSTS CHARGED TO STATE.

8 There is appropriated from the general fund of the
9 state to the department of human services for each
10 fiscal year, eighty million dollars, or so much
11 thereof as is necessary, for the costs of services
12 ordered under this chapter for children who are a
13 charge upon the state."

14 2. By renumbering as necessary.

By DODERER of Johnson

BISIGNANO of Polk

HAMMOND of Story

TEAFORD of Black Hawk

H-5747 FILED APRIL 6, 1992

WITHDRAWN (p. 1132)

SENATE FILE 2351

H-5751

1 Amend amendment, H-5726, to Senate File 2351, as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, by striking line 5 and inserting the
5 following:

6 "Section 1. NEW SECTION. 2.111 PROGRAMS --
7 APPROPRIATIONS -- LIMITS.

8 Beginning with the fiscal year beginning July 1,
9 1993, the general assembly shall not establish new
10 programs to be administered by a state agency unless
11 the Act in which the new program is established
12 contains an appropriation for the administration and
13 operating costs of the program for the first fiscal
14 year. In addition, such program shall only begin on
15 July 1 unless the program is required by the federal
16 government and it is not possible to begin the program
17 at the beginning of the fiscal year. In making
18 appropriations for a fiscal year, the general assembly
19 shall not make the appropriations contingent upon the
20 occurrence of some event, including but not limited
21 to, the passage of a bill by the general assembly,
22 establishment of a program, or unexpected increase in
23 state revenues.

24 Sec. _____. Section 8.22A, Code 1991, is amended".

By SVOBODA of Tama
MERTZ of Kossuth

H-5751 FILED APRIL 6, 1992

NOT GERMANE, MOTION TO SUSPEND RULES LOST (p. 1137)

(1151)

SENATE FILE 2351

H-5753

1 Amend the Committee amendment, H-5726, to Senate
2 File 2351, as amended, passed, and reprinted by the
3 Senate, as follows:

4 1. Page 7, by inserting before line 48 the
5 following:

6 "Sec. _____. NEW SECTION. 257.16A. LIMITATION
7 PROVISIONS NOT AFFECT STATE FOUNDATION AID AND
8 DISTRICT COST ATTRIBUTABLE TO ENROLLMENT ADJUSTMENT.

9 Notwithstanding section 8.57, subsection 2, and
10 section 257.8, subsection 9, the application of
11 section 257.8, subsection 9, shall not reduce the
12 state foundation aid to a school district or the
13 district cost of the school district attributable to
14 the enrollment adjustment under section 257.6,
15 subsection 4, which would have otherwise occurred
16 without application of section 257.8, subsection 9."

17 2. By renumbering as necessary.

By HIBBARD of Madison

H-5753 FILED APRIL 6, 1992

LOST (p. 1150)

SENATE FILE 2351

H-5748

1 Amend the committee amendment, H-5726, to Senate
2 File 2351, as amended, passed, and reprinted by the
3 Senate, as follows:

4 1. Page 12, by inserting after line 2 the
5 following:

6 "Sec. ____ . SALARY FREEZE FOR STATE AND LOCAL
7 PUBLIC OFFICERS AND EMPLOYEES.

8 1. Notwithstanding the salary rates and ranges or
9 procedures and methods of determining the annual
10 salary rates and ranges of public officers and
11 employees provided in 1990 Iowa Acts, chapter 1256, or
12 Code chapter 2, 19A, 20, 262, 273, 279, 280A, or 602,
13 the annual salary of each public officer or employee
14 as the salary exists on June 30, 1993, shall remain
15 the annual salary of the public officer or employee
16 during the fiscal year beginning July 1, 1993, and for
17 each fiscal year thereafter until otherwise provided
18 by the general assembly. However, if the annual
19 salaries or pay rates are determined by a contract
20 which extends beyond June 30, 1993, the annual salary
21 or pay rate of each state or local public officer or
22 employee under the contract as the salary or pay rate
23 exists during the last pay period of the contract,
24 shall remain the annual salary or pay rate of the
25 state or local public officer or employee during each
26 subsequent contract until otherwise provided by the
27 general assembly.

28 2. Notwithstanding the salary rates and ranges or
29 procedures and methods of determining the annual
30 salary rates and ranges of local public officers and
31 employees provided in chapter 20, 331, 341A, 349, 357,
32 357A, 357B, 357C, 357D, 357E, or 358, the annual
33 salary or pay rate of each local public officer or
34 employee as the salary or pay rate exists on June 30,
35 1993, shall remain the annual salary or pay rate of
36 the local public officer or employee during the fiscal
37 year beginning July 1, 1993, and for each fiscal year
38 thereafter until otherwise provided by the general
39 assembly. However, if the annual salaries or pay
40 rates are determined by a contract which extends
41 beyond June 30, 1993, the annual salary or pay rate of
42 each state or local public officer or employee under
43 the contract as the salary or pay rate exists during
44 the last pay period of the contract, shall remain the
45 annual salary or pay rate of the state or local public
46 officer or employee during each subsequent contract
47 until otherwise provided by the general assembly.

48 3. a. As used in this section, "state public
49 officer or employee" includes all elected or appointed
50 officers or employees of the executive, legislative,

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1 and judicial departments of state government,
2 including an officer or employee of a public
3 institution under the jurisdiction of the state board
4 of regents, of a community college established
5 pursuant to chapter 280A, or of an area education
6 agency established pursuant to chapter 273. "State
7 public officer or employee" also includes officers,
8 teachers, and employees of public school districts
9 governed pursuant to chapter 279.

10 b. "Local public officer or employee" means an
11 officer or employee of a county, city, township,
12 special district, or other political subdivision of
13 this state, except a school district."

By KREMER of Buchanan

H-5748 FILED APRIL 6, 1992

NOT GERMANE, MOTION TO SUSPEND RULES LOST

SENATE FILE 2351

H-5750

1 Amend amendment, H-5726, to Senate File 2351, as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, by inserting after line 4 the
5 following:

6 "Section 1. Section 2.10, Code Supplement 1991, is
7 amended by adding the following new subsection:

8 NEW SUBSECTION. 3A. Members of the general
9 assembly shall not receive increases in the annual
10 salaries prescribed in subsections 1 and 3 until the
11 GAAP deficit is eliminated and the moneys in the GAAP
12 deficit reduction fund have been transferred to the
13 Iowa economic emergency fund pursuant to section
14 8.56."

15 2. Page 1, by inserting after line 4 the
16 following:

17 "Sec. ____ . Section 2.10, Code Supplement 1991, is
18 amended by adding the following new subsection:

19 NEW SUBSECTION. 3B. Notwithstanding the annual
20 salaries specified in subsections 1 and 3, if on June
21 30, 1996, the GAAP deficit is not eliminated and the
22 moneys in the GAAP deficit reduction fund have not
23 been transferred to the Iowa economic emergency fund
24 pursuant to section 8.56, the salaries specified in
25 subsections 1 and 3 shall be reduced to ninety-five
26 percent of the salaries specified in subsections 1 and
27 3 effective with the convening of the Seventy-seventh
28 General Assembly."

29 3. By renumbering as necessary.

By GRUBBS of Scott

H-5750 FILED APRIL 6, 1992

NOT GERMANE (p. 1136)

SENATE FILE 2351

H-5755

1 Amend the Committee amendment, H-5726, to Senate
2 File 2351, as amended, passed, and reprinted by the
3 Senate, as follows:

4 1. Page 6, by inserting after line 36 the
5 following:

6 "Sec. 777. Section 20.17, subsection 11, paragraph
7 a, Code Supplement 1991, as enacted by 1992 Iowa Acts,
8 Senate File 2216, section 1, is amended to read as
9 follows:

10 a. In the absence of an impasse agreement
11 negotiated pursuant to section 20.19 which provides
12 for a different completion date, public employees
13 represented by a certified employee organization who
14 are teachers licensed under chapter 260 and who are
15 employed by a public employer which is a school
16 district or area education agency shall complete the
17 negotiation of a proposed collective bargaining
18 agreement not later than ~~April-15~~ August 1 of the year
19 when the agreement is to become effective. The board
20 shall provide, by rule, a date on which impasse items
21 in such cases must be submitted to binding arbitration
22 and for such other procedures as deemed necessary to
23 provide for the completion of negotiations of proposed
24 collective bargaining agreements not later than ~~April-~~
25 15 August 1. The date selected for the mandatory
26 submission of impasse items to binding arbitration in
27 such cases shall be sufficiently in advance of ~~April-~~
28 15 August 1 to ensure that the arbitrators' decision
29 can be reasonably made before ~~April-15~~ August 1.

30 Sec. 778. Section 20.19, Code Supplement 1991, as
31 amended by 1992 Iowa Acts, Senate File 2216, section
32 2, is amended to read as follows:

33 20.19 IMPASSE PROCEDURES -- AGREEMENT OF PARTIES.

34 As the first step in the performance of their duty
35 to bargain, the public employer and the employee
36 organization shall endeavor to agree upon impasse
37 procedures. Such agreement shall provide for
38 implementation of these impasse procedures not later
39 than one hundred twenty days prior to the certified
40 budget submission date of the public employer.
41 However, if public employees represented by the
42 employee organization are teachers licensed under
43 chapter 260, and the public employer is a school
44 district or area education agency, the agreement shall
45 provide for implementation of impasse procedures not
46 later than one hundred twenty days prior to ~~April-15~~
47 August 1 of the year when the collective bargaining
48 agreement is to become effective. If the public
49 employer is a community college, the agreement shall
50 provide for implementation of impasse procedures not

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1 later than one hundred twenty days prior to June 1 of
2 the year when the collective bargaining agreement is
3 to become effective. If the parties fail to agree
4 upon impasse procedures under the provisions of this
5 section, the impasse procedures provided in sections
6 20.20 to 20.22 shall apply.

7 Sec. 779. Section 20.20, Code Supplement 1991, as
8 amended by Senate File 2216, section 3, 1992 Iowa
9 Acts, is amended to read as follows:

10 20.20 MEDIATION.

11 In the absence of an impasse agreement negotiated
12 pursuant to section 20.19 or the failure of either
13 party to utilize its procedures, one hundred twenty
14 days prior to the certified budget submission date, or
15 one hundred twenty days prior to ~~April-15~~ August 1 of
16 the year when the collective bargaining agreement is
17 to become effective if public employees represented by
18 the employee organization are teachers licensed under
19 chapter 260 and the public employer is a school
20 district or area education agency, the board shall,
21 upon the request of either party, appoint an impartial
22 and disinterested person to act as mediator. If the
23 public employer is a community college, and in the
24 absence of an impasse agreement negotiated pursuant to
25 section 20.19 or the failure of either party to
26 utilize its procedures, one hundred twenty days prior
27 to June 1 of the year when the collective bargaining
28 agreement is to become effective, the board, upon the
29 request of either party, shall appoint an impartial
30 and disinterested person to act as mediator. It shall
31 be the function of the mediator to bring the parties
32 together to effectuate a settlement of the dispute,
33 but the mediator may not compel the parties to agree."

34 2. Page 12, by inserting after line 5 the
35 following:

36 "Sec. _____. Sections 777, 778, and 779 of this Act
37 take effect July 1, 1992, for purposes of negotiating
38 collective bargaining agreements for school budget
39 years beginning on or after July 1, 1993."

40 3. By renumbering as necessary.

By OLLIE of Clinton

H-5755 FILED APRIL 6, 1992

NOT GERMANE (7/153)

HOUSE AMENDMENT TO
SENATE FILE 2351

S-5584

1 Amend Senate File 2351, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. By striking everything after the enacting
4 clause and inserting the following:
5 "Section 1. Section 8.22A, Code 1991, is amended
6 to read as follows:

7 8.22A REVENUE ESTIMATING CONFERENCE.

8 1. The state revenue estimating conference is
9 created consisting of the governor or the governor's
10 designee, the director of the legislative fiscal
11 bureau, and a third member agreed to by the other two.

12 2. The conference shall meet as often as deemed
13 necessary, but shall meet at least quarterly. The
14 conference may use sources of information deemed
15 appropriate.

16 3. By December 15, 1986 and of each succeeding
17 fiscal year the conference shall agree to a revenue
18 estimate for the fiscal year beginning the following
19 July 1. That estimate shall be used by the governor
20 in the preparation of the budget message under section
21 8.22 and by the legislature general assembly in the
22 budget process. If the conference agrees to a
23 different estimate at a later meeting which projects a
24 greater amount of revenue than the initial estimate
25 amount agreed to by December 15, the governor and the
26 general assembly shall continue to use the initial
27 estimate amount in the budget process for that fiscal
28 year. However, if the conference agrees to a
29 different estimate at a later meeting which projects a
30 lesser amount of revenue than the initial estimate
31 amount, the governor and the general assembly shall
32 use the lesser amount in the budget process for that
33 fiscal year. As used in this subsection, "later
34 meeting" means only those later meetings which are
35 held prior to the conclusion of the regular session of
36 the general assembly.

37 Sec. 999. NEW SECTION. 8.47 LARGE SALE OF ASSETS
38 BY STATE DEPARTMENTS AND AGENCIES SUBJECT TO APPROVAL.

39 Before a state department or agency, including the
40 state board of regents, sells assets worth five
41 million dollars or more, the state department or
42 agency shall include the sale in its budget request to
43 the general assembly. If the general assembly
44 approves the sale of the assets, the assets may be
45 sold by the state department or agency.

46 Sec. 2. NEW SECTION. 8.54 GENERAL FUND
47 EXPENDITURE LIMITATION.

48 1. For the purposes of this section, "adjusted
49 revenue estimate" means the appropriate revenue
50 estimate for the general fund for the following fiscal

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1 year as determined under section 8.22A, subsection 3,
adjusted by subtracting estimated tax refunds payable
from that estimated revenue and adding any new
revenues which may be considered to be eligible for
deposit in the general fund.

