

Redfern
Rehberg
Connolly
Szymoniak
Redwine

SSB-1195

Education

Succeeded By
P/HF 459

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
EDUCATION BILL BY CHAIR-
PERSON REDFERN)

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

A BILL FOR

1 An Act relating to state school aid for budget years commencing
2 with the budget year beginning July 1, 1999, and making
3 appropriations and including effective and applicability date
4 provisions.

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

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1 Section 1. Section 257.1, subsection 2, unnumbered
2 paragraph 2, Code 1999, is amended to read as follows:

3 For the budget year commencing July 1, ~~1996~~ 1999, and for
4 each succeeding budget year the regular program foundation
5 base per pupil is ~~eighty-seven-and-five-tenths~~ eighty-eight
6 percent of the regular program state cost per pupil, ~~except~~
7 ~~that-the-regular-program-foundation-base-per-pupil-for-the~~
8 ~~portion-of-weighted-enrollment-that-is-additional-enrollment~~
9 ~~because-of-special-education-is-seventy-nine-percent-of-the~~
10 ~~regular-program-state-cost-per-pupil~~. For the budget year
11 commencing July 1, ~~1991~~ 1999, and for each succeeding budget
12 year the special education support services foundation base is
13 ~~seventy-nine~~ eighty-eight percent of the special education
14 support services state cost per pupil. The combined
15 foundation base is the sum of the regular program foundation
16 base and the special education support services foundation
17 base.

18 Sec. 2. Section 257.3, subsection 1, unnumbered paragraph
19 1, Code 1999, is amended to read as follows:

20 AMOUNT OF TAX. ~~Except-as-provided-in-subsections-2-and-3,~~
21 a A school district shall cause to be levied each year, for
22 the school general fund, a foundation property tax equal to
23 five dollars and ~~forty~~ seventy cents per thousand dollars of
24 assessed valuation on all taxable property in the district.
25 The county auditor shall spread the foundation levy over all
26 taxable property in the district.

27 Sec. 3. Section 257.3, subsections 2 and 3, Code 1999, are
28 amended by striking the subsections.

29 Sec. 4. Section 257.3, subsection 4, Code 1999, is amended
30 to read as follows:

31 4. RAILWAY CORPORATIONS. For purposes of section 257.1,
32 the "amount per pupil of foundation property tax" does not
33 include the tax levied under subsection ~~1-2-3~~ ~~or-3~~ on the
34 property of a railway corporation, or on its trustee if the
35 corporation has been declared bankrupt or is in bankruptcy

1 proceedings.

2 Sec. 5. Section 257.8, Code 1999, is amended by adding the
3 following new subsections:

4 NEW SUBSECTION. 2A. Notwithstanding the calculation in
5 subsection 2, the department of management shall calculate the
6 regular program allowable growth for the budget year beginning
7 July 1, 1999, for a school district which had funded a gifted
8 and talented program pursuant to section 257.46, Code 1999,
9 for the budget year beginning July 1, 1998, by multiplying the
10 state percent of growth for the budget year by the regular
11 program state cost per pupil for the base year, and add to the
12 resulting product thirty-eight dollars.

13 NEW SUBSECTION. 2B. a. A school district which had not
14 funded a gifted and talented program pursuant to section
15 257.46, Code 1999, for the budget year beginning July 1, 1998,
16 shall calculate the regular program allowable growth for the
17 budget year beginning July 1, 1999, pursuant to subsection 2.

18 b. The board of directors of a school district which had
19 not funded a gifted and talented program pursuant to section
20 257.46, Code 1999, for the budget year beginning July 1, 1998,
21 but seeks funding for such a program under subsection 2A for
22 the budget year beginning July 1, 2000, may adopt a resolution
23 requesting such funding and submit the resolution and a
24 proposed gifted and talented program plan and budget to the
25 department of education by October 1, 1999. The department
26 shall review and retain the proposed program plan and budget
27 and shall forward to the school budget review committee a
28 recommendation for modifying the district's regular program
29 cost per pupil.

30 c. A school district determining allowable growth pursuant
31 to section 257.8, subsection 2, may apply to the school budget
32 review committee for modified allowable growth pursuant to
33 section 257.31, subsection 5, for the school budget year
34 beginning July 1, 1999, and succeeding budget years.

35 NEW SUBSECTION. 2C. a. A school district which

1 calculated allowable growth for the budget year beginning July
2 1, 1999, pursuant to the provisions of subsection 2A, shall
3 calculate allowable growth pursuant to the provisions of
4 subsection 2 for the school budget year beginning July 1,
5 2000, and succeeding budget years, utilizing a regular program
6 state cost per pupil figure which incorporates the thirty-
7 eight dollar increase in regular program allowable growth
8 calculated for the budget year beginning July 1, 1999.

9 b. A school district which calculated allowable growth for
10 the budget year beginning July 1, 1999, pursuant to the
11 provisions of subsection 2B, shall calculate allowable growth
12 pursuant to the provisions of subsection 2 for the school
13 budget year beginning July 1, 2000, and succeeding budget
14 years, utilizing a regular program state cost per pupil figure
15 which does not incorporate the thirty-eight dollar increase in
16 regular program allowable growth calculated for the budget
17 year beginning July 1, 1999. However, if such school district
18 received additional funding for the gifted and talented
19 program for the budget year beginning July 1, 2000, under
20 subsection 2B, paragraph "b", the school district shall
21 calculate allowable growth for subsequent budget years in the
22 manner provided for school districts under paragraph "a" of
23 this subsection.

24 NEW SUBSECTION. 4. For budget years beginning in July 1,
25 2000, and subsequent budget years, references to the terms
26 "allowable growth", "regular program state cost per pupil",
27 and "regular program district cost per pupil" shall mean those
28 terms as calculated for those school districts that calculated
29 or did not calculate regular program allowable growth for the
30 school budget year beginning July 1, 1999, with the additional
31 thirty-eight dollars, as applicable.

32 Sec. 6. Section 257.10, subsection 5, Code 1999, is
33 amended to read as follows:

34 5. COMBINED DISTRICT COST PER PUPIL. The combined
35 district cost per pupil for a school district is the sum of

1 the regular program district cost per pupil and the special
 2 education support services district cost per pupil. Combined
 3 district cost per pupil does not include additional allowable
 4 growth added for school districts that have a negative balance
 5 of funds raised for special education instruction programs,
 6 additional allowable growth granted by the school budget
 7 review committee for a single school year, or additional
 8 allowable growth added for programs for dropout prevention and
 9 ~~for-programs-for-gifted-and-talented-children.~~

10 Sec. 7. NEW SECTION. 257.14A ON-TIME FUNDING FOR SPECIAL
 11 EDUCATION.

12 Commencing with the budget year beginning July 1, 1999, if
 13 a school district's additional enrollment because of special
 14 education determined by the district on December 1 in the
 15 budget year is greater than its additional enrollment because
 16 of special education determined by the district on December 1
 17 in the base year, the school district is entitled to on-time
 18 funding from the state in an amount equal to its district cost
 19 per pupil for the budget year multiplied by the district's
 20 increase in additional enrollment because of special
 21 education. The additional funding shall be miscellaneous
 22 income.

23 For the purpose of this section, a school district's
 24 additional enrollment because of special education is
 25 determined by multiplying the weighting for each category of
 26 child under section 256B.9 times the number of children in
 27 each category totaled for all categories minus the total
 28 number of children in all categories.

29 If a district receives additional funding under this
 30 section for a budget year, the department of management shall
 31 determine the amount of the additional funding which would
 32 have been generated by local property tax revenues in
 33 proportion to the amount of funding actually received pursuant
 34 to this section, if the additional enrollment because of
 35 special education in the budget year had been used for that

1 budget year in determining combined district cost, shall
2 reduce, but not by more than the amount of the additional
3 funding, the district's total state school aids available
4 under this chapter for the next following budget year by the
5 amount so determined, and shall increase the district's
6 additional property tax levy for the next following budget
7 year by the amount necessary to compensate for the reduction
8 in state aid, so that the local property tax for the next
9 following year will be increased only by the amount which
10 would have been increased in the budget year if the additional
11 enrollment because of special education in the budget year
12 could have been used to establish the levy.

13 There is appropriated each year from the general fund of
14 the state the amount required to pay on-time funding
15 authorized under this section, which shall be paid to school
16 districts in the same manner as other state aids are paid
17 under section 257.16.

18 Sec. 8. Section 257.15, Code 1999, is amended by adding
19 the following new subsection:

20 NEW SUBSECTION. 2A. PROPERTY TAX ADJUSTMENT AID PHASEOUT.
21 Notwithstanding the computation of property tax adjustment aid
22 under subsection 2, for the following budget years the amount
23 of property tax adjustment aid under subsection 2 for a school
24 district shall not exceed the following percent of the school
25 district's property tax adjustment aid received in the budget
26 year beginning July 1, 1998:

27 a. For the budget year beginning July 1, 1999, sixty-six
28 and two-thirds percent.

29 b. For the budget year beginning July 1, 2000, thirty-
30 three and one-third percent.

31 c. For the budget year beginning July 1, 2001, zero
32 percent.

33 Sec. 9. Section 257.20, subsection 1, Code 1999, is
34 amended to read as follows:

35 1. In order to determine the amount of instructional

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

19 Sec. 10. Section 257.20, subsection 2, paragraphs a and b,
 20 Code 1999, are amended by striking the paragraphs.

21 Sec. 11. NEW SECTION. 285.7 TRANSPORTATION ASSISTANCE
 22 FUND.

23 1. There shall be established within the department of
 24 education a transportation assistance fund, to provide
 25 additional transportation funding assistance to school
 26 districts incurring transportation costs which exceed the
 27 statewide average transportation cost figure.

28 2. To be eligible for transportation assistance pursuant
 29 to this section, a school district's average transportation
 30 cost per pupil shall exceed one hundred fifty percent of the
 31 state average transportation cost per pupil. A school
 32 district shall annually determine and certify the district's
 33 average transportation cost per pupil to the school budget
 34 review committee as provided in section 257.31, subsection 17,
 35 paragraphs "b" and "c". The school budget review committee

1 shall certify to the department of management a list of all
2 school districts exceeding the state average transportation
3 cost per pupil, as determined by the school budget review
4 committee pursuant to section 257.31, subsection 17, paragraph
5 "c", and the amount by which each school district exceeds the
6 state average transportation cost amount.

7 3. There is appropriated for the fiscal year beginning
8 July 1, 1999, and ending June 30, 2000, from the general fund
9 of the state to the department of education, two million five
10 hundred thousand dollars for distribution as additional
11 transportation funding pursuant to this section. There is
12 appropriated annually for the fiscal year beginning July 1,
13 2000, and succeeding fiscal years, from the general fund of
14 the state to the department of education, an amount not
15 exceeding four million dollars for distribution as additional
16 transportation funding assistance pursuant to this section.

17 Notwithstanding section 8.33, funds appropriated in this
18 subsection which remain unexpended or unobligated on June 30
19 of the fiscal year for which the funds were appropriated shall
20 not revert but shall remain available for expenditure for the
21 purposes of this section in subsequent fiscal years. The
22 amount appropriated for a fiscal year shall equal that amount
23 which, after taking into account funds transferred to the
24 school budget review committee in accordance with section
25 321.34, subsection 22, and any remaining balance of unexpended
26 funds appropriated under this subsection for the prior fiscal
27 year which did not revert, shall be sufficient to provide the
28 additional transportation funding pursuant to this section,
29 not to exceed the amount appropriated.

30 4. The department of management shall distribute
31 transportation assistance funding to eligible school districts
32 in an amount up to, but not exceeding, a maximum of fifty
33 cents of transportation assistance for each dollar by which a
34 school district's average transportation cost per pupil
35 exceeds the state average transportation cost per pupil

1 amount, as determined in subsection 2. If the amount
 2 appropriated under this section is insufficient to pay the
 3 amount of transportation assistance to which all eligible
 4 school districts are otherwise entitled, the department shall
 5 prorate the amount of transportation assistance funding
 6 provided to each eligible school district. A school district
 7 receiving transportation assistance funding pursuant to this
 8 section may apply to the school budget review committee for
 9 transportation assistance aid pursuant to section 257.31,
 10 subsection 17. The school budget review committee shall take
 11 into account amounts received pursuant to this section in
 12 determining whether, or by what amount, to grant a request.

13 Sec. 12. Section 425A.3, subsection 1, Code 1999, is
 14 amended to read as follows:

15 1. The family farm tax credit fund shall be apportioned
 16 each year in the manner provided in this chapter so as to give
 17 a credit against the tax on each eligible tract of
 18 agricultural land within the several school districts of the
 19 state in which the levy for the general school fund exceeds
 20 five dollars and forty seventy cents per thousand dollars of
 21 assessed value. The amount of the credit on each eligible
 22 tract of agricultural land shall be the amount the tax levied
 23 for the general school fund exceeds the amount of tax which
 24 would be levied on each eligible tract of agricultural land
 25 were the levy for the general school fund five dollars and
 26 forty seventy cents per thousand dollars of assessed value for
 27 the previous year. However, in the case of a deficiency in
 28 the family farm tax credit fund to pay the credits in full,
 29 the credit on each eligible tract of agricultural land in the
 30 state shall be proportionate and applied as provided in this
 31 chapter.

32 Sec. 13. Section 425A.5, Code 1999, is amended to read as
 33 follows:

34 425A.5 COMPUTATION BY COUNTY AUDITOR.

35 The family farm tax credit allowed each year shall be

1 computed as follows: On or before March 1, the county auditor
2 shall list by school districts all tracts of agricultural land
3 which are entitled to credit, the taxable value for the
4 previous year, the budget from each school district for the
5 previous year, and the tax rate determined for the general
6 fund of the school district in the manner prescribed in
7 section 444.3 for the previous year, and if the tax rate is in
8 excess of five dollars and forty seventy cents per thousand
9 dollars of assessed value, the auditor shall multiply the tax
10 levy which is in excess of five dollars and forty seventy
11 cents per thousand dollars of assessed value by the total
12 taxable value of the agricultural land entitled to credit in
13 the school district, and on or before March 1, certify the
14 total amount of credit and the total number of acres entitled
15 to the credit to the department of revenue and finance.

16 Sec. 14. Section 426.3, Code 1999, is amended to read as
17 follows:

18 426.3 WHERE CREDIT GIVEN.

19 The agricultural land credit fund shall be apportioned each
20 year in the manner hereinafter provided in this chapter so as
21 to give a credit against the tax on each tract of agricultural
22 lands within the several school districts of the state in
23 which the levy for the general school fund exceeds five
24 dollars and forty seventy cents per thousand dollars of
25 assessed value~~,-the.~~ The amount of ~~such~~ credit on each tract
26 of such lands shall be the amount the tax levied for the
27 general school fund exceeds the amount of tax which would be
28 levied on ~~said~~ the tract of such lands were the levy for the
29 general school fund five dollars and forty seventy cents per
30 thousand dollars of assessed value for the previous year,
31 except. However, in the case of a deficiency in the
32 agricultural land credits fund to pay said credits in full, in
33 which case the credit on each eligible tract of such lands in
34 the state shall be proportionate and shall be applied as
35 hereinafter provided in this chapter.

1 Sec. 15. Section 426.6, unnumbered paragraph 1, Code 1999,
2 is amended to read as follows:

3 The agricultural land tax credit allowed each year shall be
4 computed as follows: On or before the first of June the
5 county auditor shall list by school districts all tracts of
6 agricultural lands which they are entitled to credit, together
7 with the taxable value for the previous year, together with
8 the budget from each school district for the previous year,
9 and the tax rate determined for the general fund of the
10 district in the manner prescribed in section 444.3 for the
11 previous year, and if such the tax rate is in excess of five
12 dollars and forty seventy cents per thousand dollars of
13 assessed value, the auditor shall multiply the tax levy which
14 is in excess of five dollars and forty seventy cents per
15 thousand dollars of assessed value by the total taxable value
16 of the agricultural lands entitled to credit in the district,
17 and on or before the first of June certify the amount to the
18 department of revenue and finance.

19 Sec. 16. 1989 Iowa Acts, chapter 135, section 135, is
20 repealed effective July 1, 1999. Legislative review of the
21 provisions of chapter 257 shall occur every five years, with
22 the first such review to begin no later than July 1, 2004.

23 Sec. 17. Sections 257.42 through 257.49, Code 1999, are
24 repealed.

25 Sec. 18. EFFECTIVE DATE.

26 1. Sections 1 through 11 and 17 of this Act, being deemed
27 of immediate importance, take effect upon enactment for the
28 computation of state school aid for school budget years
29 beginning on or after July 1, 1999.

30 2. Sections 12 through 15 of this Act take effect January
31 1, 2000, for the computation of the family farm tax credit and
32 agricultural land tax credit for property taxes due and
33 payable in fiscal years beginning on or after July 1, 2000.

34 EXPLANATION

35 This bill provides certain changes relating to the state

1 school aid formula. The bill provides for an increase in the
2 regular program foundation base, and the special education
3 support services foundation base, from the current level of
4 87.5 percent of the regular program state cost per pupil, and
5 79 percent for the special education support services state
6 cost per pupil, respectively, to 88 percent. The bill also
7 provides for an increase in the foundation property tax from
8 the current level of \$5.40 per \$1,000 of assessed valuation on
9 all taxable property in a school district to \$5.70 per \$1,000
10 of assessed valuation on all taxable property in a school
11 district. The bill provides several conforming changes to
12 other Code provisions which reference the level of the
13 foundation property tax.

14 The bill also provides for an increase of \$38 in the level
15 of the regular program allowable growth for the budget year
16 beginning July 1, 1999, for those school districts that funded
17 the gifted and talented program in the budget year beginning
18 July 1, 1998, with additional property taxes. The bill
19 deletes the provision in Code section 257.10 which provides
20 that combined district cost per pupil does not include
21 additional allowable growth for gifted and talented children.
22 When combined with the additional funding added to the
23 allowable growth amount for the budget year beginning July 1,
24 1999, this has the effect of providing for the funding of
25 gifted and talented programs through the state foundation
26 program. The bill repeals Code sections 257.42 through
27 257.49, which had previously applied to gifted and talented
28 programs and their funding and which are no longer needed.

