

FILED MAR 15 1995

SENATE FILE 368
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO SSB 260)

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

A BILL FOR

1 An Act relating to school finances by establishing a formula for
2 determining the state percent of growth for purposes of the
3 state school foundation program, increasing the regular
4 program district cost guarantee for the school budget year
5 commencing July 1, 1995, making an appropriation, and by
6 providing effective and applicability date provisions.

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

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S.F. 368

1 Section 1. Section 257.2, subsection 12, Code 1995, is
2 amended to read as follows:

3 12. "State percent of growth" means the percent of growth
4 ~~which is established by statute~~ calculated pursuant to section
5 257.8, and which is used in determining the allowable growth.

6 Sec. 2. Section 257.8, subsection 1, Code 1995, is amended
7 by striking the subsection and inserting in lieu thereof the
8 following:

9 1. a. CALCULATION BY DEPARTMENT OF MANAGEMENT. On or
10 before December 31, 1995, the department of management shall
11 compute a state percent of growth for the budget year begin-
12 ning July 1, 1996, and a state percent of growth for the year
13 next following the budget year.

14 On or before December 31 of each subsequent base year, the
15 department of management shall compute a state percent of
16 growth for the budget year next following the budget year.
17 The state percents of growth shall be forwarded to the
18 director of the department of education.

19 b. BUDGET YEAR CALCULATION. For the budget year commenc-
20 ing July 1, 1996, the state percent of growth equals ninety
21 percent of the average of the following two percents of change
22 in receipts of state general fund revenues for the fiscal
23 years, computed or estimated by the state revenue estimating
24 conference created in section 8.22A as follows:

25 (1) The percent of change between the actual revenues
26 received during the second year preceding the base year and
27 the revised estimate of revenues received during the year
28 preceding the base year.

29 (2) The percent of change between the revised estimate of
30 revenues received during the year preceding the base year and
31 the estimate of revenues to be received during the base year.

32 c. CALCULATION FOR YEAR FOLLOWING BUDGET YEAR. For the
33 year following the budget year, the state percent of growth
34 equals ninety percent of the average of the following two
35 percents of change in receipts of state general fund revenues

1 for the fiscal years computed or estimated by the state
2 revenue estimating conference created in section 8.22A,
3 adjusted as provided in paragraph "d", as follows:

4 (1) The percent of change between the actual revenues
5 received during the year preceding the base year and the
6 revised estimate of revenues received during the base year.

7 (2) The percent of change between the revised estimate of
8 revenues received during the base year and the estimate of
9 revenues to be received during the budget year.

10 d. ADJUSTMENT. On or before December 31, 1996, and
11 December 31 of each subsequent base year, the department of
12 management shall recompute the state percent of growth for
13 that base year using the actual figures available. The
14 difference between the recomputed state percent of growth for
15 that base year and the original computation for that base year
16 shall be added to or subtracted from the state percent of
17 growth for the budget year next following the budget year, as
18 applicable.

19 e. DEFINITIONS. For purposes of this subsection:

20 (1) "Estimate of revenues" for a fiscal year is the
21 estimate made by the revenue estimating conference in December
22 of the fiscal year preceding that fiscal year.

23 (2) "Revised estimate of revenues" for a fiscal year is
24 the revised estimate made by the revenue estimating conference
25 in December of that fiscal year.

26 Sec. 3. Section 257.14, unnumbered paragraph 1, Code 1995,
27 is amended to read as follows:

28 For the budget years commencing July 1, 1991, July 1, 1992,
29 July 1, 1993, July 1, 1994, and July 1, 1995, if the
30 department of management determines that the regular program
31 district cost of a school district for a budget year is less
32 than one hundred percent, or for the budget year beginning
33 July 1, 1995, less than one hundred one percent, of the total
34 of the regular program district cost plus any adjustment added
35 under this section for the base year for that school district,

1 the department of management shall provide a budget adjustment
2 for that district for that budget year that is equal to the
3 difference. For the budget year commencing July 1, 1995,
4 there is appropriated from the general fund of the state to
5 the department of education an amount sufficient to pay, as
6 state supplementary aid, to those school districts the
7 additional adjustment amounts added to their budgets as a
8 result of increasing from a one hundred percent budget
9 guarantee to a one hundred one percent budget guarantee.

10 Sec. 4. EFFECTIVE DATES.

11 1. Section 3 of this Act, being deemed of immediate
12 importance, takes effect upon enactment and applies to the
13 school budget year commencing July 1, 1995.

14 2. Sections 1 and 2 of this Act take effect July 1, 1995,
15 for the calculation of the state percent of growth for school
16 budget years commencing on or after July 1, 1996.