2. There is created a state general fund
expenditure limitation for each fiscal year beginning
on or after July 1, 1993, calculated as provided in
this section.

3. The state general fund expenditure limitation
for a fiscal year shall be ninety-nine percent of the
adjusted revenue estimate. Any appropriation from the
general fund of the state to the Iowa economic
emergency fund pursuant to section 8.55 shall not be
considered to be made from the state general fund
expenditure limitation but shall be considered to be
made from the remaining amount.

4. The state general fund expenditure limitation
amount provided for in this section shall be used by
the governor in the preparation of the budget under
section 8.22 and by the general assembly in the budget
process. If a new revenue source is proposed, the
budget revenue projection used for that new revenue
source for the period beginning on the effective date
of the new revenue source and ending in the fiscal
year in which the source is included in the revenue
base shall be an amount determined by subtracting
estimated tax refunds payable from the projected
revenue from that new revenue source, multiplied by
ninety-nine percent. If a new revenue source is
established and implemented, the original state
general fund expenditure limitation amount provided
for in subsection 3 shall be readjusted to include
ninety-nine percent of the estimated revenue from the
new revenue source.

5. The governor shall submit and the general
assembly shall pass a budget which does not exceed the
state general fund expenditure limitation.

Sec. 3. Section 8.55, Code 1991, is amended to
read as follows:

8.55 IOWA ECONOMIC EMERGENCY FUND.

1. The Iowa economic emergency fund is created.
The fund shall be separate from the general fund of
the state and the balance in the fund shall not be
considered part of the balance of the general fund of
the state; ~~except for purposes of determining the~~
~~annual inflation factor under section 422.4,~~
~~subsection 17, the balance in the fund shall be~~
~~considered part of the general fund of the state.~~ The
moneys in the fund shall not revert to the general

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1 fund, notwithstanding section 8.337-unless-and-to-the
2 extent-the-fund-exceeds-the-maximum-balance.

3 2. a. The maximum balance of the Iowa economic
4 emergency fund is the amount equal to ten percent of
5 the funds appropriated from the general fund of the
6 state during the preceding fiscal year. For the
7 purposes of this subsection, "adjusted revenue
8 estimate" means the appropriate revenue estimate for
9 the general fund of the state made by the revenue
10 estimating conference for the following fiscal year as
11 determined under section 8.22A, subsection 3, adjusted
12 by subtracting estimated tax refunds payable from that
13 estimated revenue and adding any new revenues which
14 may be considered to be eligible for deposit in the
15 general fund.

16 b. The maximum balance of the fund is the amount
17 equal to five percent of the adjusted revenue estimate
18 for the fiscal year. If the amount of moneys in the
19 Iowa economic emergency fund is equal to the maximum
20 balance, moneys in excess of this amount shall be
21 transferred to the capitals fund established in
22 section 8.61.

23 c. There is appropriated from any surplus existing
24 in the general fund of the state at the conclusion of
25 the fiscal year to the Iowa economic emergency fund an
26 amount equal to the smaller of the amount of the
27 surplus or the amount necessary to achieve the maximum
28 balance determined under paragraph "b".

29 d. If, on the first day of the fiscal year after
30 operation of paragraph "c", moneys in the Iowa
31 economic emergency fund are less than the maximum
32 balance determined under paragraph "b", there is
33 appropriated from the general fund of the state the
34 amount necessary to achieve the maximum balance
35 determined under paragraph "b". However, moneys
36 appropriated under this section shall not exceed one
37 percent of the appropriate revenue estimate as
38 determined under section 8.22A, subsection 3.

39 3. The moneys in the Iowa economic emergency fund
40 may be appropriated by the general assembly only in
41 the fiscal year for which the appropriation is made
42 and only for a purpose for which the general assembly
43 previously appropriated funds for that fiscal year.
44 The moneys shall only be appropriated by the general
45 assembly for nonrecurring emergency expenditures, and
46 court-ordered obligations, and generally accepted
47 accounting principles deficit reductions and
48 supplemental appropriations to pay for the cost of
49 foster care under chapter 232, assistance to dependent
50 children under chapter 239, and additional medical

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1 assistance under chapter 249A. However, the balance
2 in the Iowa economic emergency fund may be used in
3 determining the cash position of the general fund of
4 the state for the payment of state obligations.

5 4. Notwithstanding section 453.7, subsection 2,
6 interest or earnings on moneys deposited in the Iowa
7 economic emergency fund shall be credited to the
8 capitals fund established in section 8.61.

9 Sec. 4. NEW SECTION. 8.56 GAAP DEFICIT REDUCTION
10 FUND.

11 1. For the purposes of this section, "GAAP" means
12 generally accepted accounting principles as
13 established by the governmental accounting standards
14 board. A temporary GAAP deficit reduction fund is
15 created in the office of the treasurer of state in
16 order to implement practices by which state expenses
17 are accounted for in the year in which the expenses
18 are incurred. The fund is established for the fiscal
19 period beginning July 1, 1992, and ending when the
20 GAAP deficit is eliminated or on June 30, 1996,
21 whichever occurs first.

22 2. The fund shall be separate from the general
23 fund of the state and the balance in the fund shall
24 not be considered part of the balance of the general
25 fund of the state except in determining the cash
26 position of the general fund of the state for the
27 payment of state obligations. Notwithstanding section
28 8.33, the moneys in the GAAP deficit reduction fund
29 shall not revert to the general fund of the state but
30 shall remain in the GAAP deficit reduction fund until
31 expended in accordance with an appropriation of the
32 general assembly or deposited in the Iowa economic
33 emergency fund pursuant to subsection 3.

34 3. Moneys in the GAAP deficit reduction fund which
35 are unobligated or unencumbered when the GAAP deficit
36 is eliminated shall be transferred to the Iowa
37 economic emergency fund. Effective upon and after
38 transfer of the moneys to the Iowa economic emergency
39 fund, the GAAP deficit reduction fund is eliminated.

40 4. The general assembly shall appropriate moneys
41 in the GAAP deficit reduction fund to pay expenses in
42 the fiscal year in which the expenses are obligated
43 including but not limited to any of the following:
44 medical assistance program, personal property tax
45 replacement payments to local governments, the last
46 state employee payroll of the fiscal year, and foster
47 care provider payments.

48 Sec. 5. NEW SECTION. 8.57 LIMITATION ON CERTAIN
49 STANDING UNLIMITED APPROPRIATIONS.

50 1. "Standing unlimited appropriation" means an

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1 appropriation made from any state fund for more than
2 one fiscal year where the law making the appropriation
3 does not specify the exact dollar amount appropriated.
4 For purposes of this section, "standing unlimited
5 appropriation" includes only the following: an
6 appropriation for supplemental aid to reorganized
7 school districts under section 257.5, school
8 foundation aid under section 257.16, instructional
9 support state aid under section 257.20, programs for
10 at-risk children under section 279.51, transportation
11 for nonpublic students under section 285.2, and phases
12 II and III under section 294A.25.

13 2. Notwithstanding the law authorizing a standing
14 unlimited appropriation for fiscal years beginning on
15 or after July 1, 1993, the amount of increase of a
16 standing unlimited appropriation shall not exceed the
17 amount of the increase in the state general fund
18 revenues allocated for that appropriation for a fiscal
19 year. The increase in the state general fund revenues
20 allocated for a standing unlimited appropriation
21 equals the product of the percent the particular
22 standing unlimited appropriation for the previous
23 fiscal year bears to the total state general fund
24 appropriations for the previous fiscal year multiplied
25 by the increase in the adjusted revenue estimate.

26 3. If, as a result of the limitation in this
27 section in the growth of a standing unlimited
28 appropriation for a fiscal year, the amount of the
29 standing unlimited appropriation is insufficient to
30 pay the amount computed in full, the amount that shall
31 be provided the beneficiaries of that appropriation
32 shall be prorated.

33 4. However, any difference between the expenditure
34 authorized under any standing unlimited appropriation
35 and the amount calculated under subsection 2 may be
36 reinstated by the approval of both the general
37 assembly and the governor.

38 5. As used in this section, "adjusted revenue
39 estimate" means the appropriate revenue estimate for
40 the general fund for the fiscal year as determined
41 under section 8.22A, subsection 3, adjusted by
42 subtracting estimated tax refunds payable from that
43 estimated revenue. However, "adjusted revenue
44 estimate" does not include any moneys included in the
45 appropriate revenue estimate which is generated from a
46 new revenue source.

47 Sec. 6. NEW SECTION. 8.58 APPROPRIATIONS FREEZE.
48 Notwithstanding contrary provisions of the Code,
49 the amounts appropriated under the applicable sections
50 of the Code for fiscal years commencing on or after

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1 July 1, 1993, are limited to those amounts expended
2 under those sections for the fiscal year commencing
3 July 1, 1992. If an applicable section appropriates
4 moneys to be distributed to different recipients and
5 the operation of this section reduces the total amount
6 to be distributed under the applicable section, the
7 moneys shall be prorated among the recipients. As
8 used in this section, "applicable sections" means the
9 following sections: 1.15; 6.9; 7.5; 18.75; 19.10;
10 19.29; 25.2; 25A.11; 29A.29; 29A.51; 29A.54; 29A.72;
11 53.50; 66.23; 66.28; 79.24; 79.34; 85.57; 85.59;
12 97.51; 97B.49, subsection 14; 97B.72; 97B.72A; 97C.12;
13 98.7; 98.12; 98.47; 135C.45; 135D.22; 147.68; 147.69;
14 163.15; 167.20; 214A.14; 218.72; 222.11; 222.50;
15 222.66; 222.69; 225.28; 225.34; 226.17; 229.35; 230.8;
16 230.11; 246.319; 262.43; 275.31; 280A.50; 304A.29;
17 307.45; 311.19; 411.20; 421.30; 425.1; 425.23; 425.39;
18 426A.1; 427B.13; 450.70; 450.95; 468.43; 663.44;
19 663A.5; 815.10; and 820.24.

20 Sec. 7. NEW SECTION. 8.61 CAPITALS FUND.

21 1. A capitals fund is created in the state
22 treasury. Moneys in the capitals fund shall be used
23 solely for capital projects, including maintenance.
24 Moneys in the fund shall only be available for
25 expenditure as a result of appropriations made by the
26 general assembly and notwithstanding section 8.33,
27 moneys in the fund shall not revert to the general
28 fund of the state. The capital projects for which
29 moneys in the fund shall be appropriated are those
30 compiled by the department under section 8.6,
31 subsections 13, 14, and 15, and which have been
32 submitted to the legislative capital projects
33 committee.

34 2. Moneys to be credited to the capitals fund are
35 interest and earnings from moneys in the Iowa economic
36 emergency fund and that portion of the Iowa economic
37 emergency fund designated as provided in section 8.55,
38 subsection 2, paragraph "b", and other moneys
39 designated for or appropriated to the fund. There is
40 appropriated from any surplus existing in the general
41 fund of the state at the conclusion of the fiscal year
42 to the capitals fund that amount of the surplus which
43 is not appropriated to the Iowa economic emergency
44 fund as provided in section 8.55, subsection 2,
45 paragraph "c".

46 3. Notwithstanding section 453.7, subsection 2,
47 interest or earnings on moneys deposited in the
48 capitals fund shall be credited to the capitals fund.

49 Sec. 8. Section 257.5, unnumbered paragraph 2,
50 Code Supplement 1991, is amended to read as follows:

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1 There is appropriated from the general fund of the
2 state to the department of management for each fiscal
3 year an amount sufficient to pay the supplemental aid
4 to school districts under this section. However, the
5 increase in the appropriation for a fiscal year from
6 the previous fiscal year shall not exceed the limit
7 computed in section 8.57. If this limitation results
8 in insufficient funds available to pay all recipients
9 in full, the department of management shall prorate
10 the amount of the appropriation for each recipient.
11 Supplemental aid shall be paid in the manner provided
12 in section 257.16.

13 Sec. 9. Section 257.8, subsection 6, Code 1991, is
14 amended by adding the following new unnumbered
15 paragraph:

16 NEW UNNUMBERED PARAGRAPH. If subsection 9 is used
17 in the calculation of the state percent of growth for
18 the previous year, there shall not be a recomputation
19 of the state percent of growth for the previous year.

20 Sec. 10. Section 257.8, Code 1991, is amended by
21 adding the following new subsection:

22 NEW SUBSECTION. 9. LIMITATION ON STATE PERCENT OF
23 GROWTH. Notwithstanding other contrary provisions
24 contained in this section, if for any budget year the
25 moneys otherwise appropriated to pay the state
26 foundation aid under section 257.16 would result in an
27 increase in such appropriation above that allowed
28 under section 8.57, subsection 2, the department of
29 management shall reduce the state percent of growth so
30 that the total appropriation of state foundation aid
31 under section 257.16 does not exceed the appropriation
32 allowed under section 8.57, subsection 2. In
33 computing the reduction in the state percent of growth
34 under this subsection, the department shall not
35 consider that portion of the increased state
36 foundation aid attributable to the increase in
37 weighted enrollment from the base year to the budget
38 year. However, expenditures allowed under this
39 subsection may be increased as provided in section
40 8.57, subsection 4, except that in order for such an
41 increase in expenditures to be effective for any
42 budget year, both houses of the general assembly and
43 the governor must approve the increase by March 1 in
44 the base year.

45 Sec. 11. Section 257.20, Code Supplement 1991, is
46 amended by adding after unnumbered paragraph 1, the
47 following new unnumbered paragraph:

48 NEW UNNUMBERED PARAGRAPH. Notwithstanding the
49 amount of instructional support state aid computed in
50 the preceding paragraph, the amount of instructional

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1 support state aid for all school districts for a
2 budget year shall not increase from the amount of
3 state aid paid in the base year by more than the
4 amount of the increase in the state general fund
5 revenues allocated for instructional support state
6 aid. For purposes of this section, the "amount of the
7 increase in the state general fund revenues allocated
8 for the instructional support state aid" equals the
9 product of the percent of total state general fund
10 appropriations for the base year which are spent for
11 instructional support state aid under this section
12 multiplied by the sum of appropriate estimated
13 increase in state general fund revenues as determined
14 under section 8.57 after adjustment for the amount
15 unavailable for expenditure during the budget year due
16 to the state general fund expenditure limitation in
17 section 8.54. The department of management shall
18 adjust the twenty-five hundredths multiplier in the
19 formula for computing the amount of state aid under
20 the preceding paragraph so that the total amount of
21 instructional support state aid does not exceed the
22 funding limitations of this paragraph.

