

Lord, Chu
Eddie
Wise

HSB 735

EDUCATION

Succeeded by
HF 2119

HOUSE FILE _____
BY (PROPOSED COMMITTEE
ON EDUCATION BILL
BY CHAIRPERSON GRUNDBERG)

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

A BILL FOR

1 An Act relating to certain school finance formula provisions and
2 providing an effective date.

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

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1 Section 1. Section 257.13, Code Supplement 1999, is
2 amended by adding the following new subsection:

3 NEW SUBSECTION. 7. For the school budget year beginning
4 July 1, 2000, if a school district's actual enrollment for the
5 budget year, as determined under section 257.6, is greater
6 than its budget enrollment for the budget year, and if the
7 school district received on-time funding for new students
8 pursuant to this section for the school budget year beginning
9 July 1, 1999, the school district shall be eligible to receive
10 an on-time funding budget adjustment equal to fifty percent of
11 the amount of on-time funding received by the school district
12 for the budget year beginning July 1, 1999. A school district
13 seeking an on-time funding budget adjustment pursuant to this
14 section shall notify the department of education by November
15 1, 2000, and the department of education shall instruct the
16 department of management to establish a modified allowable
17 growth equivalent to fifty percent of the amount of on-time
18 funding received by the school district for the previous
19 budget year.

20 Sec. 2. Section 257.14, subsection 1, Code Supplement
21 1999, is amended to read as follows:

22 1. For the budget ~~years~~ year commencing ~~July 1, 1997, July~~
23 ~~1, 1998, and July 1, 1999~~ 2000, if the department of
24 management determines that the regular program district cost
25 of a school district for a budget year is less than ninety-
26 nine percent of the total of the regular program district cost
27 plus any adjustment added under this section for the base year
28 for that school district, the department of management shall
29 provide a budget adjustment for that district for that budget
30 year that is equal to the difference. A school district may
31 use moneys from its unexpended cash balance or cash reserve
32 moneys to reduce any increase in the district's property tax
33 levy that would otherwise be necessary to fund the budget
34 adjustment provided pursuant to this subsection.

35 Sec. 3. EFFECTIVE DATE. This Act, being deemed of

1 immediate importance, takes effect upon enactment.

2 EXPLANATION

3 This bill provides additional funding authority for school
4 districts.

5 The bill provides that for the school budget year beginning
6 July 1, 2000, if the department of management determines that
7 the regular program district cost of a school district for a
8 budget year is less than 99 percent of the total of the
9 regular program district cost plus any adjustment added under
10 Code section 257.14 for the base year for that school
11 district, the department of management shall provide a budget
12 adjustment for that district for that budget year that is
13 equal to the difference. Currently, for the budget year
14 beginning July 1, 1999, a similar provision for a 100 percent
15 cost guarantee is in place. The bill provides that a school
16 district shall be authorized to utilize moneys from its
17 unexpended cash balance or cash reserve moneys to reduce the
18 amount of property tax which shall otherwise be levied to fund
19 this provision.

20 The bill also provides that a school district which
21 received on-time funding for new students pursuant to Code
22 section 257.13 for the school budget year beginning July 1,
23 1999, shall be eligible to receive an on-time funding budget
24 adjustment equal to 50 percent of that amount for the budget
25 year beginning July 1, 2000. The bill provides that a school
26 district which seeks an on-time funding budget adjustment
27 pursuant to this section shall notify the department of
28 education by November 1, 2000, and the department of education
29 shall instruct the department of management to establish a
30 modified allowable growth for the budget year by the amount
31 corresponding to 50 percent of the previously received on-time
32 funding amount.

33 The bill takes effect upon enactment.

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FEB 28 2000

WAYS AND MEANS

HOUSE FILE **2484**
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HSB 735)

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

A BILL FOR

1 An Act relating to certain school finance formula provisions and
2 providing an effective date.

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

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HF 2484

1 Section 1. Section 257.13, Code Supplement 1999, is
2 amended by adding the following new subsection:

3 NEW SUBSECTION. 7. a. For the school budget year
4 beginning July 1, 2000, if a school district's estimated
5 actual enrollment for the budget year is greater than its
6 budget enrollment for the budget year as determined pursuant
7 to section 257.6, the school district shall be eligible to
8 receive an on-time funding budget adjustment. The adjustment
9 shall be equal to fifty percent of the difference between the
10 estimated actual enrollment for the budget year and the budget
11 enrollment for the budget year, multiplied by district cost
12 per pupil.