29 The bill additionally provides for on-time funding for
30 increased special education enrollment. The bill provides
31 that if a school district's additional enrollment because of
32 special education determined by the district on December 1 in
33 the budget year is greater than its additional enrollment
34 because of special education determined by the district on
35 December 1 in the base year, the school district is entitled

1 to on-time funding from the state in an amount equal to its
 2 district cost per pupil for the budget year multiplied by the
 3 district's increase additional enrollment because of special
 4 education. The bill provides for an annual appropriation from
 5 the general fund of the state in an amount sufficient to pay
 6 the on-time funding amount.

7 The bill further provides for a gradual phase-out of the
 8 property tax adjustment aid provision contained in Code
 9 section 257.15. The bill provides that the adjustment aid
 10 will be reduced in one-third increments over a three-year
 11 period, until for the budget year beginning July 1, 2001, no
 12 property tax adjustment aid pursuant to Code section 257.15
 13 would be received.

14 The bill provides that the amount of instructional support
 15 state aid provided to school districts will correspond to the
 16 ratio of 20 percent state aid to 80 percent local funding, and
 17 additionally deletes the existing funding "cap" limiting
 18 instructional support state funding to the level for the
 19 budget year commencing July 1, 1992.

20 The bill additionally provides that a transportation
 21 assistance fund will be established within the department of
 22 education, to provide additional transportation funding
 23 assistance to school districts incurring transportation costs
 24 which exceed the statewide average transportation cost figure.
 25 To be eligible, a school district's average transportation
 26 cost per pupil must exceed 150 percent of the state average
 27 transportation cost per pupil, as determined in Code section
 28 257.31, subsection 17, paragraphs "b" and "c". The school
 29 budget review committee will certify to the department of
 30 management a list of all school districts exceeding the state
 31 average transportation cost per pupil, and the amount of the
 32 excess. The bill provides for an appropriation, for the
 33 fiscal year beginning July 1, 1999, and ending June 30, 2000,
 34 of \$2.5 million to provide the additional transportation
 35 assistance. The bill provides for an annual appropriation for

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1 to on-time funding from the state in an amount equal to its
2 district cost per pupil for the budget year multiplied by the
3 district's increase additional enrollment because of special
4 education. The bill provides for an annual appropriation from
5 the general fund of the state in an amount sufficient to pay
6 the on-time funding amount.

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33 fiscal year beginning July 1, 1999, and ending June 30, 2000,
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35 assistance. The bill provides for an annual appropriation for

3/31/99 placed on Definitive Business Calendar
4/20/99 referred from W.M. Calender to Approp.
4/21/99 Amend No Pass w/ S-3451
FILED MAR 18 1999
459

SENATE FILE
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1195)
(SUCCESSOR TO SF 425)

Passed Senate, Date 4/22/99 (P. 1268) Passed House, Date 4-27-99 P. 1779
Vote: Ayes 49 Nays 1 Vote: Ayes 97 Nays 0
Approved [Signature] 5/24/99

A BILL FOR

1 An Act relating to state school aid for budget years commencing
2 with the budget year beginning July 1, 1999, and making
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SF 459

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6 percent of the regular program state cost per pupil, ~~except~~
7 ~~that-the-regular-program-foundation-base-per-pupil-for-the~~
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11 commencing July 1, ~~1991~~ 1999, and for each succeeding budget
12 year the special education support services foundation base is
13 ~~seventy-nine~~ eighty-eight percent of the special education
14 support services state cost per pupil. The combined
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18 Sec. 2. Section 257.3, subsection 1, unnumbered paragraph
19 1, Code 1999, is amended to read as follows:

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22 the school general fund, a foundation property tax equal to
23 five dollars and ~~forty~~ seventy cents per thousand dollars of
24 assessed valuation on all taxable property in the district.
25 The county auditor shall spread the foundation levy over all
26 taxable property in the district.

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28 amended by striking the subsections.

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30 to read as follows:

31 4. RAILWAY CORPORATIONS. For purposes of section 257.1,
32 the "amount per pupil of foundation property tax" does not
33 include the tax levied under subsection ~~17-27-or-3~~ on the
34 property of a railway corporation, or on its trustee if the
35 corporation has been declared bankrupt or is in bankruptcy

1 proceedings.

2 Sec. 5. Section 257.8, Code 1999, is amended by adding the
3 following new subsections:

4 NEW SUBSECTION. 2A. Notwithstanding the calculation in
5 subsection 2, the department of management shall calculate the
6 regular program allowable growth for the budget year beginning
7 July 1, 1999, for a school district which had funded a gifted
8 and talented program pursuant to section 257.46, Code 1999,
9 for the budget year beginning July 1, 1998, by multiplying the
10 state percent of growth for the budget year by the regular
11 program state cost per pupil for the base year, and add to the
12 resulting product thirty-eight dollars.

13 NEW SUBSECTION. 2B. a. A school district which had not
14 funded a gifted and talented program pursuant to section
15 257.46, Code 1999, for the budget year beginning July 1, 1998,
16 shall calculate the regular program allowable growth for the
17 budget year beginning July 1, 1999, pursuant to subsection 2.

18 b. The board of directors of a school district which had
19 not funded a gifted and talented program pursuant to section
20 257.46, Code 1999, for the budget year beginning July 1, 1998,
21 but seeks funding for such a program under subsection 2A for
22 the budget year beginning July 1, 2000, may adopt a resolution
23 requesting such funding and submit the resolution and a
24 proposed gifted and talented program plan and budget to the
25 department of education by October 1, 1999. The department
26 shall review the request and, if it approves the request for
27 funding, the department shall forward the approved request to
28 the department of management.

29 c. A school district determining allowable growth pursuant
30 to section 257.8, subsection 2, may apply to the school budget
31 review committee for modified allowable growth pursuant to
32 section 257.31, subsection 5, for the school budget year
33 beginning July 1, 1999, and succeeding budget years.

34 NEW SUBSECTION. 2C. a. A school district which
35 calculated allowable growth for the budget year beginning July

1 1, 1999, pursuant to the provisions of subsection 2A, shall
2 calculate allowable growth pursuant to the provisions of
3 subsection 2 for the school budget year beginning July 1,
4 2000, and succeeding budget years, utilizing a regular program
5 state cost per pupil figure which incorporates the thirty-
6 eight dollar increase in regular program allowable growth
7 calculated for the budget year beginning July 1, 1999.

8 b. A school district which calculated allowable growth for
9 the budget year beginning July 1, 1999, pursuant to the
10 provisions of subsection 2B, shall calculate allowable growth
11 pursuant to the provisions of subsection 2 for the school
12 budget year beginning July 1, 2000, and succeeding budget
13 years, utilizing a regular program state cost per pupil figure
14 which does not incorporate the thirty-eight dollar increase in
15 regular program allowable growth calculated for the budget
16 year beginning July 1, 1999. However, if such school district
17 receives approval for additional funding from the department
18 for the gifted and talented program for the budget year
19 beginning July 1, 2000, under subsection 2B, paragraph "b",
20 the school district shall receive allowable growth for the
21 budget year beginning July 1, 2000, and subsequent budget
22 years in the manner provided for school districts under
23 paragraph "a" of this subsection.

24 NEW SUBSECTION. 4. For budget years beginning July 1,
25 2000, and subsequent budget years, references to the terms
26 "allowable growth", "regular program state cost per pupil",
27 and "regular program district cost per pupil" shall mean those
28 terms as calculated for those school districts that calculated
29 or did not calculate regular program allowable growth for the
30 school budget year beginning July 1, 1999, with the additional
31 thirty-eight dollars, as applicable.

32 Sec. 6. Section 257.10, subsection 5, Code 1999, is
33 amended to read as follows:

34 5. COMBINED DISTRICT COST PER PUPIL. The combined
35 district cost per pupil for a school district is the sum of

1 the regular program district cost per pupil and the special
2 education support services district cost per pupil. Combined
3 district cost per pupil does not include additional allowable
4 growth added for school districts that have a negative balance
5 of funds raised for special education instruction programs,
6 additional allowable growth granted by the school budget
7 review committee for a single school year, or additional
8 allowable growth added for programs for dropout prevention and
9 ~~for-programs-for-gifted-and-talented-children.~~

10 Sec. 7. NEW SECTION. 257.14A ON-TIME FUNDING FOR SPECIAL
11 EDUCATION.

12 Commencing with the budget year beginning July 1, 1999, if
13 a school district's additional enrollment because of special
14 education determined by the district on December 1 in the
15 budget year is greater than its additional enrollment because
16 of special education determined by the district on December 1
17 in the base year, the school district is entitled to on-time
18 funding from the state in an amount equal to its district cost
19 per pupil for the budget year multiplied by the district's
20 increase in additional enrollment because of special
21 education. The additional funding shall be miscellaneous
22 income.

23 For the purpose of this section, a school district's
24 additional enrollment because of special education is
25 determined by multiplying the weighting for each category of
26 child under section 256B.9 times the number of children in
27 each category totaled for all categories minus the total
28 number of children in all categories.

29 If a district receives additional funding under this
30 section for a budget year, the department of management shall
31 determine the amount of the additional funding which would
32 have been generated by local property tax revenues in
33 proportion to the amount of funding actually received pursuant
34 to this section, if the additional enrollment because of
35 special education in the budget year had been used for that

1 budget year in determining combined district cost, shall
2 reduce, but not by more than the amount of the additional
3 funding, the district's total state school aids available
4 under this chapter for the next following budget year by the
5 amount so determined, and shall increase the district's
6 additional property tax levy for the next following budget
7 year by the amount necessary to compensate for the reduction
8 in state aid, so that the local property tax for the next
9 following year will be increased only by the amount which
10 would have been increased in the budget year if the additional
11 enrollment because of special education in the budget year
12 could have been used to establish the levy.

13 There is appropriated each year from the general fund of
14 the state to the department of education the amount required
15 to pay on-time funding authorized under this section, up to a
16 maximum of thirteen million dollars annually, which shall be
17 paid to school districts in the same manner as other state
18 aids are paid under section 257.16. If the amount
19 appropriated is insufficient to provide the full amount of on-
20 time funding, the payments to school districts shall be
21 prorated such that each school district shall receive an
22 amount of on-time funding equal to the percentage that the on-
23 time funding to be provided to the school district bears to
24 the total amount of on-time funding to be provided to all
25 school districts.

26 Sec. 8. Section 257.15, Code 1999, is amended by adding
27 the following new subsection:

28 NEW SUBSECTION. 2A. PROPERTY TAX ADJUSTMENT AID PHASEOUT.
29 Notwithstanding the computation of property tax adjustment aid
30 under subsection 2, for the following budget years the amount
31 of property tax adjustment aid under subsection 2 for a school
32 district shall not exceed the following percent of the school
33 district's property tax adjustment aid received in the budget
34 year beginning July 1, 1998:

35 a. For the budget year beginning July 1, 1999, sixty-six

1 and two-thirds percent.

2 b. For the budget year beginning July 1, 2000, thirty-
3 three and one-third percent.

4 c. For the budget year beginning July 1, 2001, zero
5 percent.

6 Sec. 9. Section 257.20, subsection 1, Code 1999, is
7 amended to read as follows:

8 1. a. In order to determine the amount of instructional
9 support state aid and the amount of local funding for the
10 instructional support program for a district, the department
11 of management shall divide the total assessed valuation in the
12 state by the total budget enrollment for the budget year in
13 the state to determine a state assessed valuation per pupil
14 and shall divide the assessed valuation in each district by
15 the district's budget enrollment for the budget year to
16 determine the district assessed valuation per pupil. The
17 department of management shall multiply the ratio of the
18 state's valuation per pupil to the district's valuation per
19 pupil by ~~twenty-five~~ twenty hundredths and subtract that
20 result from one to determine the portion of the instructional
21 support program budget that is local funding. The remaining
22 portion of the budget shall be funded by instructional support
23 state aid. However, for the budget year beginning July 1,
24 1992, only, the amount of state aid is three and one-quarter
25 percent less than the amount computed under this paragraph for
26 that budget year.

27 b. A school district which is participating in the
28 instructional support program on the effective date of this
29 Act will be subject to the local funding maximum determined
30 pursuant to section 257.20, Code 1999, unless the board of
31 directors either adopts a resolution to increase the amount of
32 the local funding for the remaining amount of the term,
33 subject to section 257.18, subsection 2, or submits the
34 question for election. If the question of increasing the
35 amount of the local funding is submitted for election, the

1 question at election shall regard increasing the level of
2 local funding from the existing level up to the amount
3 determined under paragraph "a", rather than with regard to the
4 existing level of local funding.

5 Sec. 10. Section 257.20, subsection 2, paragraphs a and b,
6 Code 1999, are amended by striking the paragraphs.

7 Sec. 11. NEW SECTION. 285.7 TRANSPORTATION ASSISTANCE
8 FUND.

9 1. A transportation assistance fund is established in the
10 office of the treasurer of state under the authority of the
11 department of education to provide additional transportation
12 funding assistance to school districts incurring
13 transportation costs which exceed one hundred fifty percent of
14 the statewide average transportation cost as provided in
15 subsection 2.

16 2. To be eligible for additional transportation funding
17 assistance pursuant to this section, a school district's
18 average transportation cost per pupil shall exceed one hundred
19 fifty percent of the state average transportation cost per
20 pupil. A school district shall annually determine and certify
21 the district's average transportation cost per pupil to the
22 school budget review committee as provided in section 257.31,
23 subsection 17, paragraphs "b" and "c". The school budget
24 review committee shall certify to the department of management
25 a list of all school districts exceeding one hundred fifty
26 percent of the state average transportation cost per pupil, as
27 determined by the school budget review committee pursuant to
28 section 257.31, subsection 17, paragraph "c", and the amount
29 by which each school district exceeds one hundred fifty
30 percent of the state average transportation cost amount.

31 3. a. (1) There is appropriated for the fiscal year
32 beginning July 1, 1999, and ending June 30, 2000, from the
33 general fund of the state to the department of education, two
34 million five hundred thousand dollars to be deposited in the
35 transportation assistance fund for distribution as additional

1 transportation funding assistance pursuant to this section.

2 (2) There is appropriated annually for the fiscal year
3 beginning July 1, 2000, and succeeding fiscal years, from the
4 general fund of the state to the department of education, an
5 amount not exceeding four million dollars, less the amounts in
6 paragraph "b", to be deposited in the transportation
7 assistance fund for distribution as additional transportation
8 funding assistance pursuant to this section.

9 b. Notwithstanding section 8.33, funds appropriated in
10 paragraph "a" for the prior fiscal year which remain
11 unexpended or unobligated on June 30 of the fiscal year for
12 which the funds were appropriated shall not revert but shall
13 remain available for expenditure for the purposes of this
14 section in subsequent fiscal years. The amount appropriated
15 for a fiscal year in paragraph "a" shall be reduced by that
16 amount which, after taking into account funds transferred to
17 the school budget review committee in accordance with section
18 321.34, subsection 22, and any remaining balance of unexpended
19 funds appropriated under this subsection for the prior fiscal
20 year which did not revert.

21 4. Additional transportation funding assistance shall be
22 distributed, in an amount determined by the department of
23 management, to eligible school districts in an amount up to,
24 but not exceeding, a maximum of fifty cents of transportation
25 assistance for each dollar by which a school district's
26 average transportation cost per pupil exceeds one hundred
27 fifty percent of the state average transportation cost per
28 pupil amount, as determined in subsection 2. If the amount
29 appropriated under this section is insufficient to pay the
30 amount of transportation assistance to which all eligible
31 school districts are otherwise entitled, the department shall
32 prorate the amount of additional transportation funding
33 assistance provided to each eligible school district. A
34 school district receiving additional transportation funding
35 assistance pursuant to this section may apply to the school

1 budget review committee for transportation assistance aid
2 pursuant to section 257.31, subsection 17. The school budget
3 review committee shall take into account amounts received
4 pursuant to this section in determining whether, or by what
5 amount, to grant a request.

6 Sec. 12. Section 425A.3, subsection 1, Code 1999, is
7 amended to read as follows:

8 1. The family farm tax credit fund shall be apportioned
9 each year in the manner provided in this chapter so as to give
10 a credit against the tax on each eligible tract of
11 agricultural land within the several school districts of the
12 state in which the levy for the general school fund exceeds
13 five dollars and forty seventy cents per thousand dollars of
14 assessed value. The amount of the credit on each eligible
15 tract of agricultural land shall be the amount the tax levied
16 for the general school fund exceeds the amount of tax which
17 would be levied on each eligible tract of agricultural land
18 were the levy for the general school fund five dollars and
19 forty seventy cents per thousand dollars of assessed value for
20 the previous year. However, in the case of a deficiency in
21 the family farm tax credit fund to pay the credits in full,
22 the credit on each eligible tract of agricultural land in the
23 state shall be proportionate and applied as provided in this
24 chapter.

25 Sec. 13. Section 425A.5, Code 1999, is amended to read as
26 follows:

27 425A.5 COMPUTATION BY COUNTY AUDITOR.

28 The family farm tax credit allowed each year shall be
29 computed as follows: On or before March 1, the county auditor
30 shall list by school districts all tracts of agricultural land
31 which are entitled to credit, the taxable value for the
32 previous year, the budget from each school district for the
33 previous year, and the tax rate determined for the general
34 fund of the school district in the manner prescribed in
35 section 444.3 for the previous year, and if the tax rate is in

1 excess of five dollars and forty seventy cents per thousand
2 dollars of assessed value, the auditor shall multiply the tax
3 levy which is in excess of five dollars and forty seventy
4 cents per thousand dollars of assessed value by the total
5 taxable value of the agricultural land entitled to credit in
6 the school district, and on or before March 1, certify the
7 total amount of credit and the total number of acres entitled
8 to the credit to the department of revenue and finance.

9 Sec. 14. Section 426.3, Code 1999, is amended to read as
10 follows:

11 426.3 WHERE CREDIT GIVEN.

12 The agricultural land credit fund shall be apportioned each
13 year in the manner hereinafter provided in this chapter so as
14 to give a credit against the tax on each tract of agricultural
15 lands within the several school districts of the state in
16 which the levy for the general school fund exceeds five
17 dollars and forty seventy cents per thousand dollars of
18 assessed value; ~~the.~~ The amount of ~~such~~ credit on each tract
19 of such lands shall be the amount the tax levied for the
20 general school fund exceeds the amount of tax which would be
21 levied on ~~said~~ the tract of such lands were the levy for the
22 general school fund five dollars and forty seventy cents per
23 thousand dollars of assessed value for the previous year;
24 except. However, in the case of a deficiency in the
25 agricultural land credits fund to pay said credits in full, in
26 which case the credit on each eligible tract of such lands in
27 the state shall be proportionate and shall be applied as
28 hereinafter provided in this chapter.