23 Sec. 12. NEW SECTION. 257.28A STATE REVENUE
24 LIMITATION REPLACEMENT LEVY.

25 If the application of section 257.8, subsection 9,
26 reduces the amount of state school foundation aid in a
27 budget year which would have been otherwise received
28 by a school district, the board of directors of the
29 school district may raise additional funding up to the
30 amount of the reduction in state school foundation aid
31 in the budget year for the school district caused by
32 the application of section 257.8, subsection 9, except
33 that the amount raised shall not exceed five percent
34 of the total of regular program district cost for the
35 budget year.

36 The additional funding may be raised by either a
37 state revenue limitation replacement property tax or
38 by a combination of a state revenue limitation
39 replacement property tax and a state revenue
40 limitation replacement income surtax, except that the
41 amount raised through the state revenue replacement
42 income surtax shall not exceed fifty percent of the
43 total amount of additional funding raised. The method
44 of raising the additional funding, and the amount of
45 moneys to be raised under the property tax and income
46 surtax, if any, shall be contained in the resolution
47 adopted by the board of directors to direct the county
48 commissioner of elections to call an election to
49 submit the question of such participation at a special
50 election. In order for a school district to

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1 participate in raising the additional funding in a
2 school year, the board of directors shall adopt the
3 necessary resolution by March 20 of the base year.

4 The special election shall be held on the second
5 Tuesday in May in the base year. If a majority of
6 those voting on the question at the election favors
7 disapproval of the action of the board, the district
8 shall not participate in the raising of the additional
9 funding for the budget year.

10 If a majority of those voting on the question
11 favors approval of the action, the board shall so
12 certify to the department of management and the
13 district shall participate in the raising of the
14 additional funding.

15 The certification to the department of management
16 shall include a certification of the amount to be
17 raised through property tax and income surtax, if any,
18 to the department of management. The department of
19 management shall determine the appropriate property
20 tax levy and income surtax in accordance with the
21 resolution. The department of management shall
22 determine these amounts based upon the most recent
23 figures available for the district's valuation on
24 taxable property and individual state income tax paid
25 in the district, and shall certify to the director's
26 county auditor the amount of state revenue limitation
27 replacement property tax, and to the director of
28 revenue and finance the amount of state revenue
29 limitation replacement income surtax to be imposed if
30 a state revenue limitation replacement income surtax
31 is to be imposed. The state revenue limitation
32 replacement property tax and income surtax, if an
33 income surtax is imposed, shall be levied and imposed,
34 collected, and paid to the school district in the
35 manner provided for the instructional support program
36 in sections 257.21 through 257.26.

37 Moneys received pursuant to this section are
38 miscellaneous income and may be used for any general
39 fund purpose. Notwithstanding section 24.17, the
40 certified school budget may be amended to include
41 provisions for the expenditures of moneys raised under
42 this section after March 15 of the base year.

43 Sec. 13. Section 279.51, subsection 1, unnumbered
44 paragraph 1, Code Supplement 1991, is amended to read
45 as follows:

46 There is appropriated from the general fund of the
47 state to the department of education for the fiscal
48 year beginning July 1, 1990, the sum of eight million
49 seven hundred thousand dollars. For the fiscal year
50 beginning July 1, 1991, and each succeeding fiscal

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1 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. However, the increase in the appropriation for a fiscal year from the previous fiscal year shall not exceed the limit computed in section 8.57.

9 Sec. 14. Section 285.2, unnumbered paragraph 2, Code Supplement 1991, is amended to read as follows:
10 There is appropriated from the general fund of the state to the department of education funds sufficient to pay the approved claims of public school districts for transportation services to nonpublic school pupils as provided in this section. The portion of the amount appropriated for approved claims under section 285.1, subsection 3, shall be determined under section 285.3. However, the increase in the appropriation for a fiscal year from the previous fiscal year shall not exceed the limit computed in section 8.57. If this limitation results in insufficient funds available to pay approved claims in full, the department of education shall prorate the amount of the appropriation for each claim.

25 Sec. 15. Section 294A.25, subsection 1, Code 1991, is amended to read as follows:

27 1. For the fiscal year beginning July 1, 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 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. However, the increase in the appropriation for a fiscal year from the previous fiscal year shall not exceed the limit computed in section 8.57. The moneys shall be distributed as provided in this section.

42 Sec. 16. Section 421.31, subsection 5, Code 1991, is amended to read as follows:

44 5. ACCOUNTS. To keep the central budget and proprietary control accounts of the state government ~~in accordance with generally accepted accounting principles.~~ Budget accounts are those accounts maintained to control the receipt and disposition of all funds, appropriations, and allotments.

50 Proprietary accounts are those accounts relating to

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1 assets, liabilities, income, and expense. For each
2 fiscal year, the financial position and results of
3 operations of the state shall be reported in a
4 comprehensive annual financial report prepared in
5 accordance with generally accepted accounting
6 principles, as established by the governmental
7 accounting standards board.

8 Sec. 17. Section 422.69, subsection 3, Code
- Supplement 1991. is amended by striking the

11 Sec. 18. 1986 Iowa Acts, chapter 1245, section
12 2046, as amended by 1986 Iowa Acts, chapter 1238,
13 section 59, is repealed.

14 Sec. 19. Sections 8 and 10, 11, and 12 of this Act
15 take effect July 1, 1992, for purposes of computing
16 state aid to school corporations for school budget
17 years beginning on or after July 1, 1993. This
18 section and sections 999, 16, 17, and 18 of this Act,
19 being deemed of immediate importance, take effect upon
20 enactment."

21 2. Title page, line 2, by inserting after the
22 word "practices" the following: ", by providing for a
23 state revenue limitation replacement property tax and
24 income surtax and providing effective date and
25 applicability provisions".

RECEIVED FROM THE HOUSE

S-5584 FILED APRIL 7, 1992

Senate refused to concur 4/8 (p. 1205)
House passed 4/13 (p. 1215)

REPORT OF THE CONFERENCE COMMITTEE
ON SENATE FILE 2351

To the President of the Senate and the Speaker of the House of Representatives:

We, the undersigned members of the conference committee appointed to resolve the differences between the Senate and the House of Representatives on Senate File 2351, a bill for an Act relating to state budget and financial control by requiring certain financial practices, respectfully make the following report:

1. That the House recedes from its amendment, S-5584.

2. That Senate File 2351, as amended, passed, and reprinted by the Senate, is amended as follows:

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

"Section 1. Section 8.21, Code 1991, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. If the governor is required to use a lesser amount in the budget process because of a later meeting of the state revenue estimating conference under section 8.22A, subsection 3, the governor shall transmit recommendations for a balanced budget meeting this requirement within fourteen days of the later meeting of the state revenue estimating conference.

Sec. 2. Section 8.22A, Code 1991, is amended to read as follows:

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8.22A REVENUE ESTIMATING CONFERENCE.

1. The state revenue estimating conference is created consisting of the governor or the governor's designee, the director of the legislative fiscal bureau, and a third member agreed to by the other two.

2. The conference shall meet as often as deemed necessary, but shall meet at least quarterly. The conference may use sources of information deemed appropriate.

3. By December 15, ~~1986~~ and of each succeeding fiscal year the conference shall agree to a revenue estimate for the fiscal year beginning the following July 1. That estimate shall be used by the governor in the preparation of the budget message under section 8.22 and by the legislature general assembly in the budget process. If the conference agrees to a different estimate at a later meeting which projects a greater amount of revenue than the initial estimate amount agreed to by December 15, the governor and the general assembly shall continue to use the initial estimate amount in the budget process for that fiscal year. However, if the conference agrees to a different estimate at a later meeting which projects a lesser amount of revenue than the initial estimate amount, the governor and the general assembly shall use the lesser amount in the budget process for that fiscal year. As used in this subsection, "later meeting" means only those later meetings which are held prior to the conclusion of the regular session of the general assembly.

Sec. 3. NEW SECTION. 8.53 GAAP DEFICIT -- GAAP IMPLEMENTATION.

For the fiscal year beginning July 1, 1992, and the two succeeding fiscal years, the governor shall recommend in the governor's budget and the general assembly shall provide funds to eliminate the state generally accepted accounting principles (GAAP) deficit, as reported in the state's comprehensive annual financial report issued during the prior fiscal year, and taking into account the revised GAAP standards that are projected to be in place by the fiscal year ending in 1995, either through the appropriation of specific

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funds to provide an adjustment in the GAAP deficit or by setting funds aside in a special account in an amount equal to the GAAP deficit.

For the fiscal year beginning July 1, 1996, and each succeeding fiscal year, the governor shall recommend in the governor's budget and the general assembly shall provide funds to eliminate the GAAP deficit of the general fund of the state, as reported in the state's comprehensive annual financial report issued during the prior fiscal year, either through the appropriation of specific funds to correct a GAAP adjustment or by setting funds aside in a special account in an amount equal to the GAAP deficit.

Sec. 4. NEW SECTION. 8.54 GENERAL FUND EXPENDITURE LIMITATION.

1. For the purposes of this section and sections 8.55 through 8.57:

a. "Adjusted revenue estimate" means the appropriate revenue estimate for the general fund for the following fiscal year as determined under section 8.22A, subsection 3, adjusted by subtracting estimated tax refunds payable from that estimated revenue and adding any new revenues which may be considered to be eligible for deposit in the general fund.

b. "New revenues" means moneys which are received by the state due to increased tax rates and fees or newly created taxes and fees over and above those moneys which are received due to state taxes and fees which are in effect as of January 1 following the December state revenue estimating conference. "New revenues" also includes moneys received by the state due to new transfers over and above those moneys received by the state due to transfers which are in effect as of January 1 following the December state revenue estimating conference.

2. There is created a state general fund expenditure limitation for each fiscal year beginning on or after July 1, 1993, calculated as provided in this section.

3. Except as otherwise provided in this section, the state general fund expenditure limitation for a fiscal year shall be ninety-nine percent of the adjusted revenue estimate.

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4. The state general fund expenditure limitation amount provided for in this section shall be used by the governor in the preparation of the budget under section 8.22 and by the general assembly in the budget process. If a source for new revenues is proposed, the budget revenue projection used for that new revenue source for the period beginning on the effective date of the new revenue source and ending in the fiscal year in which the source is included in the revenue base shall be an amount determined by subtracting estimated tax refunds payable from the projected revenue from that new revenue source, multiplied by ninety-five percent. If a new revenue source is established and implemented, the original state general fund expenditure limitation amount provided for in subsection 3 shall be readjusted to include ninety-five percent of the estimated revenue from the new revenue source.

5. For fiscal years in which section 8.55, subsection 2, results in moneys being transferred to the general fund, the original state general fund expenditure limitation amount provided for in subsection 3 shall be readjusted to include the moneys which are so transferred.

6. The scope of the expenditure limitation under subsection 3 shall not encompass federal funds, donations, constitutionally dedicated moneys, and moneys in expenditures from state retirement system moneys.

7. The governor shall submit and the general assembly shall pass a budget which does not exceed the state general fund expenditure limitation. The governor in submitting the budget under section 8.21, and the general assembly in passing a budget, shall not have recurring expenditures in excess of recurring revenues.

Sec. 5. Section 8.55, Code 1991, is amended to read as follows:

8.55 IOWA ECONOMIC EMERGENCY FUND.

1. The Iowa economic emergency fund is created. The fund shall be separate from the general fund of the state and the balance in the fund shall not be considered part of the balance of the general fund of the state,--except-for-purposes

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~~of-determining-the-annual-inflation-factor-under-section 422.47, subsection 17, the balance in the fund shall be considered part of the general fund of the state. The moneys in the fund shall not revert to the general fund, notwithstanding section 8.33, unless and to the extent the fund exceeds the maximum balance.~~

2. ~~The maximum balance of the Iowa economic emergency fund is the amount equal to ten percent of the funds appropriated from the general fund of the state during the preceding fiscal year. There is appropriated from any surplus existing in the general fund of the state at the conclusion of the fiscal year to the Iowa economic emergency fund an amount equal to the smaller of the amount of the surplus or the amount necessary to achieve the maximum balance.~~ The maximum balance of the fund is the amount equal to five percent of the adjusted revenue estimate for the fiscal year. If the amount of moneys in the Iowa economic emergency fund is equal to the maximum balance, moneys in excess of this amount shall be transferred to the general fund.

3. The moneys in the Iowa economic emergency fund may be appropriated by the general assembly only in the fiscal year for which the appropriation is made ~~and only for a purpose for which the general assembly previously appropriated funds for that fiscal year.~~ The moneys shall only be appropriated by the general assembly for emergency expenditures. However, except as provided in section 8.58, the balance in the Iowa economic emergency fund may be used in determining the cash position of the general fund of the state for the payment of state obligations.

4. Notwithstanding section 453.7, subsection 2, interest or earnings on moneys deposited in the Iowa economic emergency fund shall be credited to the Iowa economic emergency fund.

Sec. 6. NEW SECTION. 8.56 CASH RESERVE FUND.

1. A cash reserve fund is created in the state treasury. The cash reserve fund shall be separate from the general fund of the state and shall not be considered part of the general fund of the state except in determining the cash position of

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the state as provided in subsection 3. The moneys in the cash reserve fund are not subject to section 8.33 and shall not be transferred, used, obligated, appropriated, or otherwise encumbered except as provided in this section.