17 EXPLANATION

18 The bill creates a formula for calculating state percent of
19 growth beginning with the 1996-1997 school budget year. The
20 formula is 90 percent of the average percent change in the
21 state general fund revenues for the three fiscal years ending
22 before the school year to which the percent of growth would
23 apply. The figures would be estimates except for the earliest
24 year which would be the actual revenues. Beginning with the
25 1998-1999 school year, in calculating the percent of growth
26 for that year, the calculation would include an adjustment for
27 what the percent of growth would be, if based upon actual
28 revenue figures, for the school year two years previous.

29 Present law guarantees that a school district's regular
30 program district costs for the budget year beginning July 1,
31 1995, will equal at least 100 percent of those district costs
32 plus any cost guarantee adjustment for previous school budget
33 years. This bill increases that guarantee from 100 percent to
34 101 percent for the budget year beginning July 1, 1995. The
35 bill makes appropriations from the state general fund to pay

1 school districts the amounts by which their budgets increased
2 because of the guarantee being changed from 100 percent to 101
3 percent.

4 The bill provides effective dates.

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**SENATE FILE 368
FISCAL NOTE**

A fiscal note for Senate File 368 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 368 establishes a formula for calculating the State percent of growth beginning in FY 1997. After the rate for FY 1997 is calculated, the allowable growth is calculated two fiscal years in advance. The allowable growth rate is calculated using 90.0% of a three-year rolling average of the change in State General Fund revenues. Actual and Revenue Estimating Conference estimates are used in the calculation. When actual numbers are available, the difference between actual and estimated is adjusted on the allowable growth rate two years in the future. The Bill also provides a 101.0% regular program budget guarantee in the School Foundation Aid Formula. State aid will pay the difference between the 101.0% budget guarantee and the 100.0% budget guarantee that is current law.

ASSUMPTIONS:

1. The allowable growth factor for FY 1996 is 3.5% and the formula would calculate a 3.57% allowable growth for FY 1997.
2. The FY 1996 taxable valuation is increased by 2.25% over FY 1995 levels and 0.0% increase for FY 1997.
3. The FY 1996 basic enrollment increases by 3,583 (0.72%) compared to FY 1995 and 0.28% for FY 1997.
4. The FY 1996 special education weighted enrollment increases by 5.5% compared to FY 1995 and 0.0% for FY 1997.
5. The budget guarantee of 100.0% of the previous year's regular program district cost and the area education agency special education support services for FY 1996 are paid by property taxes.
6. Estimates are based on 390 school districts, the six districts reorganizing in FY 1996 are estimated separately.
7. The School Budget Review Committee decisions for talented and gifted programs, drop out prevention programs, and other one-time grants are held constant at FY 1995 levels.

FISCAL EFFECT:

Senate File 368 is estimated to increase FY 1996 State support of local districts by \$948,000 for the 101.0% budget guarantee. At 3.5% allowable growth, 46 districts are on the 100.0% budget guarantee and 65 districts are on the 101.0% budget guarantee.

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Senate File 368 is estimated to increase FY 1997 State support of local districts by \$66.3 million with a 3.57% allowable growth.

(LSB 2552SV, JAS)

FILED MARCH 23, 1995

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 368

S-3148

1 Amend Senate File 368 as follows:

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

4 "Section 1. Section 257.8, subsection 1, Code
5 1995, is amended by striking the subsection and
6 inserting in lieu thereof the following:

7 1. STATE PERCENT OF GROWTH.

8 a. The state percent of growth for the budget year
9 beginning July 1, 1996, is three percent. The state
10 percent of growth for subsequent budget years shall be
11 set by statute enacted in the year preceding the base
12 year.

13 b. The state percent of growth for the budget year
14 set pursuant to paragraph "a" may be adjusted by
15 statute enacted within thirty days of the beginning of
16 the regular session of the general assembly held in
17 the base year. If such statute is not enacted within
18 thirty days, the state percent of growth for the
19 budget year shall be as set pursuant to paragraph "a".

20 Sec. 2. There is appropriated from the general
21 fund of the state to the department of education for
22 the fiscal year beginning July 1, 1995, and ending
23 June 30, 1996, the following amount, or so much
24 thereof as is necessary, to be used for the purposes
25 designated:

26 For the purpose of providing funds to local school
27 districts for various school improvements, including,
28 but not limited to, the acquisition of educational
29 technology, the acquisition of educational software,
30 the provision of staff development related to the use
31 of educational technology, and other purposes deemed
32 appropriate by the local school district:

33 \$ 15,000,000

34 The funds appropriated in this subsection shall be
35 allocated to each school district in proportion to
36 each district's basic enrollment for the budget year
37 as defined under section 257.6."

