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EDUCATION

HOUSE FILE 2197

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

A BILL FOR

1 An Act relating to the establishment of a class size reduction
2 program, smaller class size infrastructure program, an
3 infrastructure study, and making an appropriation.

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

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HF 2197

1 Section 1. NEW SECTION. 257.51 SMALLER CLASS SIZE
2 INFRASTRUCTURE PROGRAM.

3 1. A smaller class size infrastructure program that
4 provides additional funding for school districts is
5 established. A board of directors that wishes to consider
6 participating in the smaller class size infrastructure program
7 shall hold a public hearing on the question of participation.
8 The board shall set forth its proposal, including the method
9 that will be used to fund the program, in a resolution and
10 shall publish the notice of the time and place of a public
11 hearing on the resolution. Notice of the time and place of
12 the public hearing shall be published not less than ten nor
13 more than twenty days before the public hearing in a newspaper
14 which is a newspaper of general circulation in the school
15 district. At the hearing, or no later than thirty days after
16 the date of the hearing, the board shall take action to adopt
17 a resolution to participate in the smaller class size
18 infrastructure program for a period not exceeding five years
19 or to direct the county commissioner of elections to submit
20 the question of participation in the program for a period not
21 exceeding ten years to the registered voters of the school
22 district at the next regular school election or at a special
23 election. If the board submits the question at an election
24 and a majority of those voting on the question favors
25 participation in the program, the board shall adopt a
26 resolution to participate and certify the results of the
27 election to the department of management.

28 2. If the board does not provide for an election and
29 adopts a resolution to participate in the smaller class size
30 infrastructure program, the district shall participate in the
31 smaller class size infrastructure program unless within
32 twenty-eight days following the action of the board, the
33 secretary of the board receives a petition containing the
34 required number of signatures, asking that an election be
35 called to approve or disapprove the action of the board in

1 adopting the smaller class size infrastructure program. The
2 petition must be signed by eligible electors equal in number
3 to not less than one hundred or thirty percent of the number
4 of voters at the last preceding regular school election,
5 whichever is greater. The board shall either rescind its
6 action or direct the county commissioner of elections to
7 submit the question to the registered voters of the school
8 district at the next following regular school election or a
9 special election. If a majority of those voting on the
10 question at the election favors disapproval of the action of
11 the board, the district shall not participate in the smaller
12 class size infrastructure program. If a majority of those
13 voting on the question favors approval of the action, the
14 board shall certify the results of the election to the
15 department of management and the district shall participate in
16 the program.

17 At the expiration of the twenty-eight day period, if no
18 petition is filed, the board shall certify its action to the
19 department of management and the district shall participate in
20 the program.

21 3. Participation in a smaller class size infrastructure
22 program is not affected by a change in the boundaries of the
23 school district, except as otherwise provided in this section.
24 If each school district involved in a school reorganization
25 under chapter 275 has approved a smaller class size
26 infrastructure program, and if the voters have not voted upon
27 the question of participation in the program in the
28 reorganized district, the smaller class size infrastructure
29 program shall be in effect for the reorganized district that
30 has been approved for the least amount and the shortest time
31 in any of the districts.

32 Sec. 2. NEW SECTION. 257.52 SMALLER CLASS SIZE
33 INFRASTRUCTURE FUNDING.

34 1. The additional funding for the smaller class size
35 infrastructure program for a budget year is limited to an

1 amount not exceeding ten percent of the total of regular
2 program district cost for the budget year and moneys received
3 under section 257.14 as a budget adjustment for the budget
4 year. Moneys received by a district for the smaller class
5 size infrastructure program are miscellaneous income and may
6 be used for any general fund purpose. However, moneys
7 received by a district for the smaller class size
8 infrastructure program shall be expended solely for smaller
9 class size infrastructure needs.