Notwithstanding section 453.7, subsection 2, interest or earnings on moneys deposited in the cash reserve fund shall be credited to the Iowa economic emergency fund. Moneys in the cash reserve fund may be used for cash flow purposes provided that any moneys so allocated are returned to the cash reserve fund by the end of each fiscal year.

2. The maximum balance of the cash reserve fund is the amount equal to the cash reserve goal percentage, as defined in section 8.57, multiplied by the adjusted revenue estimate for the general fund of the state for the current fiscal year.

3. The moneys in the cash reserve fund may be appropriated by the general assembly in accordance with subsection 4 only in the fiscal year for which the appropriation is made. The moneys shall only be appropriated by the general assembly for nonrecurring emergency expenditures and shall not be appropriated for payment of any collective bargaining agreement or arbitrator's decision negotiated or awarded under chapter 20. However, except as provided in section 8.58, the balance in the cash reserve fund may be used in determining the cash position of the general fund of the state for payment of state obligations.

4. a. Except as provided in subsection 1, an appropriation shall not be made from the cash reserve fund unless the appropriation is in accordance with all of the following:

(1) The appropriation is contained in a bill or joint resolution in which the appropriation is the only subject matter of the bill or joint resolution.

(2) The bill or joint resolution states the reasons the appropriation is necessary.

b. In addition to the requirements of paragraph "a", an appropriation shall not be made from the cash reserve fund which would cause the fund's balance to be less than three

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percent of the adjusted revenue estimate for the year for which the appropriation is made unless the bill or joint resolution is approved by vote of at least three-fifths of the members of both chambers of the general assembly and is signed by the governor.

Sec. 7. NEW SECTION. 8.57 ANNUAL APPROPRIATION.

1. a. For each fiscal year beginning on or after July 1, 1993, there is appropriated from the general fund of the state an amount to be determined as follows:

(1) If the balance of the cash reserve fund has not yet at any point reached four percent of the adjusted revenue estimate during a budget year, the amount appropriated shall be determined under this subparagraph.

(a) The amount appropriated under this subparagraph is the amount necessary for the cash reserve fund to reach the cash reserve goal percentage of the adjusted revenue estimate for the fiscal year. However, moneys appropriated under this subparagraph shall not exceed more than one percent of the adjusted revenue estimate for the fiscal year.

(b) The "cash reserve goal percentage" for the fiscal year beginning July 1, 1993, is one percent; for the fiscal year beginning July 1, 1994, is two percent; for the fiscal year beginning July 1, 1995, is three percent; for the fiscal year beginning July 1, 1996, is four percent; and for fiscal years beginning on or after July 1, 1997, is five percent.

(2) If at any point in any prior fiscal year the balance of the cash reserve fund reached four percent of the adjusted revenue estimate for that fiscal year, the moneys appropriated under this paragraph for a fiscal year shall be one percent of the adjusted revenue estimate for the fiscal year.

(3) The moneys appropriated under this paragraph shall be credited in equal and proportionate amounts in each quarter of that fiscal year.

b. Commencing June 30, 1993, the surplus existing in the general fund of the state at the conclusion of the fiscal year is appropriated for distribution as provided in this section. As used in this paragraph, "surplus" means the positive ending

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balance in the general fund, if any.

c. The amount appropriated in this section is not subject to the provisions of section 8.31, relating to quarterly requisitions and allotment, or to section 8.32, relating to conditional availability of appropriations.

2. Moneys appropriated under subsection 1 shall be first credited to the cash reserve fund. To the extent that moneys appropriated under subsection 1 would make the moneys in the cash reserve fund exceed the cash reserve goal percentage of the adjusted revenue estimate for the fiscal year, the moneys are appropriated to the department of management to be spent for the purpose of eliminating Iowa's GAAP deficit. The department of management shall annually file with both houses of the general assembly at the time of the submission of the governor's budget a schedule of the items for which moneys appropriated under this subsection for the purpose of eliminating Iowa's GAAP deficit shall be spent in the fiscal year commencing July 1 following the date of the filing of the report. The schedule shall list each item of expenditure and the maximum dollar amount of moneys to be spent on that item for the fiscal year. If moneys appropriated under this subsection are not enough to pay for all listed expenditures, the department of management shall allocate the payments among the listed expenditure items. Moneys appropriated to the department of management under this subsection shall not be spent on items other than those included in the filed schedule.

3. To the extent that moneys appropriated under subsection 1 exceed the amounts necessary for the cash reserve fund to reach its maximum balance and the amounts necessary to eliminate Iowa's GAAP deficit, the moneys shall be appropriated to the Iowa economic emergency fund.

4. As used in this section, "GAAP" means generally accepted accounting principles as established by the governmental accounting standards board.

Sec. 8. NEW SECTION. 8.58 EXEMPTION FROM AUTOMATIC APPLICATION.

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To the extent that moneys appropriated under section 8.57 do not result in moneys being credited to the general fund under section 8.55, subsection 2, moneys appropriated under section 8.57 and moneys contained in the cash reserve fund and Iowa economic emergency fund shall not be considered in the application of any formula, index, or other statutory triggering mechanism which would affect appropriations, payments, or taxation rates, contrary provisions of the Code notwithstanding.

To the extent that moneys appropriated under section 8.57 do not result in moneys being credited to the general fund under section 8.55, subsection 2, moneys appropriated under section 8.57 and moneys contained in the cash reserve fund and Iowa economic emergency fund shall not be considered by an arbitrator or in negotiations under chapter 20.

Sec. 9. NEW SECTION. 8.59 APPROPRIATIONS FREEZE.

Notwithstanding contrary provisions of the Code, the amounts appropriated under the applicable sections of the Code for fiscal years commencing on or after July 1, 1993, are limited to those amounts expended under those sections for the fiscal year commencing July 1, 1992. If an applicable section appropriates moneys to be distributed to different recipients and the operation of this section reduces the total amount to be distributed under the applicable section, the moneys shall be prorated among the recipients. As used in this section, "applicable sections" means the following sections: 53.50, 98.7, 229.35, 230.8, 230.11, 411.20, 425.1, 425.39, 426A.1, 663.44, and 663A.5.

Sec. 10. Section 18.75, subsection 8, Code Supplement 1991, is amended to read as follows:

8. By November 1 of each year supply a report which contains the name, gender, county or city of residence when possible, official title, salary received during the previous fiscal year, base salary as computed on July 1 of the current fiscal year, and traveling and subsistence expense of the personnel of each of the departments, boards, and commissions of the state government except personnel who receive an annual

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salary of less than one thousand dollars. The number of the personnel and the total amount received by them shall be shown for each department in the report. All employees who have drawn salaries, fees, or expense allowances from more than one department or subdivision shall be listed separately under the proper departmental heading. On the request of the superintendent, the head of each department, board, or commission shall furnish the data covering that agency. ~~The report shall be paid for out of moneys in the general fund not otherwise appropriated.~~ A The report shall be distributed upon request without charge to each member caucus of the general assembly, ~~and the state law library~~ the legislative service bureau, the legislative fiscal bureau, the chief clerk of the house of representatives, and the secretary of the senate. ~~Six copies shall be distributed without charge to the state library and one copy shall be distributed without charge to each library which is designated as a documents depository by the state library. -- Other persons may purchase a copy for a fee not less than the amount required to print the copy.~~ Copies of the report shall be made available to other persons in both print or electronic medium upon payment of a fee, which shall not exceed the cost of providing the copy of the report. Sections 22.2 through 22.6 apply to the report. All funds from the sale of the report shall be deposited in the general fund.

Sec. 11. Section 20.17, subsection 11, Code Supplement 1991, as amended by Senate File 2216, section 1, is amended to read as follows:

11. a. In the absence of an impasse agreement negotiated pursuant to section 20.19 which provides for a different completion date, public employees represented by a certified employee organization who are teachers licensed under chapter 260 and who are employed by a public employer which is a school district or area education agency shall complete the negotiation of a proposed collective bargaining agreement not later than ~~April 15~~ May 31 of the year when the agreement is to become effective. The board shall provide, by rule, a date

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on which impasse items in such cases must be submitted to binding arbitration and for such other procedures as deemed necessary to provide for the completion of negotiations of proposed collective bargaining agreements not later than ~~April~~ 15 May 31. The date selected for the mandatory submission of impasse items to binding arbitration in such cases shall be sufficiently in advance of ~~April~~ 15 May 31 to ensure that the arbitrators' decision can be reasonably made before ~~April~~ 15 May 31.

b. If the public employer is a community college, the following apply:

(1) The negotiation of a proposed collective bargaining agreement shall be complete not later than ~~June~~ May 31 of the year when the agreement is to become effective, absent the existence of an impasse agreement negotiated pursuant to section 20.19 which provides for a different completion date. The board shall adopt rules providing for a date on which impasse items in such cases must be submitted to binding arbitration and for procedures for the completion of negotiations of proposed collective bargaining agreements not later than ~~June~~ May 31. The date selected for the mandatory submission of impasse items to binding arbitration in such cases shall be sufficiently in advance of ~~June~~ May 31 to ensure that the arbitrators' decision can be reasonably made by ~~June~~ May 31.

(2) Notwithstanding the provisions of paragraph "a", the ~~June~~ May 31 deadline may be waived by mutual agreement of the parties to the collective bargaining agreement negotiations.

Sec. 12. Section 20.19, Code Supplement 1991, as amended by Senate File 2216, section 2, is amended to read as follows:

20.19 IMPASSE PROCEDURES -- AGREEMENT OF PARTIES.

As the first step in the performance of their duty to bargain, the public employer and the employee organization shall endeavor to agree upon impasse procedures. Such agreement shall provide for implementation of these impasse procedures not later than one hundred twenty days prior to the

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certified budget submission date of the public employer. However, if public employees represented by the employee organization are teachers licensed under chapter 260, and the public employer is a school district or area education agency, the agreement shall provide for implementation of impasse procedures not later than one hundred twenty days prior to ~~April 15~~ May 31 of the year when the collective bargaining agreement is to become effective. If the public employer is a community college, the agreement shall provide for implementation of impasse procedures not later than one hundred twenty days prior to ~~June 1~~ May 31 of the year when the collective bargaining agreement is to become effective. If the parties fail to agree upon impasse procedures under the provisions of this section, the impasse procedures provided in sections 20.20 to 20.22 shall apply.

Sec. 13. Section 20.20, Code Supplement 1991, as amended by Senate File 2216, section 3, is amended to read as follows:

20.20 MEDIATION.

In the absence of an impasse agreement negotiated pursuant to section 20.19 or the failure of either party to utilize its procedures, one hundred twenty days prior to the certified budget submission date, or one hundred twenty days prior to ~~April 15~~ May 31 of the year when the collective bargaining agreement is to become effective if public employees represented by the employee organization are teachers licensed under chapter 260 and the public employer is a school district or area education agency, the board shall, upon the request of either party, appoint an impartial and disinterested person to act as mediator. If the public employer is a community college, and in the absence of an impasse agreement negotiated pursuant to section 20.19 or the failure of either party to utilize its procedures, one hundred twenty days prior to ~~June 1~~ May 31 of the year when the collective bargaining agreement is to become effective, the board, upon the request of either party, shall appoint an impartial and disinterested person to act as mediator. It shall be the function of the mediator to bring the parties together to effectuate a settlement of the

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dispute, but the mediator may not compel the parties to agree.

Sec. 14. Section 24.17, unnumbered paragraph 1, Code 1991, is amended to read as follows:

The local budgets of the various political subdivisions shall be certified by the chairperson of the certifying board or levying board, as the case may be, in duplicate to the county auditor not later than March 15 of each year ~~unless a city or county holds a special levy election, in which case certification shall not be later than fourteen days following the special levy election,~~ on blanks prescribed by the state board, and according to the rules and instruction which shall be furnished all certifying and levying boards in printed form by the state board or city finance committee in the case of cities. However, if a city or county holds a special levy election, the certification shall be not later than fourteen days following the special levy election, and if the political subdivision is a school district, as defined in section 257.2, its budget shall be certified not later than April 15 of each year.

Sec. 15. Section 257.8, Code 1991, is amended by striking the section and inserting in lieu thereof the following:

257.8 STATE PERCENT OF GROWTH -- ALLOWABLE GROWTH.

1. STATE PERCENT OF GROWTH. The state percent of growth for a budget year shall be established by statute which shall be enacted within thirty days of the submission in the base year of the governor's budget under section 8.21. The establishment of the state percent of growth for a budget year shall be the only subject matter of the bill which enacts the state percent of growth for a budget year.

2. 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

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pupil for the base year.

3. 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. 16. Section 257.20, Code Supplement 1991, is amended to read as follows:

257.20 INSTRUCTIONAL SUPPORT STATE AID APPROPRIATION.

1. 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.

2. 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 determined under subsection 1.

a. However, moneys appropriated under this subsection shall not exceed the amount of moneys appropriated as instructional support state aid for the budget year which commenced on July 1, 1992.

b. If the amount appropriated under this subsection is

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insufficient to pay the amount of instructional support state aid determined under subsection 1, the department of education shall prorate the amount of the instructional support state aid provided to each district.

3. If the general assembly makes an appropriation for instructional support state aid in lieu of the standing appropriation provided under subsection 2, the appropriation for instructional support state aid shall include in the appropriation the allocation of the instructional support state aid to the school districts applicable for that appropriation and subsections 1 and 2 do not apply to the appropriation.

4. 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. 17. Section 273.3, subsection 12, Code 1991, is amended to read as follows:

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 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 February March 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 February March 15 preceding the next fiscal year for approval. The state board shall review the proposed budget of each area education agency and shall before March April 1, either grant approval or return the budget without approval with comments of the state board included. An unapproved budget shall be resubmitted to the state board for final approval not later than April 15.

