

Grundberg, Ch
Boal
Wise

HSB 232
EDUCATION

Succeeded By

CF/HF

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 the level of state funding for the
2 instructional support program, and providing an effective
3 date.

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

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Section 1. ~~Section 257.20~~ Section 257.20, subsection 2, paragraphs a and b, Code 1999, are amended by striking the paragraphs and inserting in lieu thereof the following:

a. However, for the fiscal year beginning July 1, 1999, moneys appropriated under this subsection shall equal the amount which would otherwise be appropriated as determined under subsection 1 reduced by fifty percent of the difference between the amount which would otherwise be appropriated as determined under subsection 1 and the amount of moneys appropriated as instructional support state aid for the budget year beginning July 1, 1992. For the fiscal year beginning July 1, 1999, the department of education shall prorate the amount of the instructional support state aid provided to each district.

b. A school district shall be authorized to levy an additional amount of instructional support property tax in an amount equivalent to the amount of instructional support state aid it would otherwise have received but for the application of paragraph "a" for the fiscal year beginning July 1, 1999. The department of management shall calculate the amount of additional instructional support property tax pursuant to section 257.21.

Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

EXPLANATION

This bill provides for the removal of a statutory limitation on state funding for the instructional support program. As originally enacted, the instructional support program permitted school districts to increase their budgets by 10 percent through a combination of state and local funds, with a state and local contribution ratio of approximately 25 and 75 percent, respectively. Subsequent legislation limited the state appropriation to the amount appropriated as instructional support state aid for the school budget year commencing on July 1, 1992, and provided that amounts

1 distributed shall be prorated to each school district
2 participating in the program in the event that the limitation
3 was insufficient to fully fund the 25 percent state portion.
4 The bill removes this limitation.

5 The bill provides that the limitation removal will be
6 phased in over a two-year period. The bill provides that, for
7 the fiscal year beginning July 1, 1999, the amount
8 appropriated will be reduced by 50 percent of the difference
9 between the amount which would be appropriated without the
10 limitation and the level appropriated for the budget year
11 commencing July 1, 1992. The bill provides that this amount
12 will be prorated by the department of education. Beginning
13 with the next fiscal year, commencing July 1, 2000, the
14 removal of the statutory limitation would be fully phased in,
15 with no reduction.

16 The bill additionally provides that a school district will
17 be authorized to levy an additional amount of property tax in
18 an amount equivalent to the amount of instructional support
19 state aid it would otherwise have received but for the
20 reduction for the fiscal year beginning July 1, 1999. The
21 department of management will calculate the amount of the
22 additional property tax pursuant to the provisions of Code
23 section 257.21.

24 The bill takes effect upon enactment.

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MAR 17 1999

APPROPRIATIONS

HOUSE FILE

718

BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HSB 232)

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

A BILL FOR

1 An Act relating to the level of state funding for the
2 instructional support program, and providing an effective
3 date.

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

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HF 718

TLSB 2087HV 78

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1 Section 1. Section 257.20, subsection 1, Code 1999, is
2 amended to read as follows:

3 1. a. In For a school district which is participating in
4 the instructional support program on the effective date of
5 this Act, in order to determine the amount of instructional
6 support state aid and the amount of local funding for the
7 instructional support program for a district, the department
8 of management shall divide the total assessed valuation in the
9 state by the total budget enrollment for the budget year in
10 the state to determine a state assessed valuation per pupil
11 and shall divide the assessed valuation in each district by
12 the district's budget enrollment for the budget year to
13 determine the district assessed valuation per pupil. The
14 department of management shall multiply the ratio of the
15 state's valuation per pupil to the district's valuation per
16 pupil by twenty-five hundredths and subtract that result from
17 one to determine the portion of the instructional support
18 program budget that is local funding. The remaining portion
19 of the budget shall be funded by instructional support state
20 aid. However, for the budget year beginning July 1, 1992,
21 only, the amount of state aid is three and one-quarter percent
22 less than the amount computed under this paragraph for that
23 budget year.

24 b. For a school district which authorizes participation in
25 the instructional support program, or reauthorizes local
26 funding for the program on or after the effective date of this
27 Act, in order to determine the amount of instructional support
28 state aid and the amount of local funding for the
29 instructional support program for a district, the department
30 of management shall divide the total assessed valuation in the
31 state by the total budget enrollment for the budget year in
32 the state to determine a state assessed valuation per pupil
33 and shall divide the assessed valuation in each district by
34 the district's budget enrollment for the budget year to
35 determine the district assessed valuation per pupil. The

1 department of management shall multiply the ratio of the
2 state's valuation per pupil to the district's valuation per
3 pupil by twenty-hundredths and subtract that result from one
4 to determine the portion of the instructional support program
5 budget that is local funding. The remaining portion of the
6 budget shall be funded by instructional support state aid.