10 2. Certification of a board's intent to participate for a
11 budget year, the method of funding, and the amount to be
12 raised shall be made to the department of management not later
13 than April 15 of the base year. Funding for the smaller class
14 size infrastructure program shall be obtained from smaller
15 class size infrastructure state aid and from local funding
16 using either a smaller class size infrastructure income surtax
17 or a combination of a smaller class size infrastructure
18 property tax and a smaller class size infrastructure income
19 surtax as determined by the board of directors.

20 3. The smaller class size infrastructure income surtax
21 shall fund at least sixty percent of the local funding costs
22 of the program. Subject to the limitation specified in
23 section 298.14, for each budget year the board shall determine
24 the percent of income surtax that will be imposed, expressed
25 as full percentage points, not to exceed twenty percent.

26 4. For purposes of sections 257.51 through 257.60,
27 "smaller class size infrastructure", means those activities
28 for which a school district is authorized to contract
29 indebtedness and issue general obligation bonds under section
30 296.1, except those activities related to a teacher's or
31 superintendent's home or homes. The activities include the
32 construction, reconstruction, repair, purchasing, or
33 remodeling of schoolhouses, stadiums, gyms, fieldhouses, and
34 bus garages, and the procurement of schoolhouse construction
35 sites and the making of site improvements. Additionally,

1 "school infrastructure" includes the payment or retirement of
2 outstanding bonds previously issued for school infrastructure
3 purposes as described in this subsection, and the maintenance
4 of schoolhouses and school district property.

5 Sec. 3. NEW SECTION. 257.53 SMALLER CLASS SIZE
6 INFRASTRUCTURE STATE AID APPROPRIATION.

7 1. In order to determine the amount of smaller class size
8 infrastructure state aid and the amount of local funding for
9 the smaller class size infrastructure program for a district,
10 the department of management shall divide the total assessed
11 valuation in the state by the total budget enrollment for the
12 budget year in the state to determine a state assessed
13 valuation per pupil and shall divide the assessed valuation in
14 each district by the district's budget enrollment for the
15 budget year to determine the district assessed valuation per
16 pupil. The department of management shall multiply the ratio
17 of the state's valuation per pupil to the district's valuation
18 per pupil by twenty-five hundredths and subtract that result
19 from one to determine the portion of the smaller class size
20 infrastructure program budget that is local funding. The
21 remaining portion of the budget shall be funded by smaller
22 class size infrastructure state aid.

23 2. There is appropriated for each fiscal year from the
24 general fund of the state to the department of education, the
25 sum of twenty million dollars to pay smaller class size
26 infrastructure state aid as determined under subsection 1.

27 3. If the amount appropriated under subsection 2 is
28 insufficient to pay the amount of smaller class size
29 infrastructure state aid determined under subsection 1, the
30 department of education shall prorate the amount of the
31 smaller class size infrastructure state aid provided to each
32 district.

33 4. Smaller class size infrastructure state aid shall be
34 paid at the same time and in the same manner as foundation aid
35 is paid under section 257.16.

1 Sec. 4. NEW SECTION. 257.54 COMPUTATION OF SMALLER CLASS
2 SIZE INFRASTRUCTURE AMOUNT.

3 1. The department of management shall establish the amount
4 of smaller class size infrastructure property tax to be levied
5 and the amount of smaller class size infrastructure income
6 surtax to be imposed by a district in accordance with the
7 decision of the board under section 257.52 for each school
8 year for which the smaller class size infrastructure program
9 is authorized. The department of management shall determine
10 these amounts based upon the most recent figures available for
11 the district's valuation of taxable property, individual state
12 income tax paid, and budget enrollment in the district, and
13 shall certify to the district's county auditor the amount of
14 smaller class size infrastructure property tax if a smaller
15 class size infrastructure property tax is to be imposed, and
16 to the director of revenue and finance the amount of smaller
17 class size infrastructure income surtax to be imposed.

18 2. The smaller class size infrastructure income surtax
19 shall be imposed on the state individual income tax for the
20 calendar year during which the school's budget year begins, or
21 for a taxpayer's fiscal year ending during the second half of
22 that calendar year and after the date the board adopts a
23 resolution to participate in the program or the first half of
24 the succeeding calendar year, and shall be imposed on all
25 individuals residing in the school district on the last day of
26 the applicable tax year. As used in this section, "state
27 individual income tax" means the taxes computed under section
28 422.5, less the credits allowed in sections 422.11A, 422.11B,
29 422.12, and 422.12B.