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Sec. 18. Section 279.15, subsection 1, Code Supplement 1991, is amended to read as follows:

1. The superintendent or the superintendent's designee shall notify the teacher not later than April 15 ~~30~~ that the superintendent will recommend in writing to the board at a regular or special meeting of the board, held not later than ~~April-30~~ May 15, that the teacher's continuing contract be terminated effective at the end of the current school year. However, if the district is subject to reorganization under chapter 275, the notification shall not occur until after the first organizational meeting of the board of the newly formed district.

Sec. 19. Section 279.16, unnumbered paragraph 6, Code 1991, as amended by House File 2235, section 1, is amended to read as follows:

If the teacher fails to timely request a private hearing or does not appear at the private hearing, the board may proceed and make a determination upon the superintendent's recommendation, ~~which,--if-the-teacher-fails-to-timely-file-a-request-for-a-private-hearing,--the~~ determination ~~in-that-case~~ shall be not later than May 10, ~~or~~ 31. If the teacher fails to appear at the private hearing, the determination shall be not later than five days after the scheduled date for the private hearing, ~~whichever-is-applicable~~. The board shall convene in open session and by roll call vote determine the termination or continuance of the teacher's contract.

Sec. 20. Section 279.24, unnumbered paragraphs 3, 5, and 7, Code 1991, as amended by House File 2245, section 1, are amended to read as follows:

Administrators employed in a school district for less than two consecutive years are probationary administrators. However, a school board may waive the probationary period for any administrator who has previously served a probationary period in another school district and the school board may extend the probationary period for an additional year with the consent of the administrator. If a school board determines that it should terminate a probationary administrator's

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contract, the school board shall notify the administrator not later than ~~April 30~~ May 15 that the contract will not be renewed beyond the current year. The notice shall be in writing by letter, personally delivered, or mailed by certified mail. The notification shall be complete when received by the administrator. Within ten days after receiving the notice, the administrator may request a private conference with the school board to discuss the reasons for termination. The school board's decision to terminate a probationary administrator's contract shall be final unless the termination was based upon an alleged violation of a constitutionally guaranteed right of the administrator.

On or before ~~April 30~~ May 15, the administrator shall be notified in writing by a letter personally delivered or mailed by certified mail that the school board has voted to consider termination of the contract. The notification shall be complete when received by the administrator.

Within five days after receipt of the written notice that the school board has voted to consider termination of the contract, the administrator may request in writing to the secretary of the school board that the notification be forwarded to the board of educational examiners along with a request that the board of educational examiners submit a list of five qualified administrative law judges to the parties. Within three days from receipt of the list the parties shall select an administrative law judge by alternately removing a name from the list until only one name remains. The person whose name remains shall be the administrative law judge. The parties shall determine by lot which party shall remove the first name from the list. The hearing shall be held no sooner than ten days and not later than thirty days following the administrator's request unless the parties otherwise agree. If the administrator does not request a hearing, the school board, not later than May 31, may determine the continuance or discontinuance of the contract. School board action shall be by majority roll call vote entered on the minutes of the meeting. Notice of school board action shall be personally

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delivered or mailed to the administrator.

Sec. 21. Section 279.51, subsection 1, unnumbered paragraph 1, Code Supplement 1991, is amended to read as follows:

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.~~ For each fiscal year beginning on or after July 1, 1993, there is appropriated the sum which was appropriated for the fiscal year commencing July 1, 1992.

Sec. 22. Section 280A.50, unnumbered paragraph 1, Code 1991, is amended to read as follows:

The department of education shall provide for the establishment of a staff development account in the office of treasurer of state for purposes of providing moneys to community colleges for staff development. There is appropriated from the general fund of the state to the department of education on July 1 of each fiscal year beginning July 1, ~~1992~~ 1993, for crediting to the staff development account for each budget year ~~an amount equal to an amount which is five tenths of one percent of the total state general aid generated under chapter 286A for all community colleges during the base year. In the fiscal years succeeding June 30, 1993, an additional five tenths of one percent shall be added to the percent multiplier, used to determine the appropriation in this section, until that percent multiplier reaches four percent. Once the percent multiplier has reached the four percent level, it shall remain at that level for purposes of calculating the amount to be appropriated in succeeding fiscal years~~ the sum of six hundred thousand dollars. Moneys appropriated by the general assembly to the department of education for the purpose of the staff

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development program shall be paid to community colleges upon approval by the department of education of an application submitted by a community college. Funds shall be distributed to a community college based upon the proportion that a college's state general aid paid for the base year bears to the total state general aid paid that year to all community colleges.

Sec. 23. Section 294A.9, unnumbered paragraph 1, Code 1991, 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 on or after July 1, 1990 1992, the department of education ~~shall allocate to each school district for the purpose of implementing phase II a~~ per pupil amount upon which the phase II moneys are based is 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 a per pupil amount equal to three dollars and fifty-five cents multiplied by the enrollment served in the area education agency. ~~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~~ the per pupil allocation plus supplemental allocations for the immediately preceding fiscal year.

Sec. 24. Section 294A.14, unnumbered paragraph 2, Code 1991, is amended by striking the unnumbered paragraph.

Sec. 25. Section 294A.14, unnumbered paragraph 13, Code 1991, is amended by striking the paragraph and inserting in lieu thereof the following:

For purposes of this section, "comprehensive school transformation" means activities which focus on the improvement of student achievement and the attainment of student achievement goals under sections 280.12 and 280.18. A

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comprehensive school transformation plan submitted by a school district shall demonstrate the manner in which the components of the plan are integrated with a school's student achievement goals. Components of the plan may include, but are not limited to, providing salary increases to teachers who implement site-based shared decision making, building-based goal-oriented compensation mechanism, or approved innovative educational programs; who focus on student outcomes; who direct accountability for student achievement or accountability for organizational success; and who work to foster relationships between a school and businesses or public agencies which provide health and social services.

Sec. 26. Section 294A.16, unnumbered paragraph 3, Code 1991, is amended to read as follows:

The department of education shall review each plan and its budget and notify the department of management of the names of school districts and area education agencies with approved plans. In considering the approval of a plan submitted by a school district, the department shall give emphasis to plans which include a comprehensive school transformation plan or which include a component which is part of a statewide systemic school transformation initiative. In considering the approval of a plan submitted by an area education agency, the department shall give emphasis to plans which are integrated with and supportive of the comprehensive school transformation plans submitted by the school districts within the area education agency.

Sec. 27. Section 294A.25, subsection 1, Code 1991, is amended to read as follows:

1. For the fiscal year beginning July 1, 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 dollars to be used to improve teacher salaries. For each fiscal year thereafter in the fiscal period commencing July 1, 1991, and ending June 30, 1993, there is appropriated an amount equal to the amount appropriated for the fiscal year beginning July 1, 1990, plus

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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. For each fiscal year beginning on or after July 1, 1993, there is appropriated the sum which was appropriated for the fiscal year commencing July 1, 1992, including supplemental payments. The moneys shall be distributed as provided in this section.

Sec. 28. Section 421.31, subsection 5, Code 1991, is amended to read as follows:

5. ACCOUNTS. To keep the central budget and proprietary control accounts of the state government ~~in-accordance-with generally-accepted-accounting-principles.~~ Budget accounts are those accounts maintained to control the receipt and disposition of all funds, appropriations, and allotments. Proprietary accounts are those accounts relating to assets, liabilities, income, and expense. For each fiscal year, the financial position and results of operations of the state shall be reported in a comprehensive annual financial report prepared in accordance with generally accepted accounting principles, as established by the governmental accounting standards board.

Sec. 29. Section 422.69, subsection 3, Code Supplement 1991, is amended by striking the subsection.

Sec. 30. 1986 Iowa Acts, chapter 1245, section 2046, as amended by 1986 Iowa Acts, chapter 1238, section 59, is repealed.

Sec. 31. Section 427B.13, Code Supplement 1991, is repealed.

Sec. 32. The state percent of growth for the school budget year beginning July 1, 1993, computed by the department of management on or before September 15, 1991, is null and void.

Sec. 33. Sections 15, 16, and 32 of this Act take effect July 1, 1992, for purposes of computing state aid to school corporations, area education agencies, and merged area schools for school budget years beginning on or after July 1, 1993. This section and sections 28, 29, and 30 of this Act, being deemed of immediate importance, take effect upon enactment."

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2. Title page, line 2, by striking the word "practices" and inserting the following: "practices, providing an appropriation, and providing effective date and applicability provisions".

ON THE PART OF THE SENATE:

RICHARD VARN, Chairperson
LEONARD L. BOSWELL
MICHAEL E. GRONSTAL
DERRYL MCLAREN
JIM LIND

ON THE PART OF THE HOUSE:

JACK HATCH, Chairperson
TOM MILLER
PHILIP WISE

CCS-2351.2 FILED APRIL 24, 1992

ADOPTED (p. 1626) Apr 24

Adopted (p. 1945) Apr 30

VARN, CH.
BOSWELL
SZYMONIAK
TIEDEN
LIND

SSB 2284
APPROPRIATIONS *Now*

SENATE FILE 2351
BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
CHAIRPERSON BOSWELL)

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

A BILL FOR

1 An Act relating to state budget and financial control by
2 requiring certain financial practices.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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1 Section 1. NEW SECTION. 8.54 GAAP DEFICIT -- GAAP
2 IMPLEMENTATION.

3 For the fiscal year beginning July 1, 1992, and the next
4 two fiscal years, the general assembly shall provide funds to
5 eliminate the state generally accepted accounting principles
6 (GAAP) deficit, as reported in the state's comprehensive
7 annual financial report issued during the prior fiscal year,
8 either by appropriating specific funds to correct a GAAP
9 adjustment or setting funds aside in a special account in an
10 amount equal to the GAAP deficit.

11 The funds of the state shall be kept in accordance with
12 generally accepted accounting principles beginning with the
13 fiscal year beginning July 1, 1995.

14 Sec. 2. Section 8.55, Code 1991, is amended by striking
15 the section and inserting in lieu thereof the following:

16 8.55 CASH RESERVE FUND.

17 1. A cash reserve fund is created in the state treasury.
18 The cash reserve fund shall be separate from the general fund
19 of the state and shall not be considered part of the general
20 fund of the state except in determining the adjusted revenue
21 estimate as provided in section 8.56 or determining the cash
22 position of the state as provided in subsection 3. The moneys
23 in the cash reserve fund are not subject to section 8.33 and
24 shall not be transferred, used, obligated, appropriated, or
25 otherwise encumbered except as provided in this section. The
26 treasurer of state may use moneys in the cash reserve fund for
27 cash flow purposes provided that any moneys so allocated are
28 returned to the cash reserve fund by the end of each fiscal
29 year.

30 2. a. The maximum balance of the cash reserve fund is the
31 amount equal to five percent of the adjusted revenue estimate,
32 as defined in section 8.56, for the general fund of the state
33 for the current fiscal year.

34 b. There is appropriated from any surplus existing in the
35 general fund of the state at the conclusion of the fiscal year

1 to the cash reserve fund an amount equal to the smaller of the
2 amount of the surplus or the amount necessary to achieve the
3 maximum balance determined under paragraph "a" of this
4 subsection.

5 3. The moneys in the cash reserve fund may be appropriated
6 by the general assembly in accordance with subsection 4 only
7 in the fiscal year for which the appropriation is made. The
8 moneys shall only be appropriated by the general assembly for
9 nonrecurring emergency expenditures. However, the balance in
10 the cash reserve fund may be used in determining the cash
11 position of the general fund of the state for payment of state
12 obligations.

13 4. a. Except as provided in subsection 1, an
14 appropriation shall not be made from the cash reserve fund
15 unless the appropriation is in accordance with all of the
16 following:

17 (1) The appropriation is contained in a bill or joint
18 resolution in which the appropriation is the only subject
19 matter of the bill or joint resolution.

20 (2) The bill or joint resolution states the need or
21 reasons the appropriation is necessary.

22 b. In addition to the requirements of paragraph "a" of
23 this subsection, an appropriation shall not be made from the
24 cash reserve fund which would cause the fund's balance to be
25 less than three percent of the adjusted revenue estimate for
26 the year for which the appropriation is made unless the bill
27 or joint resolution is approved by vote of at least sixty
28 percent of the members of both chambers of the general
29 assembly and is signed by the governor.

30 Sec. 3. NEW SECTION. 8.56 EXPENDITURE LIMITATION.

31 1. For the purposes of this section, "adjusted revenue
32 estimate" means the sum of the revenue estimate for the
33 general fund of the state made in December by the revenue
34 estimating conference for the following fiscal year as
35 adjusted by subtracting estimated tax refunds payable from

1 that estimated revenue and adding moneys remaining in the
2 general fund plus moneys in the case reserve fund. The
3 adjusted revenue estimate shall be readjusted by the revenue
4 estimating conference in December of the year to which the
5 adjusted revenue estimate applies for any new revenue source
6 in accordance with the provisions of subsection 5.

7 2. There is created a state expenditure limitation for
8 each fiscal year beginning on or after July 1, 1993,
9 calculated as provided in this section. The purpose of the
10 expenditure limitation is to establish and maintain a cash
11 reserve balance for the general fund of the state. The scope
12 of the expenditure limitation shall apply to the general fund
13 of the state and all revenues which may be considered to be
14 eligible for deposit in the general fund, including use tax
15 receipts and trust funds. However, the scope of the
16 expenditure limitation shall not apply to federal funds,
17 donations, constitutionally dedicated moneys, and pension
18 moneys. The cash balance amount in the cash reserve fund
19 created in section 8.55 shall be considered to be a revenue to
20 the general fund only for purposes of establishing the
21 adjusted revenue estimate used to determine the general fund
22 expenditure limitation amount.

23 3. The expenditures from the general fund of the state in
24 a fiscal year shall be limited to the state general fund
25 expenditure limitation amount established pursuant to this
26 subsection. This amount shall be determined by applying the
27 indicated percentage to the adjusted revenue estimate as
28 follows:

29 a. For the fiscal year beginning July 1, 1993, ninety-nine
30 percent of the adjusted revenue estimate for that year.