38 2. Title page, by striking lines 1 through 6 and
39 inserting the following: "An Act relating to school
40 finances by establishing the state percent of growth
41 for the budget year beginning July 1, 1996, providing
42 the manner in which the state percent of growth will
43 be established for subsequent budget years, and making
44 an appropriation for local school technology."

By STEWART IVERSON, Jr.
MAGGIE TINSMAN

S-3148 FILED MARCH 20, 1995

Connolly
Kobbe
Redfern

SSB 260
Education

Succeeded By
SENATE FILE 368
BY (PROPOSED COMMITTEE ON
EDUCATION BILL BY
CHAIRPERSON CONNOLLY)

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

A BILL FOR

1 An Act relating to school finances by establishing a formula for
2 determining the state percent of growth for purposes of the
3 state school foundation program, increasing the regular
4 program district cost guarantee for the school budget year
5 commencing July 1, 1995, making an appropriation, and by
6 transferring Iowa educational excellence program phase III
7 moneys to phase II and providing effective and applicability
8 date provisions.

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

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1 Section 1. Section 256.18, subsection 2, Code 1995, is
2 amended to read as follows:

3 2. The department of education shall establish a character
4 education pilot program to evaluate methods for incorporating
5 positive character qualities into all levels of the existing
6 educational program. ~~Schools-involved-in-the-pilot-program
7 may-use-phase-III-funds-in-the-establishment-of-the-program.~~

8 Sec. 2. Section 256A.4, subsection 1, unnumbered paragraph
9 1, Code 1995, is amended to read as follows:

10 The board of directors of each school district may develop
11 and offer a program which provides outreach and incentives for
12 the voluntary participation of expectant parents and parents
13 of children in the period of life from birth through age five,
14 who reside within district boundaries, in educational family
15 support experiences designed to assist parents in learning
16 about the physical, mental, and emotional development of their
17 children. ~~A-district-providing-a-family-support-program,
18 which-seeks-additional-funding-under-sections-294A-13-through
19 294A-16, shall-meet-the-requirements-of-this-section-and-the
20 program-shall-be-subject-to-approval-by-the-department-of
21 education.~~ A board may contract with another school district
22 or public or private nonprofit agency for provision of the
23 approved program or program site.

24 Sec. 3. Section 257.2, subsection 12, Code 1995, is
25 amended to read as follows:

26 12. "State percent of growth" means the percent of growth
27 ~~which-is-established-by-statute~~ calculated pursuant to section
28 257.8, and which is used in determining the allowable growth.

29 Sec. 4. Section 257.8, subsection 1, Code 1995, is amended
30 by striking the subsection and inserting in lieu thereof the
31 following:

32 1. a. CALCULATION BY DEPARTMENT OF MANAGEMENT. On or
33 before December 31, 1995, the department of management shall
34 compute a state percent of growth for the budget year begin-
35 ning July 1, 1996, and a state percent of growth for the year

1 next following the budget year.

2 On or before each December 31, the department of management
3 shall compute a state percent of growth for the budget year
4 next following the budget year. The state percents of growth
5 shall be forwarded to the director of the department of
6 education.

7 b. BUDGET YEAR CALCULATION. For the budget year commenc-
8 ing July 1, 1996, the state percent of growth equals ninety
9 percent of the average of the following two percents of change
10 in receipts of state general fund revenues for the fiscal
11 years, computed or estimated by the state revenue estimating
12 conference created in section 8.22A as follows:

13 (1) The percent of change between the actual revenues
14 received during the second year preceding the base year and
15 the revised estimate of revenues received during the year
16 preceding the base year.

17 (2) The percent of change between the revised estimate of
18 revenues received during the year preceding the base year and
19 the estimate of revenues to be received during the base year.

20 c. CALCULATION FOR YEAR FOLLOWING BUDGET YEAR. For the
21 year following the budget year, the state percent of growth
22 equals ninety percent of the average of the following two
23 percents of change in receipts of state general fund revenues
24 for the fiscal years computed or estimated by the state
25 revenue estimating conference created in section 8.22A,
26 adjusted as provided in paragraph "d", as follows:

27 (1) The percent of change between the actual revenues
28 received during the year preceding the base year and the
29 revised estimate of revenues received during the base year.

30 (2) The percent of change between the revised estimate of
31 revenues received during the base year and the estimate of
32 revenues to be received during the budget year.