29 Sec. 15. Section 426.6, unnumbered paragraph 1, Code 1999,
30 is amended to read as follows:

31 The agricultural land tax credit allowed each year shall be
32 computed as follows: On or before the first of June the
33 county auditor shall list by school districts all tracts of
34 agricultural lands which they are entitled to credit, together
35 with the taxable value for the previous year, together with

1 the budget from each school district for the previous year,
2 and the tax rate determined for the general fund of the
3 district in the manner prescribed in section 444.3 for the
4 previous year, and if such the tax rate is in excess of five
5 dollars and forty seventy cents per thousand dollars of
6 assessed value, the auditor shall multiply the tax levy which
7 is in excess of five dollars and forty seventy cents per
8 thousand dollars of assessed value by the total taxable value
9 of the agricultural lands entitled to credit in the district,
10 and on or before the first of June certify the amount to the
11 department of revenue and finance.

12 Sec. 16. 1989 Iowa Acts, chapter 135, section 135, is
13 repealed effective July 1, 1999. Legislative review of the
14 provisions of chapter 257 shall occur every five years, with
15 the first such review to begin no later than July 1, 2004.

16 Sec. 17. Sections 257.42, 257.43, 257.45, and 257.46, Code
17 1999, are repealed.

18 Sec. 18. EFFECTIVE DATE.

19 1. Sections 1 through 11 and 17 of this Act, being deemed
20 of immediate importance, take effect upon enactment for the
21 computation of state school aid for school budget years
22 beginning on or after July 1, 1999.

23 2. Sections 12 through 15 of this Act take effect January
24 1, 2000, for the computation of the family farm tax credit and
25 agricultural land tax credit for property taxes due and
26 payable in fiscal years beginning on or after July 1, 2000.

27 EXPLANATION

28 This bill provides certain changes relating to the state
29 school aid formula. The bill provides for an increase in the
30 regular program foundation base, and the special education
31 support services foundation base, from the current level of
32 87.5 percent of the regular program state cost per pupil, and
33 79 percent for the special education support services state
34 cost per pupil, respectively, to 88 percent. The bill also
35 provides for an increase in the foundation property tax from

1 the current level of \$5.40 per \$1,000 of assessed valuation on
2 all taxable property in a school district to \$5.70 per \$1,000
3 of assessed valuation on all taxable property in a school
4 district. The bill provides several conforming changes to
5 other Code provisions which reference the level of the
6 foundation property tax.

7 The bill also provides for an increase of \$38 in the level
8 of the regular program allowable growth for the budget year
9 beginning July 1, 1999, for those school districts that funded
10 the gifted and talented program in the budget year beginning
11 July 1, 1998, with additional property taxes. The bill
12 deletes the provision in Code section 257.10 which provides
13 that combined district cost per pupil does not include
14 additional allowable growth for gifted and talented children.
15 When combined with the additional funding added to the
16 allowable growth amount for the budget year beginning July 1,
17 1999, this has the effect of providing for the funding of
18 gifted and talented programs through the state foundation
19 program. The bill repeals Code sections 257.42, 257.43,
20 257.45, and 257.46, which had previously applied to gifted and
21 talented programs and their funding and which are no longer
22 needed.

23 The bill additionally provides for on-time funding for
24 increased special education enrollment. The bill provides
25 that if a school district's additional enrollment because of
26 special education determined by the district on December 1 in
27 the budget year is greater than its additional enrollment
28 because of special education determined by the district on
29 December 1 in the base year, the school district is entitled
30 to on-time funding from the state in an amount equal to its
31 district cost per pupil for the budget year multiplied by the
32 district's increased additional enrollment because of special
33 education. The bill provides for an annual appropriation from
34 the general fund of the state in an amount sufficient to pay
35 the on-time funding amount up to a maximum of \$13 million

1 annually.

2 The bill further provides for a gradual phase-out of the
3 property tax adjustment aid provision contained in Code
4 section 257.15. The bill provides that the adjustment aid
5 will be reduced in one-third increments over a three-year
6 period, until for the budget year beginning July 1, 2001, no
7 property tax adjustment aid pursuant to Code section 257.15
8 would be received.

9 The bill provides that the amount of instructional support
10 state aid provided to school districts will be reduced and the
11 amount of local funding will be increased, and additionally
12 deletes the existing funding "cap" limiting instructional
13 support state funding to the level for the budget year
14 commencing July 1, 1992. The bill provides that the existing
15 maximum amount of local funding will remain in place for a
16 school district already participating in the instructional
17 support program, unless the school district board adopts a
18 resolution to increase the local funding component or submit
19 the question of an increase at an election pursuant to the
20 provisions of Code section 257.18.

21 The bill additionally provides that a transportation
22 assistance fund will be established within the state
23 treasurer's office under the department of education, to
24 provide additional transportation funding assistance to school
25 districts incurring transportation costs which exceed 150
26 percent of the statewide average transportation cost figure.
27 To be eligible, a school district's average transportation
28 cost per pupil must exceed 150 percent of the state average
29 transportation cost per pupil, as determined in Code section
30 257.31, subsection 17, paragraphs "b" and "c". The school
31 budget review committee will certify to the department of
32 management a list of all school districts exceeding 150
33 percent of the state average transportation cost per pupil,
34 and the amount of the excess. The bill provides for an
35 appropriation, for the fiscal year beginning July 1, 1999, and

1 ending June 30, 2000, of \$2.5 million to provide the
2 additional transportation assistance. The bill provides for
3 an annual appropriation for succeeding fiscal years from the
4 general fund of the state to the department of education of up
5 to \$4 million annually. The funds appropriated and not
6 expended shall not revert. The bill provides that the amount
7 appropriated for a fiscal year will equal that amount which,
8 after taking into account funds transferred to the school
9 budget review committee in accordance with Code section
10 321.34, subsection 22, and any remaining balance of unexpended
11 funds appropriated for the prior fiscal year, will equal the
12 amount sufficient to provide the transportation assistance up
13 to \$4 million. The department of management will distribute
14 the transportation assistance funding to eligible school
15 districts in an amount equal to, but not exceeding, 50 cents
16 of transportation assistance for each \$1.00 by which a school
17 district's average transportation cost per pupil exceeds 150
18 percent of the state average transportation cost per pupil
19 amount, on a pro-rated basis if necessary. The bill provides
20 that a school district receiving transportation assistance
21 funding may apply to the school budget review committee for
22 transportation assistance aid pursuant to Code section 257.31,
23 subsection 17.

24 The bill also provides for the repeal of 1989 Iowa Acts,
25 chapter 135, section 135, effective July 1, 1999, which
26 established the "sunset" date of July 1, 2001, for Code
27 chapter 257 -- the school foundation aid program. The bill
28 provides that legislative review of the provisions of Code
29 chapter 257 will occur every five years.

30 Code sections of the bill take effect upon enactment for
31 the computation of state school aid for school budget years
32 beginning on or after July 1, 1999.

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**SENATE FILE 459
FISCAL NOTE**

A fiscal note for Senate File 459 as amended by S-3451 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 459 as amended by S-3451 provides for the revision of the Iowa School Aid Foundation Formula as follows:

1. Increases the regular program and the Special Education Program foundation levels to 88.0% from 87.5% and 79.0%, respectively.
2. Increases the uniform property tax levy rate from \$5.40 to \$5.70 per thousand dollars taxable valuation.
3. Provides "on-time" funding up to a limit of \$13.0 million per year for Special Education programs.
4. Moves funding for talented and gifted programs under the School Aid Foundation Formula by providing an additional \$38.00 per pupil in allowable growth for the 1999-2000 school year and including this amount in the State cost per pupil for subsequent years.
5. Initiates the five-year phase-out of property tax adjustment aid.
6. Provides State aid for school districts with transportation costs in excess of 150% of the State's average per pupil transportation cost.
7. Reduces the State's share of Instructional Support Program cost from 25% to 20% and adds an additional \$7.0 million in State aid for the Program.
8. Repeals the July 1, 2001, sunset for the School Aid Foundation Formula, and establishing a requirement that the formula be reviewed every five years.

BACKGROUND

In 1998, the General Assembly adopted House Concurrent Resolution 15 requesting the formation of a committee by the Legislative Council to conduct a comprehensive study of school finance and make recommendations for revising the School Aid Foundation Formula. The School Finance Working Committee was established and began meeting in September 1998. The Committee met six times, during which its members received testimony from national experts, school superintendents, representatives of Area Education Agencies, and from various other interest groups. Also, the Committee reviewed financial information from Iowa's 375 school districts. On March 2, 1999, the Committee issued nine recommendations for revising the School Aid Foundation Formula. Recommended changes include:

1. Increase the regular program, Special Education Program, and the Special Education support services foundation levels to 90% and increase the uniform property tax levy to \$6.00 per thousand dollars of taxable valuation.
2. Address the problem of Special Education deficits by providing "on-time" funding for special education.
3. Recognize statewide participation in the Talented and Gifted Program by incorporating program funding for all districts within the School Aid Foundation Formula.
4. Provide \$4.0 million in assistance for school districts with transportation cost per pupil above 150% of the State average.
5. For school districts experiencing declining enrollment, permit the higher of either the most recent enrollment count or the average of the three most recent years' enrollment counts in determining school aid funding.
6. Provide regular program "on-time" funding for school districts experiencing enrollment increases.
7. Restore the State share of Instructional Support Program costs to 25%.
8. Establish a new supplemental weighting for "at-risk" students.
9. Eliminate or gradually phase-out existing K-12 funding formula components or programs that have outlived their original intended purpose.

The revisions proposed in Senate File 459 represent a first step in implementing the recommendations of the School Finance Working Committee. The Committee will continue meeting the upcoming interim to study additional K-12 funding issues with the intent of making final recommendations by January 15, 2000.

Under current law, State School Aid will total an estimated \$1.661 billion for FY 2000 and \$1,719 billion for FY 2001.

ASSUMPTIONS

1. The allowable growth rate for FY 2000 is 3.0% and 4.0% for FY 2001.
2. There is a 100% budget guarantee for school districts with declining enrollment for FY 2000, but there is no guarantee for FY 2001.
3. The taxable value of property increases by 3.0% per year for both FY 2000 and FY 2001.
4. For FY 2000 budget enrollment and supplementary weights are those certified in September and December 1998.
5. For FY 2001 budget enrollment is assumed to decrease by 0.7%, Special

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Education weighted enrollment is assumed to increase by 5.0%, supplementary weighting for shared pupils/teachers is assumed to decrease by 27.6%, and limited English proficient weighting is assumed to increase by 11.9%.

6. Only those school districts that applied to the School Budget Review Committee for additional allowable growth to fund talented and gifted programs for the 1999-2000 school year are assumed to qualify for the additional \$38.00 in per pupil cost for FY 2000. All school districts are assumed to qualify for Talented and Gifted Program additional per pupil cost for FY 2001.
7. Property tax adjustment aid is assumed to decrease by one-fifth from the FY 1999 amount for FY 2000 and to decrease by two-fifths of the FY 1999 amount for FY 2001.
8. Transportation costs are assumed to increase by 2.65% per year for both FY 2000 and FY 2001.
9. Eighteen school districts per year are assumed to add new instructional support programs during FY 2000 and FY 2001. The total cost of these new programs is assumed to equal \$4.50 million for F 2000 and \$4.68 million for FY 2001. However, overall State aid for instructional support programs is capped at \$21.8 million, or \$7.0 million above the FY 1999 State aid limit.
10. All districts with existing instructional support programs established by Board action are assumed to increase property taxes from 75% to 80% of program cost for FY 2000. No school districts with instructional support programs established by election are assumed to increase their property tax share during FY 2000. For FY 2001, school districts with instructional support programs established by election are assumed to increase their property tax share to 80% if property tax levies will increase by no more than \$0.10 per thousand dollars of taxable valuation.

FISCAL IMPACTS

For FY 2000, Senate File 459, as amended by S-3451, will result in a \$50.7 million increase in General Fund expenditures, and for FY 2001 there will be an increase of \$52.9 million. Property taxes will decrease by \$40.1 million for FY 2000 and by \$40.0 million for FY 2001. The fiscal impacts of the major elements of the Legislation are as follows:

1. Increasing the regular program and Special Education foundation levels to 88% and the uniform levy to \$5.70 per thousand dollars of valuation will result in a \$16.0 million increase in State expenditures for FY 2000 and an increase of \$18.2 million for FY 2001. Local property taxes will be reduced by corresponding amounts during FY 2000 and FY 2001.
2. Providing "on-time" funding for Special Education will result in an increase in State expenditures for FY 2000 of \$12.8 million and for FY 2001 of \$13.0 million. Local property taxes will be reduced by corresponding amounts.

3. Moving funding for talented and gifted programs under the School Aid Foundation Formula will result in a \$15.1 million increase in State expenditures for FY 2000 and in an increase of \$17.6 million in FY 2001. This change will result in a \$14.2 million decrease in property taxes in FY 2000 and a \$14.4 million decrease in FY 2001.
4. The one-fifth reduction in property tax adjustment payments will result in a \$2.8 million decrease in State expenditures and an equal increase in property taxes during FY 2000. In FY 2001, the second year of the property tax adjustment, aid phase-out will result in a \$5.6 million decrease in State expenditures and an equal increase in property taxes.
5. The provision of aid to high transportation cost school districts will result in a \$2.6 million increase in State expenditures for FY 2000 and an increase of \$2.7 million for FY 2001.
6. The change in Instructional Support Program funding will result in a \$7.0 million increase in State expenditures for FY 2000 and an increase of \$7.0 million for FY 2001.

SOURCES

Iowa School Board Association
Department of Education
Department of Management

(LSB 3172SZ.2, MAL)

FILED APRIL 22, 1999

BY DENNIS PROUTY, FISCAL DIRECTOR

**SENATE FILE 459
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1. Increases the regular program and the Special Education Program foundation levels to 88.0% from 87.5% and 79.0%, respectively.
2. Increases the uniform property tax levy rate from \$5.40 to \$5.70 per thousand dollars taxable valuation.
3. Provides "on-time" funding for Special Education resulting in the elimination of the need for most school districts having to apply to the School Budget Review Committee for additional allowable growth to cover Special Education deficits.
4. Moves funding for talented and gifted programs under the School Aid Foundation Formula by providing an additional \$38.00 per pupil in allowable growth for the 1999-2000 school year and including this amount in the State cost per pupil for subsequent years.
5. Initiates the three-year phase-out of property tax adjustment aid.
6. Provides State aid for school districts with transportation costs in excess of 150% of the State's average per pupil transportation cost.
7. Reduces the State's share of Instructional Support Program cost from 25% to 20% and eliminates the cap on State funding for the Program.
8. Repeals the July 1, 2001, sunset for the School Aid Foundation Formula, and establishing a requirement that the formula be reviewed every five years.

BACKGROUND

In 1998, the General Assembly adopted House Concurrent Resolution 15 requesting the formation of a committee by the Legislative Council to conduct a comprehensive study of school finance and make recommendations for revising the School Aid Foundation Formula. The School Finance Working Committee was established and began meeting in September 1998. The Committee met six times, during which its members received testimony from national experts, school superintendents, representatives of Area Education Agencies, and from various other interest groups. Also, the Committee reviewed financial information from Iowa's 375 school districts. On March 2, 1999, the Committee issued nine recommendations for revising the School Aid Foundation Formula. Recommended

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1. Increase the regular program, Special Education Program, and the Special Education support services foundation levels to 90% and increase the uniform property tax levy to \$6.00 per thousand dollars of taxable valuation.
2. Address the problem of Special Education deficits by providing "on-time" funding for special education.
3. Recognize statewide participation in the Talented and Gifted Program by incorporating program funding for all districts within the School Aid Foundation Formula.
4. Provide \$4.0 million in assistance for school districts with transportation cost per pupil above 150% of the State average.
5. For school districts experiencing declining enrollment, permit the higher of either the most recent enrollment count or the average of the three most recent years' enrollment counts in determining school aid funding.
6. Provide regular program "on-time" funding for school districts experiencing enrollment increases.
7. Restore the State share of Instructional Support Program costs to 25%.
8. Establish a new supplemental weighting for "at-risk" students.
9. Eliminate or gradually phase-out existing K-12 funding formula components or programs that have outlived their original intended purpose.

The revisions proposed in Senate File 459 represent a first step in implementing the recommendations of the School Finance Working Committee. The Committee will continue meeting the upcoming interim to study additional K-12 funding issues with the intent of making final recommendations by January 15, 2000.

Under current law, State School Aid will total an estimated \$1.661 billion for FY 2000 and \$1,719 billion for FY 2001.

ASSUMPTIONS

1. The allowable growth rate for FY 2000 is 3.0% and 4.0% for FY 2001.
2. There is a 100% budget guarantee for school districts with declining enrollment for FY 2000, but there is no guarantee for FY 2001.
3. The taxable value of property increases by 3.0% per year for both FY 2000 and FY 2001.
4. For FY 2000 budget enrollment and supplementary weights are those certified in September and December 1998.

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5. For FY 2001 budget enrollment is assumed to decrease by 0.7%, Special Education weighted enrollment is assumed to increase by 5.0%, supplementary weighting for shared pupils/teachers is assumed to decrease by 27.6%, and limited English proficient weighting is assumed to increase by 11.9%.
6. Only those school districts that applied to the School Budget Review Committee for additional allowable growth to fund talented and gifted programs for the 1998-1999 school year are assumed to qualify for the additional \$38.00 in per pupil cost for FY 2000. All school districts are assumed to qualify for Talented and Gifted Program additional per pupil cost for FY 2001.
7. Property tax adjustment aid is assumed to decrease by one-third from the FY 1999 amount for FY 2000 and to decrease by two-thirds of the FY 1999 amount for FY 2001.
8. Transportation costs are assumed to increase by 2.65% per year for both FY 2000 and FY 2001.
9. Eighteen school districts per year are assumed to add new instructional support programs during FY 2000 and FY 2001. The total cost of these new programs is assumed to equal \$4.50 million for F 2000 and \$4.68 million for FY 2001.
10. All districts with existing instructional support programs established by Board action are assumed to increase property taxes from 75% to 80% of program cost for FY 2000. No school districts with instructional support programs established by election are assumed to increase their property tax share during FY 2000. For FY 2001, school districts with instructional support programs established by election are assumed to increase their property tax share to 80% if property tax levies will increase by no more than \$0.10 per thousand dollars of taxable valuation.