7 c. A school district participating in the instructional
8 support program pursuant to paragraph "a", which seeks to
9 participate in the instructional support program pursuant to
10 paragraph "b", shall either adopt a resolution to participate
11 in the program pursuant to paragraph "b" for the remainder of
12 the period for which the instructional support program has
13 been approved if the remaining term does not exceed five
14 years, or shall submit the question for election if the
15 remaining amount of the term does not exceed ten years. If
16 the question to participate in the program pursuant to
17 paragraph "b" is submitted for election and does not receive
18 approval at the election, participation in the program shall
19 continue under paragraph "a" until the end of the existing
20 term.

21 Sec. 2. Section 257.20, subsection 2, paragraphs a and b,
22 Code 1999, are amended by striking the paragraphs.

23 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
24 immediate importance, takes effect upon enactment.

25 EXPLANATION

26 This bill provides for the removal of a statutory
27 limitation on state funding for the instructional support
28 program. As originally enacted, the instructional support
29 program permitted school districts to increase their budgets
30 by 10 percent through a combination of state and local funds,
31 with a state and local contribution ratio of approximately 25
32 and 75 percent, respectively for districts whose assessed
33 valuation per pupil is equal to the statewide average assessed
34 valuation per pupil. Subsequent legislation limited the state
35 appropriation to the amount appropriated as instructional

1 support state aid for the school budget year commencing on
2 July 1, 1992, and provided that amounts distributed shall be
3 prorated to each school district participating in the program
4 in the event that the limitation was insufficient to fully
5 fund the 25 percent state portion. The bill removes this
6 limitation.

7 The bill provides for a change in the respective
8 proportions of state and local funding of the instructional
9 support program. The bill provides that a school district
10 which is already participating in the instructional support
11 program will continue under the current law, unless the
12 district either adopts a board resolution to increase the
13 local participation component from 75 to 80 percent, if the
14 current authorization has less than five years remaining in
15 its term, or submits the question of the increase for election
16 if the current authorization exceeds five years remaining in
17 its term.

18 Under current law the ratio between the state assessed
19 valuation per pupil and the district assessed valuation per
20 pupil is multiplied by twenty-five-hundredths for determining
21 the state funding. Under the bill provisions, the multiplier
22 is decreased to twenty-hundredths for districts beginning
23 participation in the program or reauthorizing their local
24 funding commitment.

25 The bill takes effect upon enactment.

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**HOUSE FILE 718
FISCAL NOTE**

A fiscal note for House File 718 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 718 removes the cap on State funding for local school district instructional support programs and changes the State share of total program cost from 25% to 20%. However, school districts with existing instructional support programs will continue under the current law unless, by Board action or by vote of the people, the school district elects to participate under terms of the revised funding formula.

BACKGROUND

Currently, 266 of 375 school districts have instructional support programs. The State contribution to instructional support programs is capped at \$14,798,225. This amount has remained constant since the 1992-1993 school year. To fully fund the State's 25% share of existing programs during the 1998-1999 school year, it would cost \$28,934,919, or \$14,136,694 above the current cap.

Under current law, each school district's local share of instructional support program costs equals one minus the quantity State taxable value per pupil divided by district taxable value per pupil times 0.25. A school district's maximum funding for instructional support equals 10% of the sum of regular program district cost and regular program budget guarantee. An instructional support program for up to five years may be authorized by Board resolution or for up to ten years by election.

ASSUMPTIONS

1. Total taxable value for the State applicable to school year 1999-2000 is \$88.0 billion and for school year 2000-2001 is \$90.6 billion.
2. Total State budget (weighted) enrollment applicable to school year 1999-2000 is 562,570.1 and for school year 2000-2001 is 499,619.4.
3. The State contribution for school districts with existing instructional support programs remains at \$14,798,225.
4. School districts with Board approved instructional support programs will elect to convert to the new funding formula for the 1999-2000 school year.
5. No school districts with voter approved instructional support programs will convert to the new funding formula for the 1999-2000 school year, but districts with additional tax of \$0.10 or less per \$1,000 valuation will convert for the 2000-2001 school year.

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6. Eighteen school districts per year will establish new instructional support programs during the 1999-2000 and the 2000-2001 school years. The cost for these new programs will total \$4.50 million for the 1999-2000 school year and \$4.68 million for the 2000-2001 school year.

FISCAL IMPACT

House File 718 will result in an increase in General Fund expenditures of \$9.9 million for FY 2000 and \$10.8 million for FY 2001. Also, there will result an increase in local taxes of \$4.6 million for FY 2000 and of \$7.0 million for FY 2001.

SOURCE

Iowa Association of School Boards

(LSB 2087hv, MAL)

FILED MARCH 31, 1999

BY DENNIS PROUTY, FISCAL DIRECTOR