13 b. For purposes of this subsection, the estimated actual
14 enrollment shall be determined by a school district for the
15 school budget year beginning July 1, 2000, and utilized by the
16 district in calculating the amount of the budget adjustment to
17 be included in the district's certified budget by April 15,
18 2000, pursuant to section 24.17. The department of management
19 shall increase the amount of the district's additional
20 property tax levy for the school budget year beginning July 1,
21 2000, pursuant to section 257.4 by the amount of the on-time
22 funding budget adjustment. A school district may use moneys
23 from its unexpended cash balance or cash reserve moneys to
24 reduce any increase in the district's property tax levy that
25 would otherwise be necessary to fund the budget adjustment
26 provided pursuant to this subsection.

27 c. If, for a school district receiving an on-time funding
28 budget adjustment pursuant to this subsection, the estimated
29 actual enrollment for the school budget year beginning July 1,
30 2000, exceeds the actual enrollment count for the school
31 budget year beginning July 1, 2000, as determined on September
32 15, 2000, the department of management shall reduce the school
33 district's additional property tax levy determined pursuant to
34 section 257.4 for the school budget year beginning July 1,
35 2001, by the amount of property taxes raised in the school

1 budget year beginning July 1, 2000, as a result of the on-time
2 funding budget adjustment attributable to the excess of the
3 actual enrollment count over the estimated actual enrollment
4 count. If, for a school district receiving an on-time funding
5 budget adjustment pursuant to this subsection, the estimated
6 actual enrollment for the school budget year beginning July 1,
7 2000, is less than the actual enrollment count for the school
8 budget year beginning July 1, 2000, as determined on September
9 15, 2000, the school district shall be eligible to apply to
10 the school budget review committee for modified allowable
11 growth in the amount of the difference for the school budget
12 year beginning July 1, 2001.

13 d. If the board of directors of a school district
14 determines that a need exists for additional funds exceeding
15 the authorized budget adjustment for on-time funding pursuant
16 to this section, a request for modified allowable growth based
17 upon increased enrollment may be submitted to the school
18 budget review committee as provided in section 257.31.

19 Sec. 2. Section 257.14, subsection 1, Code Supplement
20 1999, is amended to read as follows:

21 1. a. For the budget years year commencing ~~July 1, 1997,~~
22 ~~July 1, 1998,~~ and July 1, 1999 2000, if the department of
23 management determines that the regular program district cost
24 of a school district for a budget year is less than ninety-
25 nine percent of the total of the regular program district cost
26 plus any adjustment added under this section for the base year
27 for that school district, the department of management shall
28 provide a budget adjustment for that district for that budget
29 year that is equal to the difference. A school district may
30 use moneys from its unexpended cash balance or cash reserve
31 moneys to reduce any increase in the district's property tax
32 levy that would otherwise be necessary to fund the budget
33 adjustment provided pursuant to this subsection.

34 b. The board of directors of a school district which is
35 eligible for a budget adjustment, pursuant to paragraph "a",

1 for the budget year beginning July 1, 2000, may, at the
2 board's discretion, utilize a combination of an income surtax
3 and a property tax to fund the budget adjustment amount.
4 Certification of a board's intent to utilize a combination of
5 an income surtax and a property tax to fund the budget
6 adjustment amount shall be made to the department of
7 management not later than April 15 of the base year. Subject
8 to the limitation specified in section 298.14, if the board
9 elects to use the combination of an income surtax and a
10 property tax, the board shall for the budget year beginning
11 July 1, 2000, determine the percent of income surtax that will
12 be imposed, expressed as full percentage points, not to exceed
13 twenty percent.