FISCAL IMPACTS

For FY 2000, Senate File 459 will result in a \$51.3 million increase in General Fund expenditures, and for FY 2001 there will be an increase of \$53.3 million. Property taxes will decrease by \$37.6 million for FY 2000 and by \$36.2 million for FY 2001. The fiscal impacts of the major elements of the Legislation are as follows:

1. Increasing the regular program and Special Education foundation levels to 88% and the uniform levy to \$5.70 per thousand dollars of valuation will result in a \$16.0 million increase in State expenditures for FY 2000 and an increase of \$18.2 million for FY 2001. Local property taxes will be reduced by corresponding amounts during FY 2000 and FY 2001.
2. Providing "on-time" funding for Special Education will result in an increase in State expenditures for FY 2000 of \$12.8 million and for FY 2001 of \$14.0 million. Local property taxes will be reduced by corresponding amounts.

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3. Moving funding for talented and gifted programs under the School Aid Foundation Formula will result in a \$15.1 million increase in State expenditures for FY 2000 and in an increase of \$17.6 million in FY 2001. This change will result in a \$14.0 million decrease in property taxes in FY 2000 and a \$14.4 million decrease in FY 2001.
4. The one-third reduction in property tax adjustment payments will result in a \$5.0 million decrease in State expenditures and an equal increase in property taxes during FY 2000. In FY 2001, the second year of the property tax adjustment, aid phase-out will result in a \$9.9 million decrease in State expenditures and an equal increase in property taxes.
5. The provision of aid to high transportation cost school districts will result in a \$2.5 million increase in State expenditures for FY 2000 and an increase of \$2.7 million for FY 2001.
6. The change in Instructional Support Program funding will result in a \$9.9 million increase in State expenditures for FY 2000 and an increase of \$10.8 million for FY 2001. The change in this Program will also result in a \$1.0 million increase in property taxes for FY 2000 and a \$3.2 million increase in property taxes for FY 2001.

SOURCES

Iowa School Board Association
Department of Education
Department of Management

(LSB 3172SZ, MAL)

FILED APRIL 6, 1999

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 459

S-3451

- 1 Amend Senate File 459 as follows:
2 1. Page 2, line 7, by striking the words "had
3 funded" and inserting the following: "has requested
4 and received approval to fund".
5 2. Page 2, line 9, by striking the figure "1998"
6 and inserting the following: "1999".
7 3. Page 2, line 12, by inserting after the word
8 "dollars." the following: "For purposes of
9 determining the amount of a budget adjustment as
10 defined in section 257.14, for a school district which
11 calculated allowable growth for the budget year
12 beginning July 1, 1999, pursuant to this subsection,
13 thirty-eight dollars shall be subtracted from the
14 school district's regular program cost per pupil for
15 the budget year beginning July 1, 1999, prior to
16 determining the amount of the adjustment."
17 4. Page 2, line 13, by striking the word "had"
18 and inserting the following: "has".
19 5. Page 2, line 14, by striking the word "funded"
20 and inserting the following: "requested and received
21 approval to fund".
22 6. Page 2, line 15, by striking the figure "1998"
23 and inserting the following: "1999".
24 7. Page 2, line 18, by striking the word "had"
25 and inserting the following: "has".
26 8. Page 2, line 19, by striking the word "funded"
27 and inserting the following: "requested and received
28 approval to fund".
29 9. Page 2, line 20, by striking the figure "1998"
30 and inserting the following: "1999".
31 10. Page 5, line 35, by striking the word "sixty-
32 six".
33 11. Page 6, line 1, by striking the words "and
34 two-thirds" and inserting the following: "eighty".
35 12. Page 6, lines 2 and 3, by striking the words
36 "thirty-three and one-third" and inserting the
37 following: "sixty".
38 13. Page 6, line 4, by striking the word "zero"
39 and inserting the following: "forty".
40 14. Page 6, by inserting after line 5 the
41 following:
42 "d. For the budget year beginning July 1, 2002,
43 twenty percent.
44 e. For the budget year beginning July 1, 2003,
45 zero percent."
46 15. Page 7, by striking lines 5 and 6 and
47 inserting the following:
48 "Sec. _____. Section 257.20, subsection 2, paragraph
49 a, Code 1999, is amended to read as follows:
50 a. However, moneys appropriated under this

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1 subsection shall not exceed the amount of moneys
2 appropriated as instructional support state aid for
3 the budget year which commenced on July 1, 1992, plus
4 an additional seven million dollars."

5 16. Page 7, by inserting before line 7 the
6 following:

7 "Sec. _____. Section 257.42, unnumbered paragraphs
8 1, 4, and 5, Code 1999, are amended to read as
9 follows:

10 Boards of school districts, individually or jointly
11 with the boards of other school districts, ~~requesting~~
12 ~~to-use-additional-allowable-growth-for-gifted-and~~
13 ~~talented-children-programs,~~ may shall annually submit
14 program plans for gifted and talented children
15 programs and budget costs, ~~including-requests-for~~
16 ~~additional-allowable-growth-for-funding-the-programs,~~
17 to the department of education and to the applicable
18 gifted and talented children advisory council, if an
19 advisory council has been established, as provided in
20 this chapter.

21 The department of education shall adopt rules under
22 chapter 17A relating to the administration of sections
23 257.42 through 257.49. The rules shall prescribe the
24 format of program plans submitted under section 257.43
25 and shall require that programs fulfill specified
26 objectives. The department shall encourage and assist
27 school districts to provide programs for gifted and
28 talented children ~~whether-or-not-additional-allowable~~
29 ~~growth-is-requested-under-this-chapter.~~

30 The department may request that the staff of the
31 auditor of state conduct an independent program audit
32 to verify that the gifted and talented programs ~~funded~~
33 ~~by-additional-allowable-growth~~ conform to a district's
34 program plans.

35 Sec. _____. Section 257.43, Code 1999, is amended to
36 read as follows:

37 257.43 PROGRAM PLANS.

38 The program plans submitted by school districts
39 shall be part of the school improvement plan submitted
40 pursuant to section 256.7, subsection 21, paragraph
41 "a", and shall include all of the following:

- 42 1. Program goals, objectives, and activities to
43 meet the needs of gifted and talented children.
- 44 2. Student identification criteria and procedures.
- 45 3. Staff in-service education design.
- 46 4. Staff utilization plans.
- 47 5. Evaluation criteria and procedures and
48 performance measures.
- 49 6. Program budget.
- 50 7. Qualifications required of personnel

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1 administering the program.

2 8. Other factors the department requires.

3 Sec. _____. Section 257.45, subsection 1, Code 1999,
4 is amended to read as follows:

5 1. The board of directors of a school district
6 ~~requesting-to-use-additional-allowable-growth-for~~
7 ~~gifted-and-talented-children-programs~~ shall submit
8 applications for approval for the programs to the
9 department not later than November 1 preceding the
10 fiscal year during which the program will be offered.
11 The board shall also submit a copy of the program
12 plans to the gifted and talented children advisory
13 council, if an advisory council has been established.
14 The department shall review the program plans and
15 shall prior to January 15 either grant approval for
16 the program or return the request for approval with
17 comments of the department included. Any unapproved
18 request for a program may be resubmitted with
19 modifications to the department not later than a date
20 established by the department. Not later than
21 February 15 the department shall notify the department
22 of management and the school budget review committee
23 of the names of the school districts for which gifted
24 and talented children programs ~~using-additional~~
25 ~~allowable-growth-for-funding~~ have been approved and
26 the approved budget of each program listed separately
27 for each school district having an approved program.

28 Sec. _____. Section 257.46, Code 1999, is amended to
29 read as follows:

30 257.46 FUNDING.

31 1. The budget of an approved gifted and talented
32 children program for a school district, after
33 subtracting funds received from other sources for that
34 purpose, shall be funded annually on a basis of one-
35 fourth or more from the district cost of the school
36 district ~~and-up-to-three-fourths-by-an-increase-in~~
37 ~~allowable-growth-as-defined-in-section-257-8.~~ The
38 ~~approved-budget-for-a-gifted-and-talented-children~~
39 ~~program-shall-not-exceed-an-amount-equal-to-one-and~~
40 ~~twenty-four-hundredths-percent-of-the-district-cost~~
41 ~~per-pupil-of-the-district-for-the-base-year-multiplied~~
42 ~~by-the-budget-enrollment-of-the-district-for-the~~
43 ~~budget-year.--Annually,--the-department-of-management~~
44 ~~shall-establish-a-modified-allowable-growth-for-each~~
45 ~~such-district-equal-to-the-difference-between-the~~
46 ~~approved-budget-for-the-gifted-and-talented-children~~
47 ~~program-for-that-district-and-the-sum-of-the-amount~~
48 ~~funded-from-the-district-cost-of-the-school-district~~
49 ~~plus-funds-received-from-other-sources.~~

50 2. The remaining portion of the budget shall be

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1 funded by the thirty-eight dollar increase in
2 allowable growth for the school budget year beginning
3 July 1, 1999, increased by the growth of the regular
4 program district cost each year, or by modified
5 allowable growth received from the school budget
6 review committee, pursuant to the applicable
7 provisions of section 257.8. School districts shall
8 annually report the amount expended for a gifted and
9 talented program to the department of education. The
10 proportion of a school district's budget which
11 corresponds to the thirty-eight dollar increase in
12 allowable growth for the school budget year beginning
13 July 1, 1999, if applicable, or the modified allowable
14 growth, added to the amount in subsection 1, shall be
15 utilized exclusively for a school district's talented
16 and gifted program.

17 3. If any portion of the gifted and talented
18 program budget remains unexpended at the end of the
19 budget year, the part of the remainder equal to the
20 proportion of the original budget which was funded by
21 an increase in allowable growth, as defined in section
22 257-8, shall be carried over to the subsequent budget
23 year and added to the gifted and talented program
24 budget for that year."

25 17. By striking page 7, line 31, through page 8,
26 line 1.

27 18. Page 8, line 2, by striking the figure "(2)"
28 and inserting the following: "3. a."

29 19. Page 8, line 3, by striking the figure "2000"
30 and inserting the following: "1999".

31 20. Page 8, line 16, by striking the words ",
32 after taking into account funds" and inserting the
33 following: "was".

34 21. Page 11, by striking lines 16 and 17.

35 22. Page 11, line 19, by striking the word and
36 figure "and 17".

By COMMITTEE ON APPROPRIATIONS
DERRYL McLAREN, Chairperson

S-3451 FILED APRIL 21, 1999

*Adopted
4/22/99
(p. 1256)*

SENATE FILE 459

S-3468

- 1 Amend Senate File 459 as follows:
- 2 1. Page 1, by striking lines 18 through 26.
- 3 2. By renumbering as necessary.

By JACK RIFE

S-3468 FILED APRIL 22, 1999

WITHDRAWN

(p. 1266)

SENATE FILE 459

S-3469

- 1 Amend Senate File 459 as follows:
- 2 1. Page 1, by striking lines 18 through 26.
- 3 2. By striking page 9, line 6, through page 11,
- 4 line 11.
- 5 3. Page 11, by striking lines 23 through 26.
- 6 4. By renumbering as necessary.

By JACK RIFE

S-3469 FILED APRIL 22, 1999

WITHDRAWN

(p. 1267)

SENATE FILE 459

S-3452

Amend Senate File 459 as follows:

1. Page 1, by striking lines 10 through 14 and inserting the following: "~~regular-program-state-cost per-pupil. For-the-budget-year-commencing-July-1, 1991, and-for-each-succeeding-budget-year-the-special education-support-services-foundation-base-is-seventy-nine-percent-of-the-special-education-support-services state-cost-per-pupil.~~ For the budget year beginning July 1, 1999, the regular program foundation base per pupil for the portion of weighted enrollment that is additional enrollment because of special education is eighty-three and five-tenths percent, and the special education support services foundation base is eighty-three and five-tenths percent of the special education support services state cost per pupil. For the budget year beginning July 1, 2000, the regular program foundation base per pupil for the portion of weighted enrollment that is additional enrollment because of special education is eighty-eight percent, and the special education support services foundation base is eighty-eight percent of the special education support services state cost per pupil. The combined".

2. Page 11, by inserting after line 15 the following:

"Sec. 100. There is appropriated for the fiscal year beginning July 1, 1999, from the general fund of the state to the department of education, an amount equivalent to the difference between the amount which would have been received had the portion of weighted enrollment that is additional enrollment because of special education, and special education support services, been funded at a level of eighty-eight percent, and the foundation aid received pursuant to section 257.1 attributable to the foundation base levels of eighty-three and five-tenths percent attributable to the portion of weighted enrollment that is additional enrollment because of special education and attributable to special education support services. The amount appropriated shall be used by the department to provide low-interest loans to school districts for kindergarten through grade twelve school infrastructure improvements. The department shall adopt rules regarding awarding of the loans."

By MIKE CONNOLLY

S-3452 FILED APRIL 21, 1999

W/D
4/22/99
(p. 1257)

SENATE FILE 459

S-3471

- 1 Amend Senate File 459 as follows:
2 1. Page 11, by inserting after line 15 the
3 following:
4 "Sec. 100. TEACHER LAYOFF PREVENTION FUND. There
5 is appropriated for the fiscal year beginning July 1,
6 1999, from the general fund of the state, to the
7 school budget review committee, the sum of five
8 million dollars to be used to offset the layoff of
9 licensed instructional staff in school districts
10 experiencing licensed instructional staff layoffs. A
11 school district which is experiencing layoffs of
12 licensed instructional staff may submit an application
13 for funding to offset the layoffs to the school budget
14 review committee by August 1, 1999. The application
15 shall include an explanation by the school district of
16 the circumstances leading to the layoffs, a statement
17 of the amount requested by the school district, and a
18 plan for allocation of funding received. The
19 department shall establish procedures and criteria by
20 which teacher layoff prevention funding shall be
21 awarded. If the amount appropriated in this section
22 is insufficient to fully fund the requests received
23 and granted by the school budget review committee,
24 funding shall be prorated based on the ratio by which
25 the amount of funding requested by a school district
26 for which funding has been granted bears to the total
27 amount of funding requested by all school districts
28 for which funding has been granted."
29 2. Page 11, line 19, by inserting before the word
30 "of" the following: "and 100".
31 3. By renumbering as necessary.

By MIKE CONNOLLY
JOHNIE HAMMOND

S-3471 FILED APRIL 22, 1999
RULED OUT OF ORDER

(p. 1268)

SENATE FILE 459

S-3470

1 Amend Senate File 459 as follows:

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

4 "Section 1. NEW SECTION. 16.110 IOWA SCHOOL
5 DISTRICT REVOLVING LOAN FUND PROGRAM -- DEFINITIONS.

6 1. The Iowa school district revolving loan fund
7 program is established for the purpose of making loans
8 available to school districts to finance all or part
9 of the costs of a project. The purpose of the program
10 is to provide a means for Iowa schools to reduce their
11 long-term borrowing costs and thus reduce costs to
12 taxpayers.

13 2. The authority shall process, review, and
14 approve loan applications which satisfy the rules
15 adopted by the authority in implementing the Iowa
16 school district revolving loan fund program. The
17 school districts to which loans are to be made, the
18 purposes of the loan, the amount of each loan, the
19 interest rate of the loan, and the repayment terms of
20 the loan shall be determined by the authority in
21 accordance with its rules.

22 3. For purposes of this section and sections
23 16.111 through 16.115, "project" means any undertaking
24 by a school district for which financing is authorized
25 under chapter 296 or 298, including all costs and
26 expenses associated with authorization for, and
27 commencement of, a project. "School district" means a
28 public school district as governed by chapter 274.

29 Sec. ____ . NEW SECTION. 16.111 REVOLVING LOAN
30 FUND ESTABLISHED.

31 1. The Iowa school district revolving loan fund is
32 established in the state treasury under the control of
33 the authority. The revolving loan fund shall include
34 sums appropriated to the fund by the general assembly
35 and all receipts from loans made to school districts
36 by the authority, and any other sums designated for
37 deposit in the revolving loan fund from any public or
38 private source. All moneys appropriated to and
39 deposited in the revolving loan fund are appropriated
40 and shall be used for the sole purpose of making loans
41 to school districts to finance all or part of the cost
42 of projects. Moneys in the fund may also be used to
43 pay the costs and expenses associated with
44 administration of the Iowa school district revolving
45 loan fund program. A loan made to a school district
46 from the revolving loan fund is an indebtedness of the
47 school district within the meaning of any
48 constitutional or statutory school district debt
49 limitation in effect at the time the loan agreement is
50 made.

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1 2. The moneys in the revolving loan fund are not
2 considered part of the general fund of the state, are
3 not subject to appropriation for any other purpose by
4 the general assembly, and in determining a general
5 fund balance shall not be included in the general fund
6 of the state but shall remain in the revolving loan
7 fund to be used for its respective purposes. The Iowa
8 school district revolving loan fund is a separate
9 dedicated fund under the administration and control of
10 the authority and subject to section 16.31. Moneys on
11 deposit in the fund shall be invested by the treasurer
12 of state in cooperation with the authority, and the
13 income from the investments shall be credited to and
14 deposited in the fund.

15 3. The authority may establish and maintain other
16 funds or accounts determined to be necessary to carry
17 out the purposes of sections 16.110 through 16.115 and
18 shall provide for the funding, administration,
19 investment, restrictions, and disposition of the funds
20 and accounts.

21 Sec. ____ . NEW SECTION. 16.112 BONDS AND NOTES
22 ISSUED BY AUTHORITY.

23 1. The authority may issue its bonds and notes for
24 the purpose of funding the revolving loan fund
25 established in section 16.111. The authority may
26 enter into one or more lending agreements or purchase
27 agreements with one or more bondholders or noteholders
28 containing the terms and conditions of the repayment
29 of and the security for the bonds or notes. The
30 authority and the bondholders or noteholders or a
31 trustee agent designated by the authority may enter
32 into agreements to provide for any of the following:

33 a. That the proceeds of the bonds and notes and
34 the investments of the proceeds may be received, held,
35 and disbursed by the authority or by a trustee or
36 agent designated by the authority.