30 Sec. 5. NEW SECTION. 257.55 STATUTES APPLICABLE.

31 The director of revenue and finance shall administer the
32 smaller class size infrastructure income surtax imposed under
33 this chapter, and sections 422.20, 422.22 to 422.31, 422.68,
34 and 422.72 to 422.75 shall apply with respect to
35 administration of the smaller class size infrastructure income

1 surtax.

2 Sec. 6. NEW SECTION. 257.56 FORM AND TIME OF RETURN.

3 The smaller class size infrastructure income surtax shall
4 be made a part of the Iowa individual income tax return
5 subject to the conditions and restrictions set forth in
6 section 422.21.

7 Sec. 7. NEW SECTION. 257.57 DEPOSIT OF SMALLER CLASS
8 SIZE INFRASTRUCTURE INCOME SURTAX.

9 1. The director of revenue and finance shall deposit all
10 moneys received as smaller class size infrastructure income
11 surtax to the credit of each district from which the moneys
12 are received, in the school district income surtax fund which
13 is established in section 298.14.

14 2. The director of revenue and finance shall deposit
15 smaller class size infrastructure income surtax moneys
16 received on or before November 1 of the year following the
17 close of the school budget year for which the surtax is
18 imposed to the credit of each district from which the moneys
19 are received in the school district income surtax fund.

20 3. Smaller class size infrastructure income surtax moneys
21 received or refunded after November 1 of the year following
22 the close of the school budget year for which the surtax is
23 imposed shall be deposited in or withdrawn from the general
24 fund of the state and shall be considered part of the cost of
25 administering the smaller class size infrastructure income
26 surtax.

27 Sec. 8. NEW SECTION. 257.58 SMALLER CLASS SIZE
28 INFRASTRUCTURE INCOME SURTAX CERTIFICATION.

29 On or before October 20 each year, the director of revenue
30 and finance shall make an accounting of the smaller class size
31 infrastructure income surtax collected under this chapter
32 applicable to tax returns for the last preceding calendar
33 year, or for a taxpayer's fiscal year ending during the second
34 half of that calendar year and after the date the board adopts
35 a resolution to participate in the program, or the first half

1 of the succeeding calendar year, from taxpayers in each school
2 district in the state which has approved the smaller class
3 size infrastructure program, and shall certify to the
4 department of management and the department of education the
5 amount of total smaller class size infrastructure income
6 surtax credited from the taxpayers of each school district.

7 Sec. 9. NEW SECTION. 257.59 SMALLER CLASS SIZE
8 INFRASTRUCTURE INCOME SURTAX DISTRIBUTION.

9 The director of revenue and finance shall draw warrants in
10 payment of the amount of smaller class size infrastructure
11 surtax in the manner provided in section 298.14.

12 Sec. 10. NEW SECTION. 257.60 CONTINUATION OF SMALLER
13 CLASS SIZE INFRASTRUCTURE PROGRAM.

14 1. At the expiration of the period for which the smaller
15 class size infrastructure program was adopted, the program may
16 be extended for a period of not exceeding five or ten years in
17 the manner provided in section 257.51.

18 2. If the voters do not approve adoption of the smaller
19 class size infrastructure program, the board shall wait at
20 least one hundred twenty days following the election before
21 taking action to adopt the program or resubmit the
22 proposition.

23 Sec. 11. NEW SECTION. 279.59 CLASS SIZE REDUCTION
24 PROGRAM.

25 1. There is established a class size reduction program to
26 provide additional funds for school districts that develop a
27 class size reduction plan. To be eligible for a class size
28 reduction payment as provided in this section, a school
29 district shall submit annually by April 15 to the department
30 of education a plan which includes, at a minimum, the goals of
31 reducing class size in kindergarten through grade three and
32 instituting professional development to assist teachers in
33 teaching challenging curricula more effectively, the methods
34 by which the district shall achieve those goals, and a process
35 for engaging parents, teachers, school administrators, and

1 students in the shared goal of raising student achievement
2 levels. In addition, the plan shall provide for methods for
3 measuring student achievement and progress.