31 b. For the fiscal year beginning July 1, 1994, ninety-
32 eight percent of the adjusted revenue estimate for that year.

33 c. For the fiscal year beginning July 1, 1995, ninety-
34 seven percent of the adjusted revenue estimate for that year.

35 d. For the fiscal year beginning July 1, 1996, ninety-six

1 percent of the adjusted revenue estimate for that year.

2 e. For the fiscal year beginning July 1, 1997, and
3 succeeding fiscal years, ninety-five percent of the adjusted
4 revenue estimate for that year.

5 4. A cash reserve basis amount for each fiscal year shall
6 be determined by subtracting the state general fund
7 expenditure limitation amount for that fiscal year from the
8 adjusted revenue estimate for that fiscal year. A cash
9 reserve appropriation amount for that fiscal year shall be
10 determined by subtracting the cash balance amount in the cash
11 reserve fund used to determine the adjusted revenue estimate
12 for that fiscal year from the cash reserve basis amount. If
13 the cash reserve appropriation amount is a positive number, in
14 each quarter of that fiscal year, an equal and proportionate
15 amount of the cash reserve appropriation amount is
16 appropriated from the general fund of the state and shall be
17 deposited by the treasurer of state in the cash reserve fund
18 created in section 8.55. The amount appropriated in this
19 subsection is not subject to the provisions of section 8.31,
20 relating to quarterly requisitions and allotment or to section
21 8.32, relating to conditional availability of appropriations.

22 5. The state general fund expenditure limitation amount
23 provided for in this section shall be used by the governor in
24 the preparation of the budget under section 8.22 and by the
25 general assembly in the budget process. If a new revenue
26 source is proposed, the budget revenue projection used for
27 that new revenue source for the period beginning on the
28 effective date of the new revenue source and ending in the
29 fiscal year in which the source is included in the revenue
30 base shall be an amount determined by subtracting estimated
31 tax refunds payable from the projected revenue from that new
32 revenue source, multiplied by ninety-five percent. If a new
33 revenue source is established and implemented, the original
34 state general fund expenditure limitation amount provided for
35 in subsection 3 shall be readjusted to include ninety-five

1 percent of the estimated revenue from the new revenue source.

2 6. In each fiscal year the governor shall submit and the
3 general assembly shall pass a budget which does not exceed the
4 state general fund expenditure limitation amount established
5 for that fiscal year pursuant to this section.

6 Sec. 4. NEW SECTION. 8.57 STANDING APPROPRIATIONS.

7 1. "Standing unlimited appropriation" means an
8 appropriation made from any state fund for more than one
9 fiscal year where the law making the appropriation does not
10 specify the exact dollar amount to be appropriated. For
11 purposes of this section, "standing unlimited appropriation"
12 includes only the following: an appropriation for phases I,
13 II, and III under section 294A.25, school foundation aid under
14 section 257.16, advance for increasing enrollment under
15 section 257.13, programs for at-risk children under section
16 279.51, transportation for nonpublic students in section
17 285.2, homestead tax credit under section 425.1, and
18 instructional support state aid under section 257.20.

19 2. Notwithstanding the law authorizing a standing
20 unlimited appropriation for fiscal years beginning on or after
21 July 1, 1993, the amount of increase of a standing unlimited
22 appropriation shall not exceed the amount of the increase in
23 the state general fund revenues allocated for that
24 appropriation for a fiscal year. The increase in the state
25 general fund revenues allocated for a standing unlimited
26 appropriation equals the product of the percent the particular
27 standing unlimited appropriation for the previous fiscal year
28 bears to the total state general fund expenditures for the
29 previous fiscal year multiplied by the sum of estimated
30 increase in state general fund revenues after adjustment for
31 the amount unavailable for expenditure during the fiscal year
32 due to the state general fund limitation in section 8.56.
33 Estimated increase in the state general fund revenues shall be
34 based on the estimates made by the revenue estimating
35 conference in December of the previous fiscal year.

1 3. If as a result of the limitation in this section in the
2 growth of a standing unlimited appropriation for a fiscal year
3 the amount of the standing unlimited appropriation is insuf-
4 ficient to pay the amount computed in full, the amount that
5 shall be provided the beneficiaries of that appropriation
6 shall be prorated.

7 Sec. 5. Section 257.1, subsection 2, unnumbered paragraph
8 2, Code Supplement 1991, is amended by striking the unnumbered
9 paragraph and inserting in lieu thereof the following:

10 For the budget year commencing July 1, 1993, and each
11 succeeding budget year, the foundation level equals eighty-two
12 and one-half percent.

13 Sec. 6. Section 257.2, subsections 2 and 4, Code
14 Supplement 1991, are amended to read as follows:

15 2. "Base year" means the school year or the state fiscal
16 year, as applicable, ending during the calendar year in which
17 a school budget is certified.

18 4. "Budget year" means the school year or the state fiscal
19 year, as applicable, beginning during the calendar year in
20 which a school budget is certified.

21 Sec. 7. Section 257.2, subsection 12, Code Supplement
22 1991, is amended by striking the subsection and inserting in
23 lieu thereof the following:

24 12. "State percent of growth" means the percentage change
25 in the combined state cost per pupil for the base year to the
26 combined state cost per pupil for the budget year.

27 Sec. 8. Section 257.8, Code 1991, is amended by striking
28 the section and inserting in lieu thereof the following:

29 257.8 ALLOWABLE GROWTH.

30 1. CALCULATION BY DEPARTMENT OF MANAGEMENT. On or before
31 December 31, 1992, and each December 31 thereafter, the
32 department of management shall compute the allowable growth
33 dollar amount for the next budget year as provided in this
34 section. For purposes of this section, any estimated revenues
35 or increases in revenues shall be based on the estimates made

1 by the revenue estimating conference in December of the base
2 year.

3 2. STATE GROWTH ALLOCATED FOR FOUNDATION AID. The amount
4 of the increase in the state general fund revenues allocated
5 for the foundation aid appropriated pursuant to section 257.16
6 equals the product of the percent of total state general fund
7 expenditures for the base year which are spent for foundation
8 aid appropriated pursuant to section 257.16 multiplied by the
9 sum of estimated increase in state general fund revenues after
10 adjustment for the amount unavailable for expenditure during
11 the budget year due to the state general fund expenditure
12 limitation in section 8.56.

13 3. GROWTH IN SCHOOL DISTRICT BUDGETS. The combined
14 increase in school districts certified budgets allowed for the
15 budget year equals the quotient of the state general fund
16 revenues allocated for foundation aid, as computed in
17 subsection 2, divided by the foundation level.

18 4. ALLOWABLE GROWTH. The regular program allowable growth
19 for a budget year is equal to the quotient of ninety-five and
20 eight-tenths percent of the amount of state general fund
21 revenues allocated for foundation aid, as computed in
22 subsection 2, divided by the total of all districts weighted
23 enrollment for the budget year.

24 The special education support services allowable growth for
25 a budget year is equal to the quotient of four and two-tenths
26 percent of the amount of state general fund revenues allocated
27 for foundation aid, as computed in subsection 2, divided by
28 the total of all area education agencies weighted enrollment
29 for the budget year.

30 5. STATE PERCENT OF GROWTH. "State percent of growth"
31 means the percentage change in the combined state cost per
32 pupil for the base year to the combined state cost per pupil
33 for the budget year.

34 Sec. 9. Section 257.20, Code 1991, is amended by adding
35 after unnumbered paragraph 1, the following new unnumbered

1 paragraph:

2 NEW UNNUMBERED PARAGRAPH. Notwithstanding the amount of
 3 instructional support state aid computed in the preceding
 4 paragraph, the amount of instructional support state aid for
 5 all school districts for a budget year shall not increase from
 6 the amount of state aid paid in the base year by more than the
 7 amount of the increase in the state general fund revenues
 8 allocated for instructional support state aid. For purposes
 9 of this section, the "amount of the increase in the state
 10 general fund revenues allocated for the instructional support
 11 state aid" equals the product of the percent of total state
 12 general fund expenditures for the base year which are spent
 13 for instructional support state aid under this section
 14 multiplied by the sum of estimated increase in state general
 15 fund revenues after adjustment for the amount unavailable for
 16 expenditure during the budget year due to the state general
 17 fund expenditure limitation in section 8.56. The department
 18 of management shall proportionally adjust the payment of
 19 instructional support state aid to school districts to meet
 20 the funding limitations of this paragraph.

21 Sec. 10. Section 421.31, subsection 5, Code 1991, is
 22 amended to read as follows:

23 5. ACCOUNTS. To keep the central budget and proprietary
 24 control accounts of the state government in accordance with
 25 generally accepted accounting principles beginning with the
 26 fiscal year beginning July 1, 1995. Budget accounts are those
 27 accounts maintained to control the receipt and disposition of
 28 all funds, appropriations, and allotments. Proprietary
 29 accounts are those accounts relating to assets, liabilities,
 30 income, and expense.

31 Sec. 11. Section 422.69, subsection 3, Code Supplement
 32 1991, is amended by striking the subsection.

33 Sec. 12. 1986 Iowa Acts, chapter 1245, section 2046, as
 34 amended by 1986 Iowa Acts, chapter 1238, section 59, is
 35 repealed.

1 Sec. 13. The state percent of growth for the school budget
2 year beginning July 1, 1993, computed by the department of
3 management on or before September 15, 1991, is null and void.

4 Sec. 14. Sections 5 through 9 and section 13 of this Act
5 take effect July 1, 1992, for purposes of computing state aid
6 to school corporations for school budget years beginning on or
7 after July 1, 1993. This section and sections 10, 11, and 12
8 of this Act take effect upon enactment.

9

EXPLANATION

10 This bill relates to state budget and financial control by
11 requiring certain financial practices.

12 Section 1 establishes implementation of measures to reduce
13 and eliminate the state's deficit under generally accepted
14 accounting principles (GAAP). Beginning in the 1992-1993
15 fiscal year, the state must either appropriate or set aside
16 funds for this purpose. The funds of the state must be kept
17 in accordance with GAAP beginning in the 1995-1996 fiscal
18 year.

19 Section 2 strikes and replaces section 8.55 which creates
20 the Iowa economic emergency fund. It is replaced with a new
21 fund entitled the cash reserve fund. Moneys in the cash
22 reserve fund are not considered to be part of the general fund
23 except for certain purposes delineated in the bill. The
24 moneys cannot be used or obligated for any purpose other than
25 those provided in this section. Moneys in the cash reserve
26 fund may be used by the treasurer of state for cash flow
27 purposes provided that any moneys so allocated are returned to
28 the fund by the end of the fiscal year. The cash balance in
29 the general fund of the state at the end of the fiscal year is
30 automatically appropriated to the cash reserve fund. The cash
31 reserve fund is limited to 5 percent of the adjusted revenue
32 estimate for the general fund in any fiscal year. Moneys in
33 the fund can only be appropriated for the fiscal year in which
34 the appropriation is made. An appropriation from the cash
35 reserve fund can only be made under certain conditions spelled

1 out in the bill.

2 Section 3 establishes a state expenditure limitation for
3 the general fund of the state beginning with the 1993-1994
4 fiscal year. The scope of the spending limitation is
5 specified. The spending limitation is phased in over a five-
6 year period in order to build the cash reserve fund to a
7 constant 5 percent of the adjusted revenue estimate for the
8 general fund of the state. A formula is provided to determine
9 an automatic quarterly appropriation amount for this purpose.
10 This appropriation is not subject to statutes relating to
11 quarterly requisitions and allotment or conditional
12 availability of allotments.

13 Section 5 sets the foundation level under the school
14 foundation formula for school budget years commencing on or
15 after July 1, 1993, at 82.5 percent.

16 Sections 6 through 9 and section 13 strike current
17 provisions relating to school funding under the state school
18 foundation program incorporating the limitation provisions of
19 section 4 of the bill.

20 Section 10 requires the central budget and proprietary
21 control accounts of the state to be kept in accordance with
22 generally accepted accounting principles beginning with the
23 fiscal year beginning July 1, 1995.

24 Section 11 repeals provisions requiring certain sales tax
25 moneys to be deposited in a GAAP escrow account.

26 Section 12 repeals prior enacted provisions requiring the
27 implementation of generally accepted accounting principles
28 over a six-year period.

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SENATE FILE 2351

AN ACT

RELATING TO STATE BUDGET AND FINANCIAL CONTROL BY REQUIRING
CERTAIN FINANCIAL PRACTICES, PROVIDING AN APPROPRIATION,
AND PROVIDING EFFECTIVE DATE AND APPLICABILITY PROVISIONS.

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

Section 1. Section 8.21, Code 1991, is amended by adding
the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. If the governor is required to
use a lesser amount in the budget process because of a later
meeting of the state revenue estimating conference under
section 8.22A, subsection 3, the governor shall transmit
recommendations for a balanced budget meeting this requirement
within fourteen days of the later meeting of the state revenue
estimating conference.

Sec. 2. Section 8.22A, Code 1991, is amended to read as
follows:

8.22A REVENUE ESTIMATING CONFERENCE.

1. The state revenue estimating conference is created
consisting of the governor or the governor's designee, the
director of the legislative fiscal bureau, and a third member
agreed to by the other two.

2. The conference shall meet as often as deemed necessary,
but shall meet at least quarterly. The conference may use
sources of information deemed appropriate.

3. By December 15, 1986 and of each succeeding fiscal year
the conference shall agree to a revenue estimate for the
fiscal year beginning the following July 1. That estimate
shall be used by the governor in the preparation of the budget
message under section 8.22 and by the legislature general
assembly in the budget process. If the conference agrees to a
different estimate at a later meeting which projects a greater
amount of revenue than the initial estimate amount agreed to

by December 15, the governor and the general assembly shall
continue to use the initial estimate amount in the budget
process for that fiscal year. However, if the conference
agrees to a different estimate at a later meeting which
projects a lesser amount of revenue than the initial estimate
amount, the governor and the general assembly shall use the
lesser amount in the budget process for that fiscal year. As
used in this subsection, "later meeting" means only those
later meetings which are held prior to the conclusion of the
regular session of the general assembly.