14 The department of management shall establish the amount of
15 property tax to be levied and the amount of income surtax to
16 be imposed by a district in accordance with the decision of
17 the board pursuant to this paragraph "b" for the school budget
18 year beginning July 1, 2000, and shall certify to the
19 district's county auditor the amount of property tax, and to
20 the director of revenue and finance the amount of income
21 surtax to be imposed. The income surtax shall be imposed on
22 the state individual income tax for the calendar year during
23 which the school's budget year begins, or for a taxpayer's
24 fiscal year ending during the second half of that calendar
25 year and after the date the board adopts a resolution to
26 utilize an income surtax or the first half of the succeeding
27 calendar year, and shall be imposed on all individuals
28 residing in the school district on the last day of the
29 applicable tax year. As used in this section, "state
30 individual income tax" means the taxes computed under section
31 422.5, less the credits allowed in sections 422.11A, 422.11B,
32 422.12, and 422.12B.

33 The provisions of sections 257.22 through 257.26 regarding
34 instructional support income surtax shall apply regarding
35 administration, depositing, certification, and distribution of

1 the income surtax imposed pursuant to this paragraph.

2 Sec. 3. Section 298.14, unnumbered paragraphs 1 and 2,
3 Code 1999, are amended to read as follows:

4 For each fiscal year, the cumulative total of the percents
5 of surtax approved by the board of directors of a school
6 district and collected by the department of revenue and
7 finance under sections 257.14, 257.21, 257.29, 279.54, and
8 298.2, and the enrichment surtax under section 442.15, Code
9 1989, and an income surtax collected by a political
10 subdivision under chapter 422D, shall not exceed twenty
11 percent.

12 A school district income surtax fund is created in the
13 office of treasurer of state. Income surtaxes collected also
14 by the department of revenue and finance under sections
15 257.14, 257.21, 257.29, 279.54, and 298.2 and section 442.15,
16 Code 1989, shall be deposited in the school district income
17 surtax fund to the credit of each school district. A separate
18 accounting of each surtax, by school district, shall be
19 maintained.

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

22 EXPLANATION

23 This bill provides additional funding authority for school
24 districts.

25 The bill provides that for the school budget year beginning
26 July 1, 2000, if a school district's estimated actual
27 enrollment for the budget year is greater than its budget
28 enrollment for the budget year, the school district shall be
29 eligible to receive an on-time funding budget adjustment. The
30 adjustment shall be equal to 50 percent of the difference
31 between the estimated actual enrollment for the budget year
32 and the budget enrollment for the budget year, multiplied by
33 the district cost per pupil. The bill provides that the
34 estimated actual enrollment shall be determined by a school
35 district for the school budget year beginning July 1, 2000,

1 and utilized by the district in calculating the amount of the
2 budget adjustment to be included in the district's certified
3 budget by April 15, 2000. The bill provides that the
4 department of management shall increase the amount of the
5 district's additional property tax levy for the school budget
6 year beginning July 1, 2000, by the amount of the on-time
7 funding budget adjustment. The bill provides that a school
8 district may use moneys from its unexpended cash balance or
9 cash reserve moneys to reduce any increase in the district's
10 property tax levy that would otherwise be necessary to fund
11 the budget adjustment provided pursuant to this subsection.
12 The bill contains provisions relating to adjusting property
13 tax levies in the year following the school budget year
14 beginning July 1, 2000, in the event of an overestimation or
15 underestimation of actual enrollment. The bill provides that
16 if the board of directors of a school district determines that
17 a need exists for additional funds exceeding the authorized
18 budget adjustment for on-time funding, a request for modified
19 allowable growth based upon increased enrollment may be
20 submitted to the school budget review committee as provided in
21 Code section 257.31.

22 The bill also provides that for the school budget year
23 beginning July 1, 2000, if the department of management
24 determines that the regular program district cost of a school
25 district for a budget year is less than 99 percent of the
26 total of the regular program district cost plus any adjustment
27 added under Code section 257.14 for the base year for that
28 school district, the department of management shall provide a
29 budget adjustment for that district for that budget year that
30 is equal to the difference. Currently, for the budget year
31 beginning July 1, 1999, a similar provision for a 100 percent
32 cost guarantee is in place. The bill provides that a school
33 district shall be authorized to utilize moneys from its
34 unexpended cash balance or cash reserve moneys to reduce the
35 amount of property tax which shall otherwise be levied to fund

1 this provision. The bill also provides that a school district
2 board of directors shall be authorized to impose an income
3 surtax to fund a portion of the budget adjustment.

4 The bill takes effect upon enactment.

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