37 b. That the bondholders or noteholders or a
38 trustee or agent designated by the authority may
39 collect, invest, and apply the amount payable under
40 the loan agreements or any other instruments securing
41 the debt obligations under the loan agreements.

42 c. That the bondholders or noteholders may enforce
43 the remedies provided in the loan agreements or other
44 instruments on their own behalf without the
45 appointment or designation of a trustee. If there is
46 a default in the principal of or interest on the bonds
47 or notes or in the performance of any agreement
48 contained in the loan agreements or other instruments,
49 the payment or performance may be enforced in
50 accordance with the loan agreement or other

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1 instrument.

2 d. Other terms and conditions as deemed necessary
3 or appropriate by the authority.

4 2. The powers granted the authority under this
5 section are in addition to other powers contained in
6 this chapter. All other provisions of this chapter,
7 except section 16.28, subsection 4, apply to bonds or
8 notes issued and powers granted to the authority under
9 this section except to the extent they are
10 inconsistent with this section.

11 3. All bonds or notes issued by the authority in
12 connection with the program are exempt from taxation
13 by this state and the interest on the bonds or notes
14 is exempt from state income tax.

15 Sec. ____ . NEW SECTION. 16.113 SECURITY --
16 RESERVE FUNDS -- PLEDGES -- NONLIABILITY --
17 IRREVOCABLE CONTRACTS.

18 1. The authority may provide in the resolution,
19 trust agreement, or other instrument authorizing the
20 issuance of its bonds or notes pursuant to section
21 16.112 that the principal of, premium, and interest on
22 the bonds or notes are payable from any of the
23 following and may pledge the same to its bonds and
24 notes:

25 a. The income and receipts or other moneys derived
26 from the projects financed with the proceeds of the
27 bonds or notes.

28 b. The income and receipts or other moneys derived
29 from designated projects whether or not the projects
30 are financed in whole or in part with the proceeds of
31 the bonds or notes.

32 c. The authority's income and receipts or other
33 assets generally, or a designated part or parts of
34 them.

35 2. The authority may establish reserve funds to
36 secure one or more issues of its bonds or notes. The
37 authority may deposit in a reserve fund established
38 under this subsection the proceeds of the sale of its
39 bonds or notes and other moneys which are made
40 available from any other source.

41 3. It is the intention of the general assembly
42 that a pledge made in respect of bonds or notes shall
43 be valid and binding from the time the pledge is made,
44 that the moneys or property so pledged and received
45 after the pledge by the authority shall immediately be
46 subject to the lien of the pledge without physical
47 delivery or further act, and that the lien of the
48 pledge shall be valid and binding as against all
49 parties having claims of any kind in tort, contract,
50 or otherwise against the authority whether or not the

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1 parties have notice of the lien. The resolution,
2 trust agreement, or any other instrument by which a
3 pledge is created does not need to be recorded or
4 filed under the Iowa uniform commercial code to be
5 valid, binding, or effective against the parties.

6 4. The members of the authority or persons
7 executing the bonds or notes are not personally liable
8 on the bonds or notes and are not subject to personal
9 liability or accountability by reason of the issuance
10 of the bonds or notes.

11 5. The bonds or notes issued by the authority are
12 not an indebtedness or other liability of the state or
13 of a political subdivision of the state within the
14 meaning of any constitutional or statutory debt
15 limitations but are special obligations of the
16 authority, and are payable solely from the income and
17 receipts or other funds or property of the authority,
18 and the amounts on deposit in the revolving loan fund,
19 and the amounts payable to the authority under its
20 loan agreements with a school district to the extent
21 that the amounts are designated in the resolution,
22 trust agreement, or other instrument of the authority
23 authorizing the issuance of the bonds or notes as
24 being available as security for such bonds or notes.
25 The authority shall not pledge the faith or credit of
26 the state or of a political subdivision of the state
27 to the payment of any bonds or notes. The issuance of
28 any bonds or notes by the authority does not directly,
29 indirectly, or contingently obligate the state or a
30 political subdivision of the state to apply moneys
31 from, or levy or pledge any form of taxation whatever
32 to, the payment of the bonds or notes.

33 6. The state pledges to and agrees with the
34 holders of bonds or notes issued under section 16.112
35 that the state will not limit or alter the rights and
36 powers vested in the authority to fulfill the terms of
37 a contract made by the authority with respect to the
38 bonds or notes, or in any way impair the rights and
39 remedies of the holders until the bonds or notes,
40 together with the interest on them, including interest
41 on unpaid installments of interest, and all costs and
42 expenses in connection with an action or proceeding by
43 or on behalf of the holders, are fully met and
44 discharged. The authority is authorized to include
45 this pledge and agreement of the state, as it refers
46 to holders of bonds or notes of the authority, in a
47 contract with the holders.

48 Sec. ____ . NEW SECTION. 16.114 APPROPRIATION.

49 1. There is appropriated from the rebuild Iowa
50 infrastructure fund to the department of education for

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1 each fiscal year the sum of ten million dollars for
2 deposit in the revolving loan fund established in
3 section 16.111.

4 2. It is the intent of the general assembly to
5 increase by ten million dollars annually the amount
6 appropriated in subsection 1 until the total amount
7 appropriated annually for purposes of the Iowa school
8 district revolving loan fund program reaches fifty
9 million dollars.

10 Sec. ____ . NEW SECTION. 16.115 ADOPTION OF RULES.

11 The authority shall adopt rules pursuant to chapter
12 17A to implement sections 16.110 through 16.114."

13 2. Title page, line 1, by inserting after the
14 word "Act" the following: "creating an Iowa school
15 district revolving loan fund program and an exemption
16 from state taxation, and".

17 3. By renumbering as necessary.

By MATT McCOY
DICK L. DEARDEN

S-3470 FILED APRIL 22, 1999
RULED OUT OF ORDER

(p. 1266)

H- 4/26/99 W. & Means
4-27-99 H. Amend/100 Pass w/H. 1843

SENATE FILE 459
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1195)
(SUCCESSOR TO SF 425)

(AS AMENDED AND PASSED BY THE SENATE APRIL 22, 1999)

_____ - New Language by the Senate
* - Language Stricken by the Senate

Passed Senate, Date ^(P. 1422) 4/29/99 Passed House, Date ^(P. 1779) 4-27-99
Vote: Ayes 50 Nays 0 Vote: Ayes 97 Nays 0
Approved 5/24/99
Rem
veloc
Passed 4-29-99
Vote 98-0 (P. 1908)

A BILL FOR

1 An Act relating to state school aid for budget years commencing
2 with the budget year beginning July 1, 1999, and making
3 appropriations and including effective and applicability date
4 provisions.

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

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S.F. 459

1 Section 1. Section 257.1, subsection 2, unnumbered
2 paragraph 2, Code 1999, is amended to read as follows:

3 For the budget year commencing July 1, ~~1996~~ 1999, and for
4 each succeeding budget year the regular program foundation
5 base per pupil is ~~eighty-seven-and-five-tenths~~ eighty-eight
6 percent of the regular program state cost per pupil, ~~except~~
7 ~~that-the-regular-program-foundation-base-per-pupil-for-the~~
8 ~~portion-of-weighted-enrollment-that-is-additional-enrollment~~
9 ~~because-of-special-education-is-seventy-nine-percent-of-the~~
10 ~~regular-program-state-cost-per-pupil~~. For the budget year
11 commencing July 1, ~~1991~~ 1999, and for each succeeding budget
12 year the special education support services foundation base is
13 ~~seventy-nine~~ eighty-eight percent of the special education
14 support services state cost per pupil. The combined
15 foundation base is the sum of the regular program foundation
16 base and the special education support services foundation
17 base.

18 Sec. 2. Section 257.3, subsection 1, unnumbered paragraph
19 1, Code 1999, is amended to read as follows:

20 AMOUNT OF TAX. ~~Except-as-provided-in-subsections-2-and-3,~~
21 ~~a~~ A school district shall cause to be levied each year, for
22 the school general fund, a foundation property tax equal to
23 five dollars and ~~forty~~ seventy cents per thousand dollars of
24 assessed valuation on all taxable property in the district.
25 The county auditor shall spread the foundation levy over all
26 taxable property in the district.

27 Sec. 3. Section 257.3, subsections 2 and 3, Code 1999, are
28 amended by striking the subsections.

29 Sec. 4. Section 257.3, subsection 4, Code 1999, is amended
30 to read as follows:

31 4. RAILWAY CORPORATIONS. For purposes of section 257.1,
32 the "amount per pupil of foundation property tax" does not
33 include the tax levied under subsection ~~17-27-or-3~~ on the
34 property of a railway corporation, or on its trustee if the
35 corporation has been declared bankrupt or is in bankruptcy

1 proceedings.

2 Sec. 5. Section 257.8, Code 1999, is amended by adding the
3 following new subsections:

4 NEW SUBSECTION. 2A. Notwithstanding the calculation in
5 subsection 2, the department of management shall calculate the
6 regular program allowable growth for the budget year beginning
7 July 1, 1999, for a school district which has requested and
8 received approval to fund a gifted and talented program
9 pursuant to section 257.46, Code 1999, for the budget year
10 beginning July 1, 1999, by multiplying the state percent of
11 growth for the budget year by the regular program state cost
12 per pupil for the base year, and add to the resulting product
13 thirty-eight dollars. For purposes of determining the amount
14 of a budget adjustment as defined in section 257.14, for a
15 school district which calculated allowable growth for the
16 budget year beginning July 1, 1999, pursuant to this
17 subsection, thirty-eight dollars shall be subtracted from the
18 school district's regular program cost per pupil for the
19 budget year beginning July 1, 1999, prior to determining the
20 amount of the adjustment.

21 NEW SUBSECTION. 2B. a. A school district which has not
22 requested and received approval to fund a gifted and talented
23 program pursuant to section 257.46, Code 1999, for the budget
24 year beginning July 1, 1999, shall calculate the regular
25 program allowable growth for the budget year beginning July 1,
26 1999, pursuant to subsection 2.

27 b. The board of directors of a school district which has
28 not requested and received approval to fund a gifted and
29 talented program pursuant to section 257.46, Code 1999, for
30 the budget year beginning July 1, 1999, but seeks funding for
31 such a program under subsection 2A for the budget year
32 beginning July 1, 2000, may adopt a resolution requesting such
33 funding and submit the resolution and a proposed gifted and
34 talented program plan and budget to the department of
35 education by October 1, 1999. The department shall review the

1 request and, if it approves the request for funding, the
2 department shall forward the approved request to the
3 department of management.

4 c. A school district determining allowable growth pursuant
5 to section 257.8, subsection 2, may apply to the school budget
6 review committee for modified allowable growth pursuant to
7 section 257.31, subsection 5, for the school budget year
8 beginning July 1, 1999, and succeeding budget years.

9 NEW SUBSECTION. 2C. a. A school district which
10 calculated allowable growth for the budget year beginning July
11 1, 1999, pursuant to the provisions of subsection 2A, shall
12 calculate allowable growth pursuant to the provisions of
13 subsection 2 for the school budget year beginning July 1,
14 2000, and succeeding budget years, utilizing a regular program
15 state cost per pupil figure which incorporates the thirty-
16 eight dollar increase in regular program allowable growth
17 calculated for the budget year beginning July 1, 1999.

18 b. A school district which calculated allowable growth for
19 the budget year beginning July 1, 1999, pursuant to the
20 provisions of subsection 2B, shall calculate allowable growth
21 pursuant to the provisions of subsection 2 for the school
22 budget year beginning July 1, 2000, and succeeding budget
23 years, utilizing a regular program state cost per pupil figure
24 which does not incorporate the thirty-eight dollar increase in
25 regular program allowable growth calculated for the budget
26 year beginning July 1, 1999. However, if such school district
27 receives approval for additional funding from the department
28 for the gifted and talented program for the budget year
29 beginning July 1, 2000, under subsection 2B, paragraph "b",
30 the school district shall receive allowable growth for the
31 budget year beginning July 1, 2000, and subsequent budget
32 years in the manner provided for school districts under
33 paragraph "a" of this subsection.

34 NEW SUBSECTION. 4. For budget years beginning July 1,
35 2000, and subsequent budget years, references to the terms

1 "allowable growth", "regular program state cost per pupil",
2 and "regular program district cost per pupil" shall mean those
3 terms as calculated for those school districts that calculated
4 or did not calculate regular program allowable growth for the
5 school budget year beginning July 1, 1999, with the additional
6 thirty-eight dollars, as applicable.

7 Sec. 6. Section 257.10, subsection 5, Code 1999, is
8 amended to read as follows:

9 5. COMBINED DISTRICT COST PER PUPIL. The combined
10 district cost per pupil for a school district is the sum of
11 the regular program district cost per pupil and the special
12 education support services district cost per pupil. Combined
13 district cost per pupil does not include additional allowable
14 growth added for school districts that have a negative balance
15 of funds raised for special education instruction programs,
16 additional allowable growth granted by the school budget
17 review committee for a single school year, or additional
18 allowable growth added for programs for dropout prevention and
19 ~~for-programs-for-gifted-and-talented-children.~~

20 Sec. 7. NEW SECTION. 257.14A ON-TIME FUNDING FOR SPECIAL
21 EDUCATION.

22 Commencing with the budget year beginning July 1, 1999, if
23 a school district's additional enrollment because of special
24 education determined by the district on December 1 in the
25 budget year is greater than its additional enrollment because
26 of special education determined by the district on December 1
27 in the base year, the school district is entitled to on-time
28 funding from the state in an amount equal to its district cost
29 per pupil for the budget year multiplied by the district's
30 increase in additional enrollment because of special
31 education. The additional funding shall be miscellaneous
32 income.

33 For the purpose of this section, a school district's
34 additional enrollment because of special education is
35 determined by multiplying the weighting for each category of

1 child under section 256B.9 times the number of children in
2 each category totaled for all categories minus the total
3 number of children in all categories.

4 If a district receives additional funding under this
5 section for a budget year, the department of management shall
6 determine the amount of the additional funding which would
7 have been generated by local property tax revenues in
8 proportion to the amount of funding actually received pursuant
9 to this section, if the additional enrollment because of
10 special education in the budget year had been used for that
11 budget year in determining combined district cost, shall
12 reduce, but not by more than the amount of the additional
13 funding, the district's total state school aids available
14 under this chapter for the next following budget year by the
15 amount so determined, and shall increase the district's
16 additional property tax levy for the next following budget
17 year by the amount necessary to compensate for the reduction
18 in state aid, so that the local property tax for the next
19 following year will be increased only by the amount which
20 would have been increased in the budget year if the additional
21 enrollment because of special education in the budget year
22 could have been used to establish the levy.

23 There is appropriated each year from the general fund of
24 the state to the department of education the amount required
25 to pay on-time funding authorized under this section, up to a
26 maximum of thirteen million dollars annually, which shall be
27 paid to school districts in the same manner as other state
28 aids are paid under section 257.16. If the amount
29 appropriated is insufficient to provide the full amount of on-
30 time funding, the payments to school districts shall be
31 prorated such that each school district shall receive an
32 amount of on-time funding equal to the percentage that the on-
33 time funding to be provided to the school district bears to
34 the total amount of on-time funding to be provided to all
35 school districts.

1 Sec. 8. Section 257.15, Code 1999, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 2A. PROPERTY TAX ADJUSTMENT AID PHASEOUT.
4 Notwithstanding the computation of property tax adjustment aid
5 under subsection 2, for the following budget years the amount
6 of property tax adjustment aid under subsection 2 for a school
7 district shall not exceed the following percent of the school
8 district's property tax adjustment aid received in the budget
9 year beginning July 1, 1998:

*10 a. For the budget year beginning July 1, 1999, eighty
11 percent.

12 b. For the budget year beginning July 1, 2000, sixty
13 percent.

14 c. For the budget year beginning July 1, 2001, forty
15 percent.

16 d. For the budget year beginning July 1, 2002, twenty
17 percent.

18 e. For the budget year beginning July 1, 2003, zero
19 percent.

20 Sec. 9. Section 257.20, subsection 1, Code 1999, is
21 amended to read as follows:

22 1. a. In order to determine the amount of instructional
23 support state aid and the amount of local funding for the
24 instructional support program for a district, the department
25 of management shall divide the total assessed valuation in the
26 state by the total budget enrollment for the budget year in
27 the state to determine a state assessed valuation per pupil
28 and shall divide the assessed valuation in each district by
29 the district's budget enrollment for the budget year to
30 determine the district assessed valuation per pupil. The
31 department of management shall multiply the ratio of the
32 state's valuation per pupil to the district's valuation per
33 pupil by twenty-five twenty hundredths and subtract that
34 result from one to determine the portion of the instructional
35 support program budget that is local funding. The remaining

1 portion of the budget shall be funded by instructional support
2 state aid. However, for the budget year beginning July 1,
3 1992, only, the amount of state aid is three and one-quarter
4 percent less than the amount computed under this paragraph for
5 that budget year.

6 b. A school district which is participating in the
7 instructional support program on the effective date of this
8 Act will be subject to the local funding maximum determined
9 pursuant to section 257.20, Code 1999, unless the board of
10 directors either adopts a resolution to increase the amount of
11 the local funding for the remaining amount of the term,
12 subject to section 257.18, subsection 2, or submits the
13 question for election. If the question of increasing the
14 amount of the local funding is submitted for election, the
15 question at election shall regard increasing the level of
16 local funding from the existing level up to the amount
17 determined under paragraph "a", rather than with regard to the
18 existing level of local funding.

19 Sec. 10. Section 257.20, subsection 2, paragraph a, Code
20 1999, is amended to read as follows:

21 a. However, moneys appropriated under this subsection
22 shall not exceed the amount of moneys appropriated as
23 instructional support state aid for the budget year which
24 commenced on July 1, 1992, plus an additional seven million
25 dollars.

26 Sec. 11. Section 257.42, unnumbered paragraphs 1, 4, and
27 5, Code 1999, are amended to read as follows:

28 Boards of school districts, individually or jointly with
29 the boards of other school districts, ~~requesting-to-use~~
30 ~~additional-allowable-growth-for-gifted-and-talented-children~~
31 ~~programs,~~ may shall annually submit program plans for gifted
32 and talented children programs and budget costs, ~~including~~
33 ~~requests-for-additional-allowable-growth-for-funding-the~~
34 ~~programs,~~ to the department of education and to the applicable
35 gifted and talented children advisory council, if an advisory

1 council has been established, as provided in this chapter.