Sec. 3. NEW SECTION. 8.53 GAAP DEFICIT -- GAAP
IMPLEMENTATION.

For the fiscal year beginning July 1, 1992, and the two
succeeding fiscal years, the governor shall recommend in the
governor's budget and the general assembly shall provide funds
to eliminate the state generally accepted accounting
principles (GAAP) deficit, as reported in the state's
comprehensive annual financial report issued during the prior
fiscal year, and taking into account the revised GAAP
standards that are projected to be in place by the fiscal year
ending in 1995, either through the appropriation of specific
funds to provide an adjustment in the GAAP deficit or by
setting funds aside in a special account in an amount equal to
the GAAP deficit.

For the fiscal year beginning July 1, 1996, and each
succeeding fiscal year, the governor shall recommend in the
governor's budget and the general assembly shall provide funds
to eliminate the GAAP deficit of the general fund of the
state, as reported in the state's comprehensive annual
financial report issued during the prior fiscal year, either
through the appropriation of specific funds to correct a GAAP
adjustment or by setting funds aside in a special account in
an amount equal to the GAAP deficit.

Sec. 4. NEW SECTION. 8.54 GENERAL FUND EXPENDITURE
LIMITATION.

1. For the purposes of this section and sections 8.55 through 8.57:

a. "Adjusted revenue estimate" means the appropriate revenue estimate for the general fund for the following fiscal year as determined under section 8.22A, subsection 3, adjusted by subtracting estimated tax refunds payable from that estimated revenue and adding any new revenues which may be considered to be eligible for deposit in the general fund.

b. "New revenues" means moneys which are received by the state due to increased tax rates and fees or newly created taxes and fees over and above those moneys which are received due to state taxes and fees which are in effect as of January 1 following the December state revenue estimating conference. "New revenues" also includes moneys received by the state due to new transfers over and above those moneys received by the state due to transfers which are in effect as of January 1 following the December state revenue estimating conference.

2. There is created a state general fund expenditure limitation for each fiscal year beginning on or after July 1, 1993, calculated as provided in this section.

3. Except as otherwise provided in this section, the state general fund expenditure limitation for a fiscal year shall be ninety-nine percent of the adjusted revenue estimate.

4. The state general fund expenditure limitation amount provided for in this section shall be used by the governor in the preparation of the budget under section 8.22 and by the general assembly in the budget process. If a source for new revenues is proposed, the budget revenue projection used for that new revenue source for the period beginning on the effective date of the new revenue source and ending in the fiscal year in which the source is included in the revenue base shall be an amount determined by subtracting estimated tax refunds payable from the projected revenue from that new revenue source, multiplied by ninety-five percent. If a new revenue source is established and implemented, the original state general fund expenditure limitation amount provided for

in subsection 3 shall be readjusted to include ninety-five percent of the estimated revenue from the new revenue source.

5. For fiscal years in which section 8.55, subsection 2, results in moneys being transferred to the general fund, the original state general fund expenditure limitation amount provided for in subsection 3 shall be readjusted to include the moneys which are so transferred.

6. The scope of the expenditure limitation under subsection 3 shall not encompass federal funds, donations, constitutionally dedicated moneys, and moneys in expenditures from state retirement system moneys.

7. The governor shall submit and the general assembly shall pass a budget which does not exceed the state general fund expenditure limitation. The governor in submitting the budget under section 8.21, and the general assembly in passing a budget, shall not have recurring expenditures in excess of recurring revenues.

Sec. 5. Section 8.55, Code 1991, is amended to read as follows:

8.55 IOWA ECONOMIC EMERGENCY FUND.

1. The Iowa economic emergency fund is created. The fund shall be separate from the general fund of the state and the balance in the fund shall not be considered part of the balance of the general fund of the state ~~except for purposes of determining the annual inflation factor under section 422.47; subsection 377; the balance in the fund shall be considered part of the general fund of the state.~~ The moneys in the fund shall not revert to the general fund, notwithstanding section 8.23, unless and to the extent the fund exceeds the maximum balance.

2. ~~The maximum balance of the Iowa economic emergency fund is the amount equal to ten percent of the funds appropriated from the general fund of the state during the preceding fiscal year. There is appropriated from any surplus existing in the general fund of the state at the conclusion of the fiscal year to the Iowa economic emergency fund an amount equal to the~~

~~smaller of the amount of the surplus or the amount necessary to achieve the maximum balance. The maximum balance of the fund is the amount equal to five percent of the adjusted revenue estimate for the fiscal year. If the amount of moneys in the Iowa economic emergency fund is equal to the maximum balance, moneys in excess of this amount shall be transferred to the general fund.~~

3. The moneys in the Iowa economic emergency fund may be appropriated by the general assembly only in the fiscal year for which the appropriation is made ~~and only for a purpose for which the general assembly previously appropriated funds for that fiscal year. The moneys shall only be appropriated by the general assembly for emergency expenditures.~~ However, ~~except as provided in section 8.58,~~ the balance in the Iowa economic emergency fund may be used in determining the cash position of the general fund of the state for the payment of state obligations.

4. Notwithstanding section 453.7, subsection 2, interest or earnings on moneys deposited in the Iowa economic emergency fund shall be credited to the Iowa economic emergency fund.

Sec. 6. NEW SECTION. 8.56 CASH RESERVE FUND.

1. A cash reserve fund is created in the state treasury. The cash reserve fund shall be separate from the general fund of the state and shall not be considered part of the general fund of the state except in determining the cash position of the state as provided in subsection 3. The moneys in the cash reserve fund are not subject to section 8.33 and shall not be transferred, used, obligated, appropriated, or otherwise encumbered except as provided in this section.

Notwithstanding section 453.7, subsection 2, interest or earnings on moneys deposited in the cash reserve fund shall be credited to the Iowa economic emergency fund. Moneys in the cash reserve fund may be used for cash flow purposes provided that any moneys so allocated are returned to the cash reserve fund by the end of each fiscal year.

2. The maximum balance of the cash reserve fund is the amount equal to the cash reserve goal percentage, as defined in section 8.57, multiplied by the adjusted revenue estimate for the general fund of the state for the current fiscal year.

3. The moneys in the cash reserve fund may be appropriated by the general assembly in accordance with subsection 4 only in the fiscal year for which the appropriation is made. The moneys shall only be appropriated by the general assembly for nonrecurring emergency expenditures and shall not be appropriated for payment of any collective bargaining agreement or arbitrator's decision negotiated or awarded under chapter 20. However, except as provided in section 8.58, the balance in the cash reserve fund may be used in determining the cash position of the general fund of the state for payment of state obligations.

4. a. Except as provided in subsection 1, an appropriation shall not be made from the cash reserve fund unless the appropriation is in accordance with all of the following:

(1) The appropriation is contained in a bill or joint resolution in which the appropriation is the only subject matter of the bill or joint resolution.

(2) The bill or joint resolution states the reasons the appropriation is necessary.

b. In addition to the requirements of paragraph "a", an appropriation shall not be made from the cash reserve fund which would cause the fund's balance to be less than three percent of the adjusted revenue estimate for the year for which the appropriation is made unless the bill or joint resolution is approved by vote of at least three-fifths of the members of both chambers of the general assembly and is signed by the governor.

Sec. 7. NEW SECTION. 8.57 ANNUAL APPROPRIATION.

1. a. For each fiscal year beginning on or after July 1, 1993, there is appropriated from the general fund of the state an amount to be determined as follows:

(1) If the balance of the cash reserve fund has not yet at any point reached four percent of the adjusted revenue estimate during a budget year, the amount appropriated shall be determined under this subparagraph.

(a) The amount appropriated under this subparagraph is the amount necessary for the cash reserve fund to reach the cash reserve goal percentage of the adjusted revenue estimate for the fiscal year. However, moneys appropriated under this subparagraph shall not exceed more than one percent of the adjusted revenue estimate for the fiscal year.

(b) The "cash reserve goal percentage" for the fiscal year beginning July 1, 1993, is one percent; for the fiscal year beginning July 1, 1994, is two percent; for the fiscal year beginning July 1, 1995, is three percent; for the fiscal year beginning July 1, 1996, is four percent; and for fiscal years beginning on or after July 1, 1997, is five percent.

(2) If at any point in any prior fiscal year the balance of the cash reserve fund reached four percent of the adjusted revenue estimate for that fiscal year, the moneys appropriated under this paragraph for a fiscal year shall be one percent of the adjusted revenue estimate for the fiscal year.

(3) The moneys appropriated under this paragraph shall be credited in equal and proportionate amounts in each quarter of that fiscal year.

b. Commencing June 30, 1993, the surplus existing in the general fund of the state at the conclusion of the fiscal year is appropriated for distribution as provided in this section. As used in this paragraph, "surplus" means the positive ending balance in the general fund, if any.

c. The amount appropriated in this section is not subject to the provisions of section 8.31, relating to quarterly requisitions and allotment, or to section 8.32, relating to conditional availability of appropriations.

2. Moneys appropriated under subsection 1 shall be first credited to the cash reserve fund. To the extent that moneys appropriated under subsection 1 would make the moneys in the

cash reserve fund exceed the cash reserve goal percentage of the adjusted revenue estimate for the fiscal year, the moneys are appropriated to the department of management to be spent for the purpose of eliminating Iowa's GAAP deficit. The department of management shall annually file with both houses of the general assembly at the time of the submission of the governor's budget a schedule of the items for which moneys appropriated under this subsection for the purpose of eliminating Iowa's GAAP deficit shall be spent in the fiscal year commencing July 1 following the date of the filing of the report. The schedule shall list each item of expenditure and the maximum dollar amount of moneys to be spent on that item for the fiscal year. If moneys appropriated under this subsection are not enough to pay for all listed expenditures, the department of management shall allocate the payments among the listed expenditure items. Moneys appropriated to the department of management under this subsection shall not be spent on items other than those included in the filed schedule.

3. To the extent that moneys appropriated under subsection 1 exceed the amounts necessary for the cash reserve fund to reach its maximum balance and the amounts necessary to eliminate Iowa's GAAP deficit, the moneys shall be appropriated to the Iowa economic emergency fund.

4. As used in this section, "GAAP" means generally accepted accounting principles as established by the governmental accounting standards board.

Sec. 8. NEW SECTION. 8.58 EXEMPTION FROM AUTOMATIC APPLICATION.

To the extent that moneys appropriated under section 8.57 do not result in moneys being credited to the general fund under section 8.55, subsection 2, moneys appropriated under section 8.57 and moneys contained in the cash reserve fund and Iowa economic emergency fund shall not be considered in the application of any formula, index, or other statutory triggering mechanism which would affect appropriations.

payments, or taxation rates, contrary provisions of the Code notwithstanding.

To the extent that moneys appropriated under section 8.57 do not result in moneys being credited to the general fund under section 8.55, subsection 2, moneys appropriated under section 8.57 and moneys contained in the cash reserve fund and Iowa economic emergency fund shall not be considered by an arbitrator or in negotiations under chapter 20.

Sec. 9. NEW SECTION. 8.59 APPROPRIATIONS FREEZE.

Notwithstanding contrary provisions of the Code, the amounts appropriated under the applicable sections of the Code for fiscal years commencing on or after July 1, 1993, are limited to those amounts expended under those sections for the fiscal year commencing July 1, 1992. If an applicable section appropriates moneys to be distributed to different recipients and the operation of this section reduces the total amount to be distributed under the applicable section, the moneys shall be prorated among the recipients. As used in this section, "applicable sections" means the following sections: 53.50, 98.7, 229.35, 230.8, 230.11, 411.20, 425.1, 425.39, 426A.1, 663.44, and 663A.5.

Sec. 10. Section 18.75, subsection 8, Code Supplement 1991, is amended to read as follows:

8. By November 1 of each year supply a report which contains the name, gender, county or city of residence when possible, official title, salary received during the previous fiscal year, base salary as computed on July 1 of the current fiscal year, and traveling and subsistence expense of the personnel of each of the departments, boards, and commissions of the state government except personnel who receive an annual salary of less than one thousand dollars. The number of the personnel and the total amount received by them shall be shown for each department in the report. All employees who have drawn salaries, fees, or expense allowances from more than one department or subdivision shall be listed separately under the proper departmental heading. On the request of the

superintendent, the head of each department, board, or commission shall furnish the data covering that agency. ~~The report shall be paid for out of moneys in the general fund not otherwise appropriated.~~ A The report shall be distributed upon request without charge to each member caucus of the general assembly, ~~and the state law library~~ the legislative service bureau, the legislative fiscal bureau, the chief clerk of the house of representatives, and the secretary of the senate. ~~Six copies shall be distributed without charge to the state library and one copy shall be distributed without charge to each library which is designated as a documents depository by the state library. Other persons may purchase a copy for a fee not less than the amount required to print the copy.~~ Copies of the report shall be made available to other persons in both print or electronic medium upon payment of a fee, which shall not exceed the cost of providing the copy of the report. Sections 22.2 through 22.6 apply to the report. All funds from the sale of the report shall be deposited in the general fund.