33 d. ADJUSTMENT. On or before December 31, 1996, and
34 December 31 of each subsequent base year, the department of
35 management shall recompute the state percent of growth for

1 that base year using the actual figures available. The
2 difference between the recomputed state percent of growth for
3 that base year and the original computation for that base year
4 shall be added to or subtracted from the state percent of
5 growth for the budget year next following the budget year, as
6 applicable.

7 e. DEFINITIONS. For purposes of this subsection:

8 (1) "Estimate of revenues" for a fiscal year is the
9 estimate made by the revenue estimating conference in December
10 of the year preceding that fiscal year.

11 (2) "Revised estimate of revenues" for a fiscal year is
12 the revised estimate made by the revenue estimating conference
13 in December of that fiscal year.

14 Sec. 5. Section 257.14, unnumbered paragraph 1, Code 1995,
15 is amended to read as follows:

16 For the budget years commencing July 1, 1991, July 1, 1992,
17 July 1, 1993, July 1, 1994, and July 1, 1995, if the
18 department of management determines that the regular program
19 district cost of a school district for a budget year is less
20 than one hundred percent, or for the budget year beginning
21 July 1, 1995, less than one hundred one percent, of the total
22 of the regular program district cost plus any adjustment added
23 under this section for the base year for that school district,
24 the department of management shall provide a budget adjustment
25 for that district for that budget year that is equal to the
26 difference. For the budget year commencing July 1, 1995,
27 there is appropriated from the general fund of the state to
28 the department of education an amount sufficient to pay, as
29 state supplementary aid, to those school districts the
30 additional adjustment amounts added to their budgets as a
31 result of increasing from a one hundred percent budget
32 guarantee to a one hundred one percent budget guarantee.

33 Sec. 6. Section 258.17, subsection 4, Code 1995, is
34 amended to read as follows:

35 4. Each workstart program shall include a written

1 agreement by the school or school district with one or more
2 businesses from the surrounding community to provide
3 workplace-specific training and learning programs which are
4 related to the skills needed to succeed in those occupational
5 areas. The proposed plan for implementation of the workstart
6 program shall include a copy of the written agreement between
7 the school or school district and the business or businesses
8 and a business support component, which shall consist of
9 financial or in-kind support, or both financial and in-kind
10 support, from the businesses that have entered into the
11 agreement with the school or school district. The plan may
12 provide for the utilization of ~~phase-III-and-other~~ available
13 school funds in the establishment of the program. ~~A-workstart~~
14 ~~program-is-a-comprehensive-school-transformation-program-under~~
15 ~~section-294A.14.~~

16 Sec. 7. Section 282.18, subsection 8, Code 1995, is
17 amended to read as follows:

18 8. A pupil participating in open enrollment shall be
19 counted, for state school foundation aid purposes, in the
20 pupil's district of residence. A pupil's residence, for
21 purposes of this section, means a residence under section
22 282.1. The board of directors of the district of residence
23 shall pay to the receiving district the lower district cost
24 per pupil of the two districts, plus any moneys received for
25 the pupil as a result of non-English speaking weighting under
26 section 280.4, subsection 4, for each school year. ~~The~~
27 ~~district-of-residence-shall-also-transmit-the-phase-III-moneys~~
28 ~~allocated-to-the-district-for-the-full-time-equivalent~~
29 ~~attendance-of-the-pupil, who-is-the-subject-of-the-request, to~~
30 ~~the-receiving-district-specified-in-the-request-for-transfer.~~

31 Sec. 8. Section 294A.1, Code 1995, is amended to read as
32 follows:

33 294A.1 EDUCATIONAL EXCELLENCE PROGRAM.

34 The purpose of this chapter is to promote excellence in
35 education. In order to maintain and advance the educational

1 excellence in the state of Iowa, this chapter establishes the
2 Iowa educational excellence program. The program shall
3 consist of ~~three~~ two major phases addressing the following:

4 1. Phase I -- The recruitment of quality teachers.

5 2. Phase II -- The retention of quality teachers.