2 The department of education shall adopt rules under chapter
3 17A relating to the administration of sections 257.42 through
4 257.49. The rules shall prescribe the format of program plans
5 submitted under section 257.43 and shall require that programs
6 fulfill specified objectives. The department shall encourage
7 and assist school districts to provide programs for gifted and
8 talented children ~~whether-or-not-additional-allowable-growth~~
9 ~~is-requested-under-this-chapter.~~

10 The department may request that the staff of the auditor of
11 state conduct an independent program audit to verify that the
12 gifted and talented programs ~~funded-by-additional-allowable~~
13 ~~growth conform to a district's program plans.~~

14 Sec. 12. Section 257.43, Code 1999, is amended to read as
15 follows:

16 257.43 PROGRAM PLANS.

17 The program plans submitted by school districts shall be
18 part of the school improvement plan submitted pursuant to
19 section 256.7, subsection 21, paragraph "a", and shall include
20 all of the following:

21 1. Program goals, objectives, and activities to meet the
22 needs of gifted and talented children.

23 2. Student identification criteria and procedures.

24 3. Staff in-service education design.

25 4. Staff utilization plans.

26 5. Evaluation criteria and procedures and performance
27 measures.

28 6. Program budget.

29 7. Qualifications required of personnel administering the
30 program.

31 8. Other factors the department requires.

32 Sec. 13. Section 257.45, subsection 1, Code 1999, is
33 amended to read as follows:

34 1. The board of directors of a school district requesting
35 ~~to-use-additional-allowable-growth-for-gifted-and-talented~~

1 children-programs shall submit applications for approval for
2 the programs to the department not later than November 1
3 preceding the fiscal year during which the program will be
4 offered. The board shall also submit a copy of the program
5 plans to the gifted and talented children advisory council, if
6 an advisory council has been established. The department
7 shall review the program plans and shall prior to January 15
8 either grant approval for the program or return the request
9 for approval with comments of the department included. Any
10 unapproved request for a program may be resubmitted with
11 modifications to the department not later than a date
12 established by the department. Not later than February 15 the
13 department shall notify the department of management and the
14 school budget review committee of the names of the school
15 districts for which gifted and talented children programs
16 using-additional-allowable-growth-for-funding have been
17 approved and the approved budget of each program listed
18 separately for each school district having an approved
19 program.

20 Sec. 14. Section 257.46, Code 1999, is amended to read as
21 follows:

22 257.46 FUNDING.

23 1. The budget of an approved gifted and talented children
24 program for a school district, after subtracting funds
25 received from other sources for that purpose, shall be funded
26 annually on a basis of one-fourth or more from the district
27 cost of the school district and-up-to-three-fourths-by-an
28 increase-in-allowable-growth-as-defined-in-section-257:8. The
29 approved-budget-for-a-gifted-and-talented-children-program
30 shall-not-exceed-an-amount-equal-to-one-and-twenty-four-
31 hundredths-percent-of-the-district-cost-per-pupil-of-the
32 district-for-the-base-year-multiplied-by-the-budget-enrollment
33 of-the-district-for-the-budget-year.--Annually,--the-department
34 of-management-shall-establish-a-modified-allowable-growth-for
35 each-such-district-equal-to-the-difference-between-the

1 approved-budget-for-the-gifted-and-talented-children-program
2 for-that-district-and-the-sum-of-the-amount-funded-from-the
3 district-cost-of-the-school-district-plus-funds-received-from
4 other-sources.

5 2. The remaining portion of the budget shall be funded by
6 the thirty-eight dollar increase in allowable growth for the
7 school budget year beginning July 1, 1999, increased by the
8 growth of the regular program district cost each year, or by
9 modified allowable growth received from the school budget
10 review committee, pursuant to the applicable provisions of
11 section 257.8. School districts shall annually report the
12 amount expended for a gifted and talented program to the
13 department of education. The proportion of a school
14 district's budget which corresponds to the thirty-eight dollar
15 increase in allowable growth for the school budget year
16 beginning July 1, 1999, if applicable, or the modified
17 allowable growth, added to the amount in subsection 1, shall
18 be utilized exclusively for a school district's talented and
19 gifted program.

20 3. If any portion of the gifted and talented program
21 budget remains unexpended at the end of the budget year, the
22 part-of the remainder equal-to-the-proportion-of-the-original
23 budget-which-was-funded-by-an-increase-in-allowable-growth, as
24 defined-in-section-257:8, shall be carried over to the
25 subsequent budget year and added to the gifted and talented
26 program budget for that year.

27 Sec. 15. NEW SECTION. 285.7 TRANSPORTATION ASSISTANCE
28 FUND.

29 1. A transportation assistance fund is established in the
30 office of the treasurer of state under the authority of the
31 department of education to provide additional transportation
32 funding assistance to school districts incurring
33 transportation costs which exceed one hundred fifty percent of
34 the statewide average transportation cost as provided in
35 subsection 2.

1 2. To be eligible for additional transportation funding
2 assistance pursuant to this section, a school district's
3 average transportation cost per pupil shall exceed one hundred
4 fifty percent of the state average transportation cost per
5 pupil. A school district shall annually determine and certify
6 the district's average transportation cost per pupil to the
7 school budget review committee as provided in section 257.31,
8 subsection 17, paragraphs "b" and "c". The school budget
9 review committee shall certify to the department of management
10 a list of all school districts exceeding one hundred fifty
11 percent of the state average transportation cost per pupil, as
12 determined by the school budget review committee pursuant to
13 section 257.31, subsection 17, paragraph "c", and the amount
14 by which each school district exceeds one hundred fifty
15 percent of the state average transportation cost amount.

* 16 3. a. There is appropriated annually for the fiscal year
17 beginning July 1, 1999, and succeeding fiscal years, from the
18 general fund of the state to the department of education, an
19 amount not exceeding four million dollars, less the amounts in
20 paragraph "b", to be deposited in the transportation
21 assistance fund for distribution as additional transportation
22 funding assistance pursuant to this section.

23 b. Notwithstanding section 8.33, funds appropriated in
24 paragraph "a" for the prior fiscal year which remain
25 unexpended or unobligated on June 30 of the fiscal year for
26 which the funds were appropriated shall not revert but shall
27 remain available for expenditure for the purposes of this
28 section in subsequent fiscal years. The amount appropriated
29 for a fiscal year in paragraph "a" shall be reduced by that
30 amount which was transferred to the school budget review
31 committee in accordance with section 321.34, subsection 22,
32 and any remaining balance of unexpended funds appropriated
33 under this subsection for the prior fiscal year which did not
34 revert.

35 4. Additional transportation funding assistance shall be

1 distributed, in an amount determined by the department of
2 management, to eligible school districts in an amount up to,
3 but not exceeding, a maximum of fifty cents of transportation
4 assistance for each dollar by which a school district's
5 average transportation cost per pupil exceeds one hundred
6 fifty percent of the state average transportation cost per
7 pupil amount, as determined in subsection 2. If the amount
8 appropriated under this section is insufficient to pay the
9 amount of transportation assistance to which all eligible
10 school districts are otherwise entitled, the department shall
11 prorate the amount of additional transportation funding
12 assistance provided to each eligible school district. A
13 school district receiving additional transportation funding
14 assistance pursuant to this section may apply to the school
15 budget review committee for transportation assistance aid
16 pursuant to section 257.31, subsection 17. The school budget
17 review committee shall take into account amounts received
18 pursuant to this section in determining whether, or by what
19 amount, to grant a request.

20 Sec. 16. Section 425A.3, subsection 1, Code 1999, is
21 amended to read as follows:

22 1. The family farm tax credit fund shall be apportioned
23 each year in the manner provided in this chapter so as to give
24 a credit against the tax on each eligible tract of
25 agricultural land within the several school districts of the
26 state in which the levy for the general school fund exceeds
27 five dollars and forty seventy cents per thousand dollars of
28 assessed value. The amount of the credit on each eligible
29 tract of agricultural land shall be the amount the tax levied
30 for the general school fund exceeds the amount of tax which
31 would be levied on each eligible tract of agricultural land
32 were the levy for the general school fund five dollars and
33 forty seventy cents per thousand dollars of assessed value for
34 the previous year. However, in the case of a deficiency in
35 the family farm tax credit fund to pay the credits in full,

1 the credit on each eligible tract of agricultural land in the
2 state shall be proportionate and applied as provided in this
3 chapter.

4 Sec. 17. Section 425A.5, Code 1999, is amended to read as
5 follows:

6 425A.5 COMPUTATION BY COUNTY AUDITOR.

7 The family farm tax credit allowed each year shall be
8 computed as follows: On or before March 1, the county auditor
9 shall list by school districts all tracts of agricultural land
10 which are entitled to credit, the taxable value for the
11 previous year, the budget from each school district for the
12 previous year, and the tax rate determined for the general
13 fund of the school district in the manner prescribed in
14 section 444.3 for the previous year, and if the tax rate is in
15 excess of five dollars and forty seventy cents per thousand
16 dollars of assessed value, the auditor shall multiply the tax
17 levy which is in excess of five dollars and forty seventy
18 cents per thousand dollars of assessed value by the total
19 taxable value of the agricultural land entitled to credit in
20 the school district, and on or before March 1, certify the
21 total amount of credit and the total number of acres entitled
22 to the credit to the department of revenue and finance.

23 Sec. 18. Section 426.3, Code 1999, is amended to read as
24 follows:

25 426.3 WHERE CREDIT GIVEN.

26 The agricultural land credit fund shall be apportioned each
27 year in the manner hereinafter provided in this chapter so as
28 to give a credit against the tax on each tract of agricultural
29 lands within the several school districts of the state in
30 which the levy for the general school fund exceeds five
31 dollars and forty seventy cents per thousand dollars of
32 assessed value, ~~the.~~ The amount of such credit on each tract
33 of such lands shall be the amount the tax levied for the
34 general school fund exceeds the amount of tax which would be
35 levied on said the tract of such lands were the levy for the

1 general school fund five dollars and forty seventy cents per
2 thousand dollars of assessed value for the previous year,
3 except. However, in the case of a deficiency in the
4 agricultural land credits fund to pay said credits in full, in
5 which case the credit on each eligible tract of such lands in
6 the state shall be proportionate and shall be applied as
7 hereinafter provided in this chapter.

8 Sec. 19. Section 426.6, unnumbered paragraph 1, Code 1999,
9 is amended to read as follows:

10 The agricultural land tax credit allowed each year shall be
11 computed as follows: On or before the first of June the
12 county auditor shall list by school districts all tracts of
13 agricultural lands which they are entitled to credit, together
14 with the taxable value for the previous year, together with
15 the budget from each school district for the previous year,
16 and the tax rate determined for the general fund of the
17 district in the manner prescribed in section 444.3 for the
18 previous year, and if such the tax rate is in excess of five
19 dollars and forty seventy cents per thousand dollars of
20 assessed value, the auditor shall multiply the tax levy which
21 is in excess of five dollars and forty seventy cents per
22 thousand dollars of assessed value by the total taxable value
23 of the agricultural lands entitled to credit in the district,
24 and on or before the first of June certify the amount to the
25 department of revenue and finance.

26 Sec. 20. 1989 Iowa Acts, chapter 135, section 135, is
27 repealed effective July 1, 1999. Legislative review of the
28 provisions of chapter 257 shall occur every five years, with
29 the first such review to begin no later than July 1, 2004.

* 30 Sec. 21. EFFECTIVE DATE.

* 31 1. Sections 1 through 15 of this Act, being deemed of
32 immediate importance, take effect upon enactment for the
33 computation of state school aid for school budget years
34 beginning on or after July 1, 1999.

35 2. Sections 16 through 19 of this Act take effect January

1 1, 2000, for the computation of the family farm tax credit and
2 agricultural land tax credit for property taxes due and
3 payable in fiscal years beginning on or after July 1, 2000.

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SENATE FILE 459

H-1846

1 Amend the amendment, H-1843, to Senate File 459, as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, by inserting after line 23 the
5 following:

6 "Sec. ____ . ALTERNATIVE HIGH SCHOOL PROGRAM
7 SUPPLEMENTARY WEIGHTING. A school district which
8 received funding for supplementary weighting for an
9 alternative high school program offered by a community
10 college for the school budget year beginning July 1,
11 1999, shall continue to receive funding for
12 supplementary weighting for an alternative high school
13 program for the school budget year beginning July 1,
14 2000. A school district which did not receive funding
15 for supplementary weighting for an alternative high
16 school program offered by a community college for the
17 school budget year beginning July 1, 1999, shall not
18 be eligible to receive funding for supplementary
19 weighting for an alternative high school program for
20 the school budget year beginning July 1, 2000."

21 2. Page 1, by striking lines 29 through 33 and
22 inserting the following:

23 "____. Title page, lines 2 and 3, by striking the
24 following: "and making appropriations"."

25 3 By renumbering as necessary.

By RICHARDSON of Warren

H-1846 FILED APRIL 27, 1999

NOT GERMANE, MOTION TO SUSPEND RULES-LOST

(P. 1773)

H-1843

1 Amend Senate File 459, 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 257.1, subsection 2,
6 unnumbered paragraph 2, Code 1999, is amended to read
7 as follows:

8 For the budget year commencing July 1, ~~1996~~ 1999,
9 and for each succeeding budget year the regular
10 program foundation base per pupil is ~~eighty-seven-and~~
11 ~~five-tenths~~ eighty-eight percent of the regular
12 program state cost per pupil, ~~except that the regular~~
13 ~~program foundation base per pupil for the portion of~~
14 ~~weighted enrollment that is additional enrollment~~
15 ~~because of special education is seventy-nine percent~~
16 ~~of the regular program state cost per pupil.~~ For the
17 budget year commencing July 1, ~~1991~~ 1999, and for each
18 succeeding budget year the special education support
19 services foundation base is ~~seventy-nine~~ eighty-eight
20 percent of the special education support services
21 state cost per pupil. The combined foundation base is
22 the sum of the regular program foundation base and the
23 special education support services foundation base.

24 Sec. 2. APPLICABILITY DATE. This Act, being
25 deemed of immediate importance, takes effect upon
26 enactment for the computation of state school aid for
27 school budget years beginning on or after July 1,
28 1999."

29 2. Title page, by striking lines 1 through 4 and
30 inserting the following: "An Act increasing the state
31 foundation base for purposes of the state school aid
32 funding formula and including effective and
33 applicability date provisions."

By COMMITTEE ON WAYS AND MEANS
VAN FOSSEN of Scott, Chairperson

H-1843 FILED APRIL 27, 1999
ADOPTED

(P. 1779)

SENATE FILE 459

H-1852

1 Amend the amendment, H-1843, to Senate File 459, as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, by inserting after line 23 the
5 following:

6 "Sec. ____ . Section 257.8, Code 1999, is amended by
7 adding the following new subsections:

8 NEW SUBSECTION. 2A. Notwithstanding the
9 calculation in subsection 2, the department of
10 management shall calculate the regular program
11 allowable growth for the budget year beginning July 1,
12 1999, for a school district which has requested and
13 received approval to fund a gifted and talented
14 program pursuant to section 257.46, Code 1999, for the
15 budget year beginning July 1, 1999, by multiplying the
16 state percent of growth for the budget year by the
17 regular program state cost per pupil for the base
18 year, and add to the resulting product thirty-eight
19 dollars. For purposes of determining the amount of a
20 budget adjustment as defined in section 257.14, for a
21 school district which calculated allowable growth for
22 the budget year beginning July 1, 1999, pursuant to
23 this subsection, thirty-eight dollars shall be
24 subtracted from the school district's regular program
25 cost per pupil for the budget year beginning July 1,
26 1999, prior to determining the amount of the
27 adjustment.

28 NEW SUBSECTION. 2B. a. A school district which
29 has not requested and received approval to fund a
30 gifted and talented program pursuant to section
31 257.46, Code 1999, for the budget year beginning July
32 1, 1999, shall calculate the regular program allowable
33 growth for the budget year beginning July 1, 1999,
34 pursuant to subsection 2.

35 b. The board of directors of a school district
36 which has not requested and received approval to fund
37 a gifted and talented program pursuant to section
38 257.46, Code 1999, for the budget year beginning July
39 1, 1999, but seeks funding for such a program under
40 subsection 2A for the budget year beginning July 1,
41 2000, may adopt a resolution requesting such funding
42 and submit the resolution and a proposed gifted and
43 talented program plan and budget to the department of
44 education by October 1, 1999. The department shall
45 review the request and, if it approves the request for
46 funding, the department shall forward the approved
47 request to the department of management.

48 c. A school district determining allowable growth
49 pursuant to section 257.8, subsection 2, may apply to
50 the school budget review committee for modified

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1 allowable growth pursuant to section 257.31,
2 subsection 5, for the school budget year beginning
3 July 1, 1999, and succeeding budget years.

4 NEW SUBSECTION. 2C. a. A school district which
5 calculated allowable growth for the budget year
6 beginning July 1, 1999, pursuant to the provisions of
7 subsection 2A, shall calculate allowable growth
8 pursuant to the provisions of subsection 2 for the
9 school budget year beginning July 1, 2000, and
10 succeeding budget years, utilizing a regular program
11 state cost per pupil figure which incorporates the
12 thirty-eight dollar increase in regular program
13 allowable growth calculated for the budget year
14 beginning July 1, 1999.

15 b. A school district which calculated allowable
16 growth for the budget year beginning July 1, 1999,
17 pursuant to the provisions of subsection 2B, shall
18 calculate allowable growth pursuant to the provisions
19 of subsection 2 for the school budget year beginning
20 July 1, 2000, and succeeding budget years, utilizing a
21 regular program state cost per pupil figure which does
22 not incorporate the thirty-eight dollar increase in
23 regular program allowable growth calculated for the
24 budget year beginning July 1, 1999. However, if such
25 school district receives approval for additional
26 funding from the department for the gifted and
27 talented program for the budget year beginning July 1,
28 2000, under subsection 2B, paragraph "b", the school
29 district shall receive allowable growth for the budget
30 year beginning July 1, 2000, and subsequent budget
31 years in the manner provided for school districts
32 under paragraph "a" of this subsection.