4 2. a. There is appropriated from the general fund of the
5 state to the department of education for the fiscal year
6 beginning July 1, 1998, and ending June 30, 1999, the sum of
7 sixteen million dollars to be used to fund school districts
8 that meet the requirements of subsection 1 and which limit the
9 district's self-contained grade one classroom sizes to an
10 average student-to-teacher ratio of not more than seventeen
11 students to one teacher, or the equivalent, in a school that
12 utilizes team teaching methods.

13 b. There is appropriated from the general fund of the
14 state to the department of education for the fiscal year
15 beginning July 1, 1999, and ending June 30, 2000, the sum of
16 thirty-two million dollars to be used to fund school districts
17 that meet the requirements of subsection 1 and which limit the
18 self-contained grade one and grade two classroom sizes to an
19 average student-to-teacher ratio of not more than seventeen
20 students to one teacher, or the equivalent, in a school that
21 utilizes team teaching methods.

22 c. There is appropriated from the general fund of the
23 state to the department of education for the fiscal year
24 beginning July 1, 2000, and ending June 30, 2001, and for
25 succeeding years, the sum of forty-eight million dollars to be
26 used to fund school districts that meet the requirements of
27 subsection 1 and which limit the self-contained classroom
28 sizes in grades one through three to an average student-to-
29 teacher ratio of not more than seventeen students to one
30 teacher, or the equivalent, in a school that utilizes team
31 teaching methods.

32 d. There is appropriated from the general fund of the
33 state to the department of education for the fiscal year
34 beginning July 1, 2001, and ending June 30, 2002, and for
35 succeeding years, the sum of sixty-four million dollars to be

1 used to fund school districts that meet the requirements of
2 subsection 1 and which limit the self-contained classroom
3 sizes in kindergarten through grade three to an average
4 student-to-teacher ratio of not more than seventeen students
5 to one teacher, or the equivalent, in a school that utilizes
6 team teaching methods.

7 3. From the moneys appropriated in subsection 2 for each
8 fiscal year in which moneys are appropriated, the amount of
9 moneys allocated to school districts shall be in the
10 proportion that the basic enrollment for the budget year of
11 the grade level in the district for which the moneys are
12 appropriated bears to the sum of the basic enrollments for the
13 budget year of the grade level of all school districts in the
14 state qualifying for moneys under subsection 1 for the budget
15 year, as basic enrollment and budget year are defined in
16 chapter 257.

17 4. For each year in which an appropriation is made to the
18 class size reduction program, the department of education
19 shall notify the department of revenue and finance of the
20 amount to be paid to each school district based upon the
21 distribution plan set forth for the appropriation made
22 pursuant to this section. The allocation to each school
23 district under this section shall be made in one payment on or
24 about October 1 of the fiscal year for which the appropriation
25 is made, taking into consideration the relative budget and
26 cash position of the state resources. Prior to the receipt of
27 funds, school districts shall submit to the department of
28 education the plan developed in accordance with subsection 1
29 and that funds received under this section shall be used in
30 accordance with the required class size reduction plan.

31 5. Moneys received under this section shall not be
32 commingled with state aid payments made to a school district
33 under section 257.16 and shall be accounted for by the local
34 school district separately from state aid payments.

35 6. Payments made to school districts under this section

1 are miscellaneous income for purposes of chapter 257 or are
2 considered encumbered. Each local school district shall
3 maintain a separate listing for payments received and
4 expenditures made pursuant to this section.