6 ~~3. Phase III -- The enhancement of the quality and~~

7 ~~effectiveness of teachers through the utilization of~~

8 ~~performance pay.~~

9 Sec. 9. Section 294A.3, unnumbered paragraph 2, Code 1995,
10 is amended by striking the unnumbered paragraph.

11 Sec. 10. Section 294A.22, unnumbered paragraph 3, Code
12 1995, is amended to read as follows:

13 Payments made to a teacher by a school district or area
14 education agency under this chapter are wages for the purposes
15 of chapter 91A ~~except for payments made under an approved~~
16 ~~phase III plan where a modified payment plan has either been~~
17 ~~mutually agreed upon by the board of directors and the~~
18 ~~certified bargaining representative for certificated employees~~
19 ~~or for a district that is not organized for collective~~
20 ~~bargaining purposes where a modified payment plan is adopted~~
21 ~~by the board.~~

22 Sec. 11. Section 294A.25, subsections 6, 7, and 8, Code
23 1995, are amended to read as follows:

24 6. For the fiscal year beginning July 1, ~~1990~~ 1997, and
25 succeeding fiscal years, the remainder of moneys appropriated
26 in subsection 1 to the department of education shall be
27 deposited in the educational excellence fund to be allocated
28 in an amount to meet the minimum salary requirements of this
29 chapter for phase I, and in an amount to meet the requirements
30 for phase II, ~~and the remainder of the appropriation for phase~~
31 ~~III.~~

32 ~~7. Commencing with the fiscal year beginning July 1, 1993,~~
33 ~~the amount of fifty thousand dollars for geography alliance,~~
34 ~~seventy thousand dollars for gifted and talented, and one~~
35 ~~hundred eighty thousand dollars for a management information~~

1 ~~system-from-additional-funds-transferred-from-phase-I-to-phase~~
2 ~~III-~~

3 ~~8-~~ 7. For the fiscal year beginning July 1, ~~1994~~ 1997, and
4 for succeeding fiscal years to the department of education
5 from phase ~~III~~ II moneys the amount of one million dollars for
6 support for the operations of the new Iowa schools development
7 corporation and for school transformation design and
8 implementation projects administered by the corporation.

9 Sec. 12. Notwithstanding the manner of the allocations
10 provided in section 294A.25, subsection 6, of the moneys
11 appropriated in section 294A.25, subsection 1, for the fiscal
12 years beginning July 1, 1995, and July 1, 1996, the manner of
13 the allocations shall be in an amount to meet the minimum
14 salary requirements of chapter 294A for phase I, in an amount
15 to meet the requirements for phase II, and the remainder to be
16 divided one-third to supplement funds for phase II and two-
17 thirds for phase III for the fiscal year beginning July 1,
18 1995, and to be divided two-thirds to supplement funds for
19 phase II and one-third for phase III for the fiscal year
20 beginning July 1, 1996.

21 Sec. 13. There is appropriated from phase III funds under
22 the educational excellence program for each fiscal year
23 beginning July 1, 1995, and July 1, 1996, the amount of
24 \$1,000,000 for support for the operations of the new Iowa
25 schools development corporation and for school transportation
26 design and implementation projects administered by the
27 corporation.

28 Sec. 14. Sections 294A.12 through 294A.20 and 294A.23,
29 Code 1995, are repealed.

30 Sec. 15. EFFECTIVE DATES.

31 1. Sections 5, 12, and 13 of this Act, being deemed of
32 immediate importance, take effect upon enactment and apply to
33 the school budget year commencing July 1, 1995.

34 2. Sections 3 and 4 of this Act take effect July 1, 1995,
35 for the calculation of the state percent of growth for school

1 budget years commencing on or after July 1, 1996.

2 3. Sections 1, 2, 6 through 11, and 14 of this Act take
3 effect July 1, 1997, for school budget years beginning on or
4 after that date.

5 EXPLANATION

6 The bill creates a formula for calculating state percent of
7 growth beginning with the 1996-1997 school budget year. The
8 formula is 90 percent of the average percent change in the
9 state general fund revenues for the three fiscal years ending
10 before the school year to which the percent of growth would
11 apply. The figures would be estimates except for the earliest
12 year which would be the actual revenues. Beginning with the
13 1998-1999 school year, in calculating the percent of growth
14 for that year, the calculation would include an adjustment for
15 what the percent of growth would be, if based upon actual
16 revenue figures, for the school year two years previous.

17 The bill phases out phase III of the educational excellence
18 program by the 1997-1998 school year. Moneys that would have
19 gone for phase III from the standing appropriation to the
20 program will be used to supplement phase II.

21 Present law guarantees that a school district's regular
22 program district costs for the budget year beginning July 1,
23 1995, will equal at least 100 percent of those district costs
24 plus any cost guarantee adjustment for previous school budget
25 years. This bill increases that guarantee from 100 percent to
26 101 percent for the budget year beginning July 1, 1995. The
27 bill makes appropriations from the state general fund to pay
28 school districts the amounts by which their budgets increased
29 because of the guarantee being changed from 100 percent to 101
30 percent.

31 The bill also provides an ongoing \$1,000,000 appropriation
32 to the new Iowa schools development corporation.

33 The bill provides effective dates.

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