33 NEW SUBSECTION. 4. For budget years beginning
34 July 1, 2000, and subsequent budget years, references
35 to the terms "allowable growth", "regular program
36 state cost per pupil", and "regular program district
37 cost per pupil" shall mean those terms as calculated
38 for those school districts that calculated or did not
39 calculate regular program allowable growth for the
40 school budget year beginning July 1, 1999, with the
41 additional thirty-eight dollars, as applicable.

42 Sec. _____. Section 257.10, subsection 5, Code 1999,
43 is amended to read as follows:

44 5. COMBINED DISTRICT COST PER PUPIL. The combined
45 district cost per pupil for a school district is the
46 sum of the regular program district cost per pupil and
47 the special education support services district cost
48 per pupil. Combined district cost per pupil does not
49 include additional allowable growth added for school
50 districts that have a negative balance of funds raised

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1 for special education instruction programs, additional
2 allowable growth granted by the school budget review
3 committee for a single school year, or additional
4 allowable growth added for programs for dropout
5 prevention ~~and-for-programs-for-gifted-and-talented~~
6 children.

7 Sec. _____. Section 257.42, unnumbered paragraphs 1,
8 4, and 5, Code 1999, are amended to read as follows:

9 Boards of school districts, individually or jointly
10 with the boards of other school districts, ~~requesting~~
11 ~~to-use-additional-allowable-growth-for-gifted-and~~
12 ~~talented-children-programs,~~ may shall annually submit
13 program plans for gifted and talented children
14 programs and budget costs, ~~including-requests-for~~
15 ~~additional-allowable-growth-for-funding-the-programs,~~
16 to the department of education and to the applicable
17 gifted and talented children advisory council, if an
18 advisory council has been established, as provided in
19 this chapter.

20 The department of education shall adopt rules under
21 chapter 17A relating to the administration of sections
22 257.42 through 257.49. The rules shall prescribe the
23 format of program plans submitted under section 257.43
24 and shall require that programs fulfill specified
25 objectives. The department shall encourage and assist
26 school districts to provide programs for gifted and
27 talented children ~~whether-or-not-additional-allowable~~
28 ~~growth-is-requested-under-this-chapter.~~

29 The department may request that the staff of the
30 auditor of state conduct an independent program audit
31 to verify that the gifted and talented programs ~~funded~~
32 ~~by-additional-allowable-growth~~ conform to a district's
33 program plans.

34 Sec. _____. Section 257.43, Code 1999, is amended to
35 read as follows:

36 257.43 PROGRAM PLANS.

37 The program plans submitted by school districts
38 shall be part of the school improvement plan submitted
39 pursuant to section 256.7, subsection 21, paragraph
40 "a", and shall include all of the following:

- 41 1. Program goals, objectives, and activities to
42 meet the needs of gifted and talented children.
- 43 2. Student identification criteria and procedures.
- 44 3. Staff in-service education design.
- 45 4. Staff utilization plans.
- 46 5. Evaluation criteria and procedures and
47 performance measures.
- 48 6. Program budget.
- 49 7. Qualifications required of personnel
50 administering the program.

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1 8. Other factors the department requires.
2 Sec. _____. Section 257.45, subsection 1, Code 1999,
3 is amended to read as follows:

4 1. The board of directors of a school district
5 ~~requesting-to-use-additional-allowable-growth-for~~
6 ~~gifted-and-talented-children-programs~~ shall submit
7 applications for approval for the programs to the
8 department not later than November 1 preceding the
9 fiscal year during which the program will be offered.
10 The board shall also submit a copy of the program
11 plans to the gifted and talented children advisory
12 council, if an advisory council has been established.
13 The department shall review the program plans and
14 shall prior to January 15 either grant approval for
15 the program or return the request for approval with
16 comments of the department included. Any unapproved
17 request for a program may be resubmitted with
18 modifications to the department not later than a date
19 established by the department. Not later than
20 February 15 the department shall notify the department
21 of management and the school budget review committee
22 of the names of the school districts for which gifted
23 and talented children programs ~~using-additional~~
24 ~~allowable-growth-for-funding~~ have been approved and
25 the approved budget of each program listed separately
26 for each school district having an approved program.

27 Sec. _____. Section 257.46, Code 1999, is amended to
28 read as follows:

29 257.46 FUNDING.

30 1. The budget of an approved gifted and talented
31 children program for a school district, after
32 subtracting funds received from other sources for that
33 purpose, shall be funded annually on a basis of one-
34 fourth or more from the district cost of the school
35 district ~~and-up-to-three-fourths-by-an-increase-in~~
36 ~~allowable-growth-as-defined-in-section-257-8.~~ The
37 ~~approved-budget-for-a-gifted-and-talented-children~~
38 ~~program-shall-not-exceed-an-amount-equal-to-one-and~~
39 ~~twenty-four-hundredths-percent-of-the-district-cost~~
40 ~~per-pupil-of-the-district-for-the-base-year-multiplied~~
41 ~~by-the-budget-enrollment-of-the-district-for-the~~
42 ~~budget-year.--Annually,--the-department-of-management~~
43 ~~shall-establish-a-modified-allowable-growth-for-each~~
44 ~~such-district-equal-to-the-difference-between-the~~
45 ~~approved-budget-for-the-gifted-and-talented-children~~
46 ~~program-for-that-district-and-the-sum-of-the-amount~~
47 ~~funded-from-the-district-cost-of-the-school-district~~
48 ~~plus-funds-received-from-other-sources.~~

49 2. The remaining portion of the budget shall be
50 funded by the thirty-eight dollar increase in

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1 allowable growth for the school budget year beginning
2 July 1, 1999, increased by the growth of the regular
3 program district cost each year, or by modified
4 allowable growth received from the school budget
5 review committee, pursuant to the applicable
6 provisions of section 257.8. School districts shall
7 annually report the amount expended for a gifted and
8 talented program to the department of education. The
9 proportion of a school district's budget which
10 corresponds to the thirty-eight dollar increase in
11 allowable growth for the school budget year beginning
12 July 1, 1999, if applicable, or the modified allowable
13 growth, added to the amount in subsection 1, shall be
14 utilized exclusively for a school district's talented
15 and gifted program.

16 3. If any portion of the gifted and talented
17 program budget remains unexpended at the end of the
18 budget year, the-part-of the remainder equal-to-the
19 proportion-of-the-original-budget-which-was-funded-by
20 an-increase-in-allowable-growth,-as-defined-in-section
21 257-8, shall be carried over to the subsequent budget
22 year and added to the gifted and talented program
23 budget for that year.

24 Sec. ____. 1989 Iowa Acts, chapter 135, section
25 135, is repealed effective July 1, 1999. Legislative
26 review of the provisions of chapter 257 shall occur
27 every five years, with the first such review to begin
28 no later than July 1, 2004."

29 2. Page 1, by striking lines 29 through 33 and
30 inserting the following:

31 "____. Title page, lines 2 and 3, by striking the
32 words "and making appropriations" and inserting the
33 following: "including increasing the state foundation
34 base and increasing allowable growth for purposes of
35 funding programs for gifted and talented children,".

By RANTS of Woodbury

H-1852 FILED APRIL 27, 1999

ADOPTED

(P.1779)

HOUSE AMENDMENT TO
SENATE FILE 459

S-3513

1 Amend Senate File 459, 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 257.1, subsection 2,
6 unnumbered paragraph 2, Code 1999, is amended to read
7 as follows:

8 For the budget year commencing July 1, ~~1996~~ 1999,
9 and for each succeeding budget year the regular
10 program foundation base per pupil is ~~eighty-seven-and~~
11 ~~five-tenths~~ eighty-eight percent of the regular
12 program state cost per pupil, ~~except that the regular~~
13 ~~program foundation base per pupil for the portion of~~
14 ~~weighted enrollment that is additional enrollment~~
15 ~~because of special education is seventy-nine percent~~
16 ~~of the regular program state cost per pupil.~~ For the
17 budget year commencing July 1, ~~1991~~ 1999, and for each
18 succeeding budget year the special education support
19 services foundation base is ~~seventy-nine~~ eighty-eight
20 percent of the special education support services
21 state cost per pupil. The combined foundation base is
22 the sum of the regular program foundation base and the
23 special education support services foundation base.

24 Sec. 2. Section 257.8, Code 1999, is amended by
25 adding the following new subsections:

26 NEW SUBSECTION. 2A. Notwithstanding the
27 calculation in subsection 2, the department of
28 management shall calculate the regular program
29 allowable growth for the budget year beginning July 1,
30 1999, for a school district which has requested and
31 received approval to fund a gifted and talented
32 program pursuant to section 257.46, Code 1999, for the
33 budget year beginning July 1, 1999, by multiplying the
34 state percent of growth for the budget year by the
35 regular program state cost per pupil for the base
36 year, and add to the resulting product thirty-eight
37 dollars. For purposes of determining the amount of a
38 budget adjustment as defined in section 257.14, for a
39 school district which calculated allowable growth for
40 the budget year beginning July 1, 1999, pursuant to
41 this subsection, thirty-eight dollars shall be
42 subtracted from the school district's regular program
43 cost per pupil for the budget year beginning July 1,
44 1999, prior to determining the amount of the
45 adjustment.

46 NEW SUBSECTION. 2B. a. A school district which
47 has not requested and received approval to fund a
48 gifted and talented program pursuant to section
49 257.46, Code 1999, for the budget year beginning July
50 1, 1999, shall calculate the regular program allowable

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1 growth for the budget year beginning July 1, 1999,
2 pursuant to subsection 2.

3 b. The board of directors of a school district
4 which has not requested and received approval to fund
5 a gifted and talented program pursuant to section
6 257.46, Code 1999, for the budget year beginning July
7 1, 1999, but seeks funding for such a program under
8 subsection 2A for the budget year beginning July 1,
9 2000, may adopt a resolution requesting such funding
10 and submit the resolution and a proposed gifted and
11 talented program plan and budget to the department of
12 education by October 1, 1999. The department shall
13 review the request and, if it approves the request for
14 funding, the department shall forward the approved
15 request to the department of management.

16 c. A school district determining allowable growth
17 pursuant to section 257.8, subsection 2, may apply to
18 the school budget review committee for modified
19 allowable growth pursuant to section 257.31,
20 subsection 5, for the school budget year beginning
21 July 1, 1999, and succeeding budget years.

22 NEW SUBSECTION. 2C. a. A school district which
23 calculated allowable growth for the budget year
24 beginning July 1, 1999, pursuant to the provisions of
25 subsection 2A, shall calculate allowable growth
26 pursuant to the provisions of subsection 2 for the
27 school budget year beginning July 1, 2000, and
28 succeeding budget years, utilizing a regular program
29 state cost per pupil figure which incorporates the
30 thirty-eight dollar increase in regular program
31 allowable growth calculated for the budget year
32 beginning July 1, 1999.

33 b. A school district which calculated allowable
34 growth for the budget year beginning July 1, 1999,
35 pursuant to the provisions of subsection 2B, shall
36 calculate allowable growth pursuant to the provisions
37 of subsection 2 for the school budget year beginning
38 July 1, 2000, and succeeding budget years, utilizing a
39 regular program state cost per pupil figure which does
40 not incorporate the thirty-eight dollar increase in
41 regular program allowable growth calculated for the
42 budget year beginning July 1, 1999. However, if such
43 school district receives approval for additional
44 funding from the department for the gifted and
45 talented program for the budget year beginning July 1,
46 2000, under subsection 2B, paragraph "b", the school
47 district shall receive allowable growth for the budget
48 year beginning July 1, 2000, and subsequent budget
49 years in the manner provided for school districts
50 under paragraph "a" of this subsection.

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1 NEW SUBSECTION. 4. For budget years beginning
2 July 1, 2000, and subsequent budget years, references
3 to the terms "allowable growth", "regular program
4 state cost per pupil", and "regular program district
5 cost per pupil" shall mean those terms as calculated
6 for those school districts that calculated or did not
7 calculate regular program allowable growth for the
8 school budget year beginning July 1, 1999, with the
9 additional thirty-eight dollars, as applicable.

10 Sec. 3. Section 257.10, subsection 5, Code 1999,
11 is amended to read as follows:

12 5. COMBINED DISTRICT COST PER PUPIL. The combined
13 district cost per pupil for a school district is the
14 sum of the regular program district cost per pupil and
15 the special education support services district cost
16 per pupil. Combined district cost per pupil does not
17 include additional allowable growth added for school
18 districts that have a negative balance of funds raised
19 for special education instruction programs, additional
20 allowable growth granted by the school budget review
21 committee for a single school year, or additional
22 allowable growth added for programs for dropout
23 prevention ~~and-for-programs-for-gifted-and-talented~~
24 children.

25 Sec. 4. Section 257.42, unnumbered paragraphs 1,
26 4, and 5, Code 1999, are amended to read as follows:

27 Boards of school districts, individually or jointly
28 with the boards of other school districts, requesting
29 ~~to-use-additional-allowable-growth-for-gifted-and~~
30 ~~talented-children-programs,-may shall~~ annually submit
31 program plans for gifted and talented children
32 programs and budget costs, ~~-including-requests-for~~
33 ~~additional-allowable-growth-for-funding-the-programs,-~~
34 to the department of education and to the applicable
35 gifted and talented children advisory council, if an
36 advisory council has been established, as provided in
37 this chapter.

38 The department of education shall adopt rules under
39 chapter 17A relating to the administration of sections
40 257.42 through 257.49. The rules shall prescribe the
41 format of program plans submitted under section 257.43
42 and shall require that programs fulfill specified
43 objectives. The department shall encourage and assist
44 school districts to provide programs for gifted and
45 talented children ~~whether-or-not-additional-allowable~~
46 ~~growth-is-requested-under-this-chapter.~~

47 The department may request that the staff of the
48 auditor of state conduct an independent program audit
49 to verify that the gifted and talented programs ~~funded~~
50 ~~by-additional-allowable-growth~~ conform to a district's

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1 program plans.

2 Sec. 5. Section 257.43, Code 1999, is amended to
3 read as follows:

4 257.43 PROGRAM PLANS.

5 The program plans submitted by school districts
6 shall be part of the school improvement plan submitted
7 pursuant to section 256.7, subsection 21, paragraph
8 "a", and shall include all of the following:

9 1. Program goals, objectives, and activities to
10 meet the needs of gifted and talented children.

11 2. Student identification criteria and procedures.

12 3. Staff in-service education design.

13 4. Staff utilization plans.

14 5. Evaluation criteria and procedures and
15 performance measures.

16 6. Program budget.

17 7. Qualifications required of personnel
18 administering the program.

19 8. Other factors the department requires.

20 Sec. 6. Section 257.45, subsection 1, Code 1999,
21 is amended to read as follows:

22 1. The board of directors of a school district
23 ~~requesting-to-use-additional-allowable-growth-for~~
24 ~~gifted-and-talented-children-programs~~ shall submit
25 applications for approval for the programs to the
26 department not later than November 1 preceding the
27 fiscal year during which the program will be offered.
28 The board shall also submit a copy of the program
29 plans to the gifted and talented children advisory
30 council, if an advisory council has been established.
31 The department shall review the program plans and
32 shall prior to January 15 either grant approval for
33 the program or return the request for approval with
34 comments of the department included. Any unapproved
35 request for a program may be resubmitted with
36 modifications to the department not later than a date
37 established by the department. Not later than
38 February 15 the department shall notify the department
39 of management and the school budget review committee
40 of the names of the school districts for which gifted
41 and talented children programs ~~using-additional~~
42 ~~allowable-growth-for-funding~~ have been approved and
43 the approved budget of each program listed separately
44 for each school district having an approved program.

45 Sec. 7. Section 257.46, Code 1999, is amended to
46 read as follows:

47 257.46 FUNDING.

48 1. The budget of an approved gifted and talented
49 children program for a school district, after
50 subtracting funds received from other sources for that

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1 purpose, shall be funded annually on a basis of one-
2 fourth or more from the district cost of the school
3 district ~~and up to three-fourths by an increase in~~
4 ~~allowable growth as defined in section 257.8. The~~
5 ~~approved budget for a gifted and talented children~~
6 ~~program shall not exceed an amount equal to one and~~
7 ~~twenty-four hundredths percent of the district cost~~
8 ~~per pupil of the district for the base year multiplied~~
9 ~~by the budget enrollment of the district for the~~
10 ~~budget year. Annually, the department of management~~
11 ~~shall establish a modified allowable growth for each~~
12 ~~such district equal to the difference between the~~
13 ~~approved budget for the gifted and talented children~~
14 ~~program for that district and the sum of the amount~~
15 ~~funded from the district cost of the school district~~
16 ~~plus funds received from other sources.~~

17 2. The remaining portion of the budget shall be
18 funded by the thirty-eight dollar increase in
19 allowable growth for the school budget year beginning
20 July 1, 1999, increased by the growth of the regular
21 program district cost each year, or by modified
22 allowable growth received from the school budget
23 review committee, pursuant to the applicable
24 provisions of section 257.8. School districts shall
25 annually report the amount expended for a gifted and
26 talented program to the department of education. The
27 proportion of a school district's budget which
28 corresponds to the thirty-eight dollar increase in
29 allowable growth for the school budget year beginning
30 July 1, 1999, if applicable, or the modified allowable
31 growth, added to the amount in subsection 1, shall be
32 utilized exclusively for a school district's talented
33 and gifted program.

34 3. If any portion of the gifted and talented
35 program budget remains unexpended at the end of the
36 budget year, ~~the part of the remainder equal to the~~
37 ~~proportion of the original budget which was funded by~~
38 ~~an increase in allowable growth, as defined in section~~
39 ~~257.8, shall be carried over to the subsequent budget~~
40 ~~year and added to the gifted and talented program~~
41 ~~budget for that year.~~

42 Sec. 8. 1989 Iowa Acts, chapter 135, section 135,
43 is repealed effective July 1, 1999. Legislative
44 review of the provisions of chapter 257 shall occur
45 every five years, with the first such review to begin
46 no later than July 1, 2004.

47 Sec. 9. APPLICABILITY DATE. This Act, being
48 deemed of immediate importance, takes effect upon
49 enactment for the computation of state school aid for
50 school budget years beginning on or after July 1,

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1 1999."

2 2. Title page, lines 2 and 3, by striking the
3 words "and making appropriations" and inserting the
4 following: "including increasing the state foundation
5 base and increasing allowable growth for purposes of
6 funding programs for gifted and talented children,".