Sec. 11. Section 20.17, subsection 11, Code Supplement 1991, as amended by Senate File 2216, section 1, is amended to read as follows:

11. a. In the absence of an impasse agreement negotiated pursuant to section 20.19 which provides for a different completion date, public employees represented by a certified employee organization who are teachers licensed under chapter 260 and who are employed by a public employer which is a school district or area education agency shall complete the negotiation of a proposed collective bargaining agreement not later than ~~April 15~~ May 31 of the year when the agreement is to become effective. The board shall provide, by rule, a date on which impasse items in such cases must be submitted to binding arbitration and for such other procedures as deemed necessary to provide for the completion of negotiations of proposed collective bargaining agreements not later than ~~April 15~~ May 31. The date selected for the mandatory submission of

impasse items to binding arbitration in such cases shall be sufficiently in advance of ~~April 15~~ May 31 to ensure that the arbitrators' decision can be reasonably made before ~~April 15~~ May 31.

b. If the public employer is a community college, the following apply:

(1) The negotiation of a proposed collective bargaining agreement shall be complete not later than ~~June 1~~ May 31 of the year when the agreement is to become effective, absent the existence of an impasse agreement negotiated pursuant to section 20.19 which provides for a different completion date. The board shall adopt rules providing for a date on which impasse items in such cases must be submitted to binding arbitration and for procedures for the completion of negotiations of proposed collective bargaining agreements not later than ~~June 1~~ May 31. The date selected for the mandatory submission of impasse items to binding arbitration in such cases shall be sufficiently in advance of ~~June 1~~ May 31 to ensure that the arbitrators' decision can be reasonably made by ~~June 1~~ May 31.

(2) Notwithstanding the provisions of paragraph "a", the ~~June 1~~ May 31 deadline may be waived by mutual agreement of the parties to the collective bargaining agreement negotiations.

Sec. 12. Section 20.19, Code Supplement 1991, as amended by Senate File 2216, section 2, is amended to read as follows:

20.19 IMPASSE PROCEDURES -- AGREEMENT OF PARTIES.

As the first step in the performance of their duty to bargain, the public employer and the employee organization shall endeavor to agree upon impasse procedures. Such agreement shall provide for implementation of these impasse procedures not later than one hundred twenty days prior to the certified budget submission date of the public employer. However, if public employees represented by the employee organization are teachers licensed under chapter 260, and the public employer is a school district or area education agency,

the agreement shall provide for implementation of impasse procedures not later than one hundred twenty days prior to ~~April 15~~ May 31 of the year when the collective bargaining agreement is to become effective. If the public employer is a community college, the agreement shall provide for implementation of impasse procedures not later than one hundred twenty days prior to ~~June 1~~ May 31 of the year when the collective bargaining agreement is to become effective. If the parties fail to agree upon impasse procedures under the provisions of this section, the impasse procedures provided in sections 20.20 to 20.22 shall apply.

Sec. 13. Section 20.20, Code Supplement 1991, as amended by Senate File 2216, section 3, is amended to read as follows:
20.20 MEDIATION.

In the absence of an impasse agreement negotiated pursuant to section 20.19 or the failure of either party to utilize its procedures, one hundred twenty days prior to the certified budget submission date, or one hundred twenty days prior to ~~April 15~~ May 31 of the year when the collective bargaining agreement is to become effective if public employees represented by the employee organization are teachers licensed under chapter 260 and the public employer is a school district or area education agency, the board shall, upon the request of either party, appoint an impartial and disinterested person to act as mediator. If the public employer is a community college, and in the absence of an impasse agreement negotiated pursuant to section 20.19 or the failure of either party to utilize its procedures, one hundred twenty days prior to ~~June 1~~ May 31 of the year when the collective bargaining agreement is to become effective, the board, upon the request of either party, shall appoint an impartial and disinterested person to act as mediator. It shall be the function of the mediator to bring the parties together to effectuate a settlement of the dispute, but the mediator may not compel the parties to agree.

Sec. 14. Section 24.17, unnumbered paragraph 1, Code 1991, is amended to read as follows:

The local budgets of the various political subdivisions shall be certified by the chairperson of the certifying board or levying board, as the case may be, in duplicate to the county auditor not later than March 15 of each year ~~unless a city or county holds a special levy election, in which case certification shall not be later than fourteen days following the special levy election~~ on blanks prescribed by the state board, and according to the rules and instruction which shall be furnished all certifying and levying boards in printed form by the state board or city finance committee in the case of cities. However, if a city or county holds a special levy election, the certification shall be not later than fourteen days following the special levy election, and if the political subdivision is a school district, as defined in section 257.2, its budget shall be certified not later than April 15 of each year.

Sec. 15. Section 257.8, Code 1991, is amended by striking the section and inserting in lieu thereof the following:

257.8 STATE PERCENT OF GROWTH -- ALLOWABLE GROWTH.

1. STATE PERCENT OF GROWTH. The state percent of growth for a budget year shall be established by statute which shall be enacted within thirty days of the submission in the base year of the governor's budget under section 8.21. The establishment of the state percent of growth for a budget year shall be the only subject matter of the bill which enacts the state percent of growth for a budget year.

2. 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.

3. 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. 16. Section 257.20, Code Supplement 1991, is amended to read as follows:

257.20 INSTRUCTIONAL SUPPORT STATE AID APPROPRIATION.

1. 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.

2. 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 determined under subsection 1.

a. However, moneys appropriated under this subsection shall not exceed the amount of moneys appropriated as instructional support state aid for the budget year which commenced on July 1, 1992.

b. If the amount appropriated under this subsection is insufficient to pay the amount of instructional support state aid determined under subsection 1, the department of education shall prorate the amount of the instructional support state aid provided to each district.

3. If the general assembly makes an appropriation for instructional support state aid in lieu of the standing appropriation provided under subsection 2, the appropriation for instructional support state aid shall include in the appropriation the allocation of the instructional support state aid to the school districts applicable for that appropriation and subsections 1 and 2 do not apply to the appropriation.

4. 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. 17. Section 273.3, subsection 12, Code 1991, is amended to read as follows:

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 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 February March 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 February March 15 preceding the next fiscal year for approval. The state board shall review the proposed budget of each area education agency and shall before March April 1, either grant approval or return the budget without approval with comments of the state

board included. An unapproved budget shall be resubmitted to the state board for final approval not later than April 15.

Sec. 18. Section 279.15, subsection 1, Code Supplement 1991, is amended to read as follows:

1. The superintendent or the superintendent's designee shall notify the teacher not later than April 15 30 that the superintendent will recommend in writing to the board at a regular or special meeting of the board, held not later than April 30 May 15, that the teacher's continuing contract be terminated effective at the end of the current school year. However, if the district is subject to reorganization under chapter 275, the notification shall not occur until after the first organizational meeting of the board of the newly formed district.

Sec. 19. Section 279.16, unnumbered paragraph 6, Code 1991, as amended by House File 2235, section 1, is amended to read as follows:

If the teacher fails to timely request a private hearing or does not appear at the private hearing, the board may proceed and make a determination upon the superintendent's recommendation; which, if the teacher fails to timely file a request for a private hearing, the determination in that case shall be not later than May 10; or 31. If the teacher fails to appear at the private hearing, the determination shall be not later than five days after the scheduled date for the private hearing; whichever is applicable. The board shall convene in open session and by roll call vote determine the termination or continuance of the teacher's contract.

Sec. 20. Section 279.24, unnumbered paragraphs 3, 5, and 7, Code 1991, as amended by House File 2245, section 1, are amended to read as follows:

Administrators employed in a school district for less than two consecutive years are probationary administrators. However, a school board may waive the probationary period for any administrator who has previously served a probationary period in another school district and the school board may

extend the probationary period for an additional year with the consent of the administrator. If a school board determines that it should terminate a probationary administrator's contract, the school board shall notify the administrator not later than ~~April 30~~ May 15 that the contract will not be renewed beyond the current year. The notice shall be in writing by letter, personally delivered, or mailed by certified mail. The notification shall be complete when received by the administrator. Within ten days after receiving the notice, the administrator may request a private conference with the school board to discuss the reasons for termination. The school board's decision to terminate a probationary administrator's contract shall be final unless the termination was based upon an alleged violation of a constitutionally guaranteed right of the administrator.

On or before ~~April 30~~ May 15, the administrator shall be notified in writing by a letter personally delivered or mailed by certified mail that the school board has voted to consider termination of the contract. The notification shall be complete when received by the administrator.

Within five days after receipt of the written notice that the school board has voted to consider termination of the contract, the administrator may request in writing to the secretary of the school board that the notification be forwarded to the board of educational examiners along with a request that the board of educational examiners submit a list of five qualified administrative law judges to the parties. Within three days from receipt of the list the parties shall select an administrative law judge by alternately removing a name from the list until only one name remains. The person whose name remains shall be the administrative law judge. The parties shall determine by lot which party shall remove the first name from the list. The hearing shall be held no sooner than ten days and not later than thirty days following the administrator's request unless the parties otherwise agree. If the administrator does not request a hearing, the school

board, not later than May 15 31, may determine the continuance or discontinuance of the contract. School board action shall be by majority roll call vote entered on the minutes of the meeting. Notice of school board action shall be personally delivered or mailed to the administrator.

Sec. 21. Section 279.51, subsection 1, unnumbered paragraph 1, Code Supplement 1991, is amended to read as follows:

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. For each fiscal year beginning on or after July 1, 1993, there is appropriated the sum which was appropriated for the fiscal year commencing July 1, 1992.~~

Sec. 22. Section 280A.50, unnumbered paragraph 1, Code 1991, is amended to read as follows:

The department of education shall provide for the establishment of a staff development account in the office of treasurer of state for purposes of providing moneys to community colleges for staff development. There is appropriated from the general fund of the state to the department of education on July 1 of each fiscal year beginning July 1, 1992 1993, for crediting to the staff development account for each budget year an amount equal to an amount which is five-tenths of one percent of the total state general aid generated under chapter 286A for all community colleges during the base year -- in the fiscal years succeeding June 30, 1993, an additional five-tenths of one percent shall be added to the percent multiplier, used to determine the appropriation in this section, until that percent multiplier reaches four percent; -- Once the percent multiplier has reached

~~the four percent level; it shall remain at that level for purposes of calculating the amount to be appropriated in succeeding fiscal years the sum of six hundred thousand dollars.~~ Moneys appropriated by the general assembly to the department of education for the purpose of the staff development program shall be paid to community colleges upon approval by the department of education of an application submitted by a community college. Funds shall be distributed to a community college based upon the proportion that a college's state general aid paid for the base year bears to the total state general aid paid that year to all community colleges.

Sec. 23. Section 294A.9, unnumbered paragraph 1, Code 1991, 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 on or after July 1, 1990 ~~1992~~, the department of education shall allocate to each school district for the purpose of implementing phase II a per pupil amount upon which the phase II moneys are based is 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 a per pupil amount equal to three dollars and fifty-five cents multiplied by the enrollment served in the area education agency. 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 257.0 and the per pupil amount for the previous fiscal year the per pupil allocation plus supplemental allocations for the immediately preceding fiscal year.

Sec. 24. Section 294A.14, unnumbered paragraph 2, Code 1991, is amended by striking the unnumbered paragraph.

Sec. 25. Section 294A.14, unnumbered paragraph 13, Code 1991, is amended by striking the paragraph and inserting in lieu thereof the following:

For purposes of this section, "comprehensive school transformation" means activities which focus on the improvement of student achievement and the attainment of student achievement goals under sections 280.12 and 280.18. A comprehensive school transformation plan submitted by a school district shall demonstrate the manner in which the components of the plan are integrated with a school's student achievement goals. Components of the plan may include, but are not limited to, providing salary increases to teachers who implement site-based shared decision making, building-based goal-oriented compensation mechanism, or approved innovative educational programs; who focus on student outcomes; who direct accountability for student achievement or accountability for organizational success; and who work to foster relationships between a school and businesses or public agencies which provide health and social services.

Sec. 26. Section 294A.16, unnumbered paragraph 3, Code 1991, is amended to read as follows:

The department of education shall review each plan and its budget and notify the department of management of the names of school districts and area education agencies with approved plans. In considering the approval of a plan submitted by a school district, the department shall give emphasis to plans which include a comprehensive school transformation plan or which include a component which is part of a statewide systemic school transformation initiative. In considering the approval of a plan submitted by an area education agency, the department shall give emphasis to plans which are integrated with and supportive of the comprehensive school transformation plans submitted by the school districts within the area education agency.

Sec. 27. Section 294A.25, subsection 1, Code 1991, is amended to read as follows:

1. For the fiscal year beginning July 1, 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 dollars to be used to improve teacher salaries. For each fiscal year thereafter in the fiscal period commencing July 1, 1991, and ending June 30, 1993, 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. For each fiscal year beginning on or after July 1, 1993, there is appropriated the sum which was appropriated for the fiscal year commencing July 1, 1992, including supplemental payments. The moneys shall be distributed as provided in this section.

Sec. 28. Section 421.31, subsection 5, Code 1991, is amended to read as follows:

5. ACCOUNTS. To keep the central budget and proprietary control accounts of the state government ~~in accordance with generally accepted accounting principles~~. Budget accounts are those accounts maintained to control the receipt and disposition of all funds, appropriations, and allotments. Proprietary accounts are those accounts relating to assets, liabilities, income, and expense. For each fiscal year, the financial position and results of operations of the state shall be reported in a comprehensive annual financial report prepared in accordance with generally accepted accounting principles, as established by the governmental accounting standards board.

Sec. 29. Section 422.69, subsection 3, Code Supplement 1991, is amended by striking the subsection.

Sec. 30. 1986 Iowa Acts, chapter 1245, section 2046, as amended by 1986 Iowa Acts, chapter 1238, section 59, is repealed.

Sec. 31. Section 427B.13, Code Supplement 1991, is repealed.

Sec. 32. The state percent of growth for the school budget year beginning July 1, 1993, computed by the department of management on or before September 15, 1991, is null and void.

Sec. 33. Sections 15, 16, and 32 of this Act take effect July 1, 1992, for purposes of computing state aid to school corporations, area education agencies, and merged area schools for school budget years beginning on or after July 1, 1993. This section and sections 28, 29, and 30 of this Act, being deemed of immediate importance, take effect upon enactment.

MICHAEL E. GRONSTAL
President of the Senate

ROBERT C. ARNOULD
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2351, Seventy-fourth General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved: June 2 1992

TERRY E. BRANSTAD
Governor