5 Sec. 12. Section 298.14, unnumbered paragraphs 1 and 2,
6 Code 1997, are amended to read as follows:

7 For each fiscal year, the cumulative total of the percents
8 of surtax approved by the board of directors of a school
9 district and collected by the department of revenue and
10 finance under sections 257.21, 257.29, 257.54, 279.54, and
11 298.2, and the enrichment surtax under section 442.15, Code
12 1989, and an income surtax collected by a political
13 subdivision under chapter 422D, shall not exceed twenty
14 percent.

15 A school district income surtax fund is created in the
16 office of treasurer of state. Income surtaxes collected by
17 the department of revenue and finance under sections 257.21,
18 257.29, 257.54, 279.54, and 298.2 and section 442.15, Code
19 1989, shall be deposited in the school district income surtax
20 fund to the credit of each school district. A separate
21 accounting of each surtax, by school district, shall be
22 maintained.

23 Sec. 13. DEPARTMENT OF EDUCATION STUDY. The department of
24 education shall conduct a study of the state's school
25 infrastructure. The purpose of the study shall be to
26 determine the current statewide condition and use of public
27 school infrastructure and to ascertain the future
28 infrastructure needs of public school districts predicated by
29 the classroom space needs for smaller classes, all-day, every-
30 day, kindergarten, and prekindergarten. The department shall
31 collect data relating to the condition of attendance centers
32 within districts; the capacity per room, attendance center,
33 and district; space availability within each district; and the
34 age of attendance centers within a district. The department
35 shall develop recommendations for maintaining a database of

1 school district infrastructure, which includes the above
2 information, an inventory of school district infrastructure
3 resources, fire and safety deficiencies, and any other data
4 pertinent to the assessment and evaluation of the classroom
5 environment and resources throughout the state. The
6 department shall submit a report of its findings and
7 recommendations to the general assembly by December 31, 1998.

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EXPLANATION

9 This bill establishes a smaller class size infrastructure
10 program and a class size reduction program, appropriates
11 moneys for purposes of the class size reduction program, and
12 directs the department of education to conduct a study of the
13 current statewide condition of public school infrastructure to
14 determine the future infrastructure needs of public school
15 districts.

16 The smaller class size infrastructure program created by
17 the bill is similar to the instructional support program,
18 except that the moneys received by a district for the smaller
19 class size infrastructure program shall be expended solely for
20 smaller class size infrastructure needs, which the bill
21 defines. The bill provides that the smaller class size
22 infrastructure income surtax must fund at least 60 percent of
23 the cost of the program. The bill also includes a standing
24 general fund appropriation of \$20 million to the department of
25 education to pay smaller class size infrastructure state aid.
26 If the appropriation is insufficient for the need, the amounts
27 provided to districts shall be prorated.

28 The class size reduction program established under the bill
29 provides additional funds for school districts that submit an
30 annual plan to the department of education that includes, at a
31 minimum, the goals of reducing class size in kindergarten and
32 grades one through three and instituting professional
33 development to assist teachers in teaching challenging
34 curricula more effectively, the methods by which the district
35 shall achieve those goals, and a process for engaging parents.

1 teachers, school administrators, and students in the shared
2 goal of raising student achievement levels. In addition, the
3 plan shall provide for methods for measuring student
4 achievement and progress.

5 The bill appropriates \$16 million for grade one in the
6 fiscal year beginning July 1, 1998. The bill adds grade two
7 and another \$16 million in the fiscal year beginning July 1,
8 1999, adds grade three and another \$16 million in fiscal year
9 2000, and adds kindergarten and another \$16 million in fiscal
10 year 2001, to arrive at a total of \$64 million for the fiscal
11 year beginning July 1, 2001, and for all succeeding years.

12 The moneys allocated shall be distributed in the proportion
13 that the basic enrollment of the grade level in the district
14 for which the moneys are appropriated bears to the sum of the
15 basic enrollments of all school districts in the state for
16 that grade level qualifying for moneys for the budget year.

17 Prior to receiving the funds, school districts shall submit
18 to the department of education the required class size
19 reduction plan.

20 Payments made to school districts under this section are
21 miscellaneous income for purposes of Code chapter 257 or are
22 considered encumbered.

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