RECEIVED FROM THE HOUSE

S-3513 FILED APRIL 28, 1999

*Senate Concurred
4-29-99
(P.H.21)*

SENATE FILE 459

S-3558

1 Amend the House amendment, S-3513, to Senate File
2 459, as amended, passed, and reprinted by the Senate,
3 as follows:

4 1. Page 3, by inserting after line 24 the
5 following:

6 "Sec. ____ . NEW SECTION. 257.14A ON-TIME FUNDING
7 FOR SPECIAL EDUCATION.

8 Commencing with the budget year beginning July 1,
9 2000, if a school district's additional enrollment
10 because of special education determined by the
11 district on December 1 in the budget year is greater
12 than its additional enrollment because of special
13 education determined by the district on December 1 in
14 the base year, the school district is entitled to on-
15 time funding from the state in an amount equal to its
16 district cost per pupil for the budget year multiplied
17 by the district's increase in additional enrollment
18 because of special education. The additional funding
19 shall be miscellaneous income.

20 For the purpose of this section, a school
21 district's additional enrollment because of special
22 education is determined by multiplying the weighting
23 for each category of child under section 256B.9 times
24 the number of children in each category totaled for
25 all categories minus the total number of children in
26 all categories.

27 If a district receives additional funding under
28 this section for a budget year, the department of
29 management shall determine the amount of the
30 additional funding which would have been generated by
31 local property tax revenues in proportion to the
32 amount of funding actually received pursuant to this
33 section, if the additional enrollment because of
34 special education in the budget year had been used for
35 that budget year in determining combined district
36 cost, shall reduce, but not by more than the amount of
37 the additional funding, the district's total state
38 school aids available under this chapter for the next
39 following budget year by the amount so determined, and
40 shall increase the district's additional property tax
41 levy for the next following budget year by the amount
42 necessary to compensate for the reduction in state
43 aid, so that the local property tax for the next
44 following year will be increased only by the amount
45 which would have been increased in the budget year if
46 the additional enrollment because of special education
47 in the budget year could have been used to establish
48 the levy.

49 There is appropriated for the fiscal year beginning
50 July 1, 2000, and each succeeding fiscal year, from

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1 the general fund of the state to the department of
2 education, the amount required to pay on-time funding
3 authorized under this section, up to a maximum of
4 thirteen million dollars annually, which shall be paid
5 to school districts in the same manner as other state
6 aids are paid under section 257.16. If the amount
7 appropriated is insufficient to provide the full
8 amount of on-time funding, the payments to school
9 districts shall be prorated such that each school
10 district shall receive an amount of on-time funding
11 equal to the percentage that the on-time funding to be
12 provided to the school district bears to the total
13 amount of on-time funding to be provided to all school
14 districts."

15 2. Page 6, by striking lines 2 through 6 and
16 inserting the following:

17 "____. Title page, lines 1 and 2, by striking the
18 words "commencing with the budget year beginning" and
19 inserting the following: "beginning on or after"."

20 3. By renumbering as necessary.

By DONALD B. REDFERN

S-3558 FILED APRIL 29, 1999

ADOPTED

(P. 1421)

SENATE AMENDMENT TO HOUSE AMENDMENT TO S. F. 459

H-1895

1 Amend the House amendment, S-3513, to Senate File
2 459, as amended, passed, and reprinted by the Senate,
3 as follows:

4 1. Page 3, by inserting after line 24 the
5 following:

6 "Sec. ____ . NEW SECTION. 257.14A ON-TIME FUNDING
7 FOR SPECIAL EDUCATION.

8 Commencing with the budget year beginning July 1,
9 2000, if a school district's additional enrollment
10 because of special education determined by the
11 district on December 1 in the budget year is greater
12 than its additional enrollment because of special
13 education determined by the district on December 1 in
14 the base year, the school district is entitled to on-
15 time funding from the state in an amount equal to its
16 district cost per pupil for the budget year multiplied
17 by the district's increase in additional enrollment
18 because of special education. The additional funding
19 shall be miscellaneous income.

20 For the purpose of this section, a school
21 district's additional enrollment because of special
22 education is determined by multiplying the weighting
23 for each category of child under section 256B.9 times
24 the number of children in each category totaled for
25 all categories minus the total number of children in
26 all categories.

27 If a district receives additional funding under
28 this section for a budget year, the department of
29 management shall determine the amount of the
30 additional funding which would have been generated by
31 local property tax revenues in proportion to the
32 amount of funding actually received pursuant to this
33 section, if the additional enrollment because of
34 special education in the budget year had been used for
35 that budget year in determining combined district
36 cost, shall reduce, but not by more than the amount of
37 the additional funding, the district's total state
38 school aids available under this chapter for the next
39 following budget year by the amount so determined, and
40 shall increase the district's additional property tax
41 levy for the next following budget year by the amount
42 necessary to compensate for the reduction in state
43 aid, so that the local property tax for the next
44 following year will be increased only by the amount
45 which would have been increased in the budget year if
46 the additional enrollment because of special education
47 in the budget year could have been used to establish
48 the levy.

49 There is appropriated for the fiscal year beginning
50 July 1, 2000, and each succeeding fiscal year, from

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1 the general fund of the state to the department of
2 education, the amount required to pay on-time funding
3 authorized under this section, up to a maximum of
4 thirteen million dollars annually, which shall be paid
5 to school districts in the same manner as other state
6 aids are paid under section 257.16. If the amount
7 appropriated is insufficient to provide the full
8 amount of on-time funding, the payments to school
9 districts shall be prorated such that each school
10 district shall receive an amount of on-time funding
11 equal to the percentage that the on-time funding to be
12 provided to the school district bears to the total
13 amount of on-time funding to be provided to all school
14 districts."

15 2. Page 6, by striking lines 2 through 6 and
16 inserting the following:

17 "____. Title page, lines 1 and 2, by striking the
18 words "commencing with the budget year beginning" and
19 inserting the following: "beginning on or after"."

20 3. By renumbering as necessary.

RECEIVED FROM THE SENATE

H-1895 FILED APRIL 29, 1999

HOUSE CONCURRED

(P. 1708)



THOMAS J. VILSACK
GOVERNOR

OFFICE OF THE GOVERNOR
STATE CAPITOL
DES MOINES, IOWA 50319
515 281-5211
FAX 515-281-6611

SALLY J. PEDERSON
LT. GOVERNOR

May 24, 1999

The Honorable Chester Culver
Secretary of State
State Capitol Building
LOCAL

RECEIVED
MAY 25 1999
OFFICE OF THE GOVERNOR

Dear Mr. Secretary:

I hereby transmit:

I hereby transmit Senate File 459, an Act relating to state school aid for budget years beginning on or after July 1, 1999, and making appropriations and including effective and applicability date provisions.

This bill is the major property tax relief bill approved during this legislative session. I applaud the Legislature's focus on property tax relief. While I had initially recommended that the state focus its property tax relief on the mental health system, I am willing to compromise with the Legislature and accept this version, which targets property tax relief through the school aid formula.

Unfortunately, the Legislature's tax cut and tax expenditure decisions did not extend the spirit of cooperation I sought to develop by showing flexibility on the sources of property tax relief. The measures that the Legislature presented to me would, under regular budget and revenue assumptions, lead to a general fund budget deficit in the fiscal year beginning July 1, 2000. That is unacceptable, and I am forced to closely scrutinize bills such as this one to ensure that the budget stays balanced and critical services like education and health care can be provided to the citizens of Iowa.

It is notable that this bill also includes changes to the way that we fund school programs for talented and gifted students. I support those efforts and have approved that portion of the bill. It is ironic, however, that the tax cut and tax expenditure decisions made by the Legislature, if approved, could jeopardize the funding for efforts such as this in future years.



Nearly sixty per cent of our state's budget goes to educate our children and those pursuing higher education. It must be our highest priority. If we gamble that the state budget will do better than predicted, we risk having to make severe cuts compromising our ability to educate our children. That is a risk that I am unwilling to take.

As a result, I have been forced to make hard choices. Although property tax relief is a high priority, I cannot accept the level provided in this bill. To do so would threaten our children's health and education, nursing home care for senior citizens, and our public safety. That is a risk that I am unwilling to take.

For these reasons, Senate File 459 is, therefore, approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve three designated portions of Section 1. These items would raise the regular program foundation base per pupil to eighty eight percent of the regular program state cost per pupil and raise the special education support services foundation base to the same level. I have, however, approved raising the regular program foundation base per pupil for the portion of weighted enrollment that is additional enrollment because of special education to eighty seven and five tenths percent. This will provide \$22 million a year in additional property tax relief for Iowa's taxpayers.

I am unable to approve five designated portions of Section 2. All school districts are required to have programs for talented and gifted students. This bill would provide that school districts that did not request approval to levy additional property taxes to fund their talented and gifted program would not receive the additional thirty eight dollar increase in regular program allowable growth. I believe all school districts should have the opportunity to benefit from this change in the school aid formula. The effect of my item vetoes is to provide this assistance for all districts.

I am unable to approve the item designated as Section 4 in its entirety. This would give school districts their budget authority based upon the greater of the special education weighted enrollment in the budget year or base year. This "on-time funding" only partially resolves the issue of negative special education fund balances. While \$13 million is provided to pay for special education enrollment increases, last year school districts with negative balances spent \$19.9 million more than the special education weighting plan generated to cover the actual expenditures for students served. The complexity of special education services and funding needs to be addressed in a more comprehensive manner that includes support for students, especially during the early grades, who need additional help and are at-risk of failing.

I am unable to approve two designated portions of Section 8. These vetoes conform to earlier actions taken in vetoes of Section 2.

Page 3

I am unable to approve the item designated as Section 9 in its entirety. This would remove the requirement that the legislature re-write the school aid formula and would replace it with 5-year review of the formula with the first review not required until July 1, 2004. The school aid formula changes for talented and gifted programs contained in this bill are a perfect example of why we need to regularly rewrite the formula. There are a variety of pressing issues facing schools, including school building maintenance and construction, dealing with districts with both advancing and declining enrollments, and supplemental weighting. These issues cannot wait to be resolved until the year 2004.

For the above reasons, I hereby respectfully approve Senate File 459 with the exceptions noted above.

Sincerely,



Thomas J. Vilsack
Governor

TJV:jmc

cc: Secretary of the Senate
Chief Clerk of the House

Item Vetoed

AN ACT
RELATING TO STATE SCHOOL AID FOR BUDGET YEARS BEGINNING ON
OR AFTER JULY 1, 1999, AND MAKING APPROPRIATIONS AND
INCLUDING EFFECTIVE AND APPLICABILITY DATE PROVISIONS.

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

Section 1. Section 257.1, subsection 2, unnumbered paragraph 2, Code 1999, is amended to read as follows:

For the budget year commencing July 1, 1996 1999, and for each succeeding budget year the regular program foundation base per pupil is ~~eighty-seven-and-five-tenths~~ eighty-eight percent of the regular program state cost per pupil; ~~except that the regular program foundation base per pupil for the portion of weighted enrollment that is additional enrollment because of special education is seventy-nine percent of the regular program state cost per pupil.~~ For the budget year commencing July 1, ~~1991 1999~~ and for each succeeding budget year the special education support services foundation base is ~~seventy-nine~~ eighty-eight percent of the special education support services state cost per pupil. The combined foundation base is the sum of the regular program foundation base and the special education support services foundation base.

Veto

Veto
Veto

Sec. 2. Section 257.8, Code 1999, is amended by adding the following new subsections:

NEW SUBSECTION. 2A. Notwithstanding the calculation in subsection 2, the department of management shall calculate the

Veto

regular program allowable growth for the budget year beginning July 1, 1999, for a school district which has requested and received approval to fund a gifted and talented program pursuant to section 257.46, Code 1999, for the budget year beginning July 1, 1999, by multiplying the state percent of growth for the budget year by the regular program state cost per pupil for the base year, and add to the resulting product thirty-eight dollars. For purposes of determining the amount of a budget adjustment as defined in section 257.14, for a school district which calculated allowable growth for the budget year beginning July 1, 1999, pursuant to this subsection, thirty-eight dollars shall be subtracted from the school district's regular program cost per pupil for the budget year beginning July 1, 1999, prior to determining the amount of the adjustment.

Veto

NEW SUBSECTION. 2B. a. A school district which has not requested and received approval to fund a gifted and talented program pursuant to section 257.46, Code 1999, for the budget year beginning July 1, 1999, shall calculate the regular program allowable growth for the budget year beginning July 1, 1999, pursuant to subsection 2.

b. The board of directors of a school district which has not requested and received approval to fund a gifted and talented program pursuant to section 257.46, Code 1999, for the budget year beginning July 1, 1999, but seeks funding for such a program under subsection 2A for the budget year beginning July 1, 2000, may adopt a resolution requesting such funding and submit the resolution and a proposed gifted and talented program plan and budget to the department of education by October 1, 1999. The department shall review the request and, if it approves the request for funding, the department shall forward the approved request to the department of management.

c. A school district determining allowable growth pursuant to section 257.8, subsection 2, may apply to the school budget

review committee for modified allowable growth pursuant to section 257.31, subsection 5, for the school budget year beginning July 1, 1999, and succeeding budget years.

Veto

NEW SUBSECTION. 2C. a. A school district which calculated allowable growth for the budget year beginning July 1, 1999, pursuant to the provisions of subsection 2A, shall calculate allowable growth pursuant to the provisions of subsection 2 for the school budget year beginning July 1, 2000, and succeeding budget years, utilizing a regular program state cost per pupil figure which incorporates the thirty-eight dollar increase in regular program allowable growth calculated for the budget year beginning July 1, 1999.

b. A school district which calculated allowable growth for the budget year beginning July 1, 1999, pursuant to the provisions of subsection 2B, shall calculate allowable growth pursuant to the provisions of subsection 2 for the school budget year beginning July 1, 2000, and succeeding budget years, utilizing a regular program state cost per pupil figure which does not incorporate the thirty-eight dollar increase in regular program allowable growth calculated for the budget year beginning July 1, 1999. However, if such school district receives approval for additional funding from the department for the gifted and talented program for the budget year beginning July 1, 2000, under subsection 2B, paragraph "b", the school district shall receive allowable growth for the budget year beginning July 1, 2000, and subsequent budget years in the manner provided for school districts under paragraph "a" of this subsection.

Veto

NEW SUBSECTION. 4. For budget years beginning July 1, 2000, and subsequent budget years, references to the terms "allowable growth", "regular program state cost per pupil", and "regular program district cost per pupil" shall mean those terms as calculated for those school districts that calculated or did not calculate regular program allowable growth for the school budget year beginning July 1, 1999, with the additional thirty-eight dollars, as applicable.

Veto

Veto

Sec. 3. Section 257.10, subsection 5, Code 1999, is amended to read as follows:

5. COMBINED DISTRICT COST PER PUPIL. The combined district cost per pupil for a school district is the sum of the regular program district cost per pupil and the special education support services district cost per pupil. Combined district cost per pupil does not include additional allowable growth added for school districts that have a negative balance of funds raised for special education instruction programs, additional allowable growth granted by the school budget review committee for a single school year, or additional allowable growth added for programs for dropout prevention and ~~for programs for gifted and talented children.~~

Sec. 4. NEW SECTION. 257.14A ON-TIME FUNDING FOR SPECIAL EDUCATION.

Commencing with the budget year beginning July 1, 2000, if a school district's additional enrollment because of special education determined by the district on December 1 in the budget year is greater than its additional enrollment because of special education determined by the district on December 1 in the base year, the school district is entitled to on-time funding from the state in an amount equal to its district cost per pupil for the budget year multiplied by the district's increase in additional enrollment because of special education. The additional funding shall be miscellaneous income.

For the purpose of this section, a school district's additional enrollment because of special education is determined by multiplying the weighting for each category of child under section 256B.9 times the number of children in each category totaled for all categories minus the total number of children in all categories.

If a district receives additional funding under this section for a budget year, the department of management shall determine the amount of the additional funding which would

have been generated by local property tax revenues in proportion to the amount of funding actually received pursuant to this section, if the additional enrollment because of special education in the budget year had been used for that budget year in determining combined district cost, shall reduce, but not by more than the amount of the additional funding, the district's total state school aids available under this chapter for the next following budget year by the amount so determined, and shall increase the district's additional property tax levy for the next following budget year by the amount necessary to compensate for the reduction in state aid, so that the local property tax for the next following year will be increased only by the amount which would have been increased in the budget year if the additional enrollment because of special education in the budget year could have been used to establish the levy.

There is appropriated for the fiscal year beginning July 1, 2000, and each succeeding fiscal year, from the general fund of the state to the department of education, the amount required to pay on-time funding authorized under this section, up to a maximum of thirteen million dollars annually, which shall be paid to school districts in the same manner as other state aids are paid under section 257.16. If the amount appropriated is insufficient to provide the full amount of on-time funding, the payments to school districts shall be prorated such that each school district shall receive an amount of on-time funding equal to the percentage that the on-time funding to be provided to the school district bears to the total amount of on-time funding to be provided to all school districts.

Sec. 5. Section 257.42, unnumbered paragraphs 1, 4, and 5, Code 1999, are amended to read as follows:

Boards of school districts, individually or jointly with the boards of other school districts, ~~requesting-to-use additional-allowable-growth-for-gifted-and-talented-children~~

~~programs, may shall~~ annually submit program plans for gifted and talented children programs and budget costs, ~~including requests-for-additional-allowable-growth-for-funding-the programs,~~ to the department of education and to the applicable gifted and talented children advisory council, if an advisory council has been established, as provided in this chapter.

The department of education shall adopt rules under chapter 17A relating to the administration of sections 257.42 through 257.49. The rules shall prescribe the format of program plans submitted under section 257.43 and shall require that programs fulfill specified objectives. The department shall encourage and assist school districts to provide programs for gifted and talented children ~~whether-or-not-additional-allowable-growth is-requested-under-this-chapter.~~

The department may request that the staff of the auditor of state conduct an independent program audit to verify that the gifted and talented programs ~~funded-by-additional-allowable growth~~ conform to a district's program plans.

Sec. 6. Section 257.43, Code 1999, is amended to read as follows:

257.43 PROGRAM PLANS.

The program plans submitted by school districts shall be part of the school improvement plan submitted pursuant to section 256.7, subsection 21, paragraph "a", and shall include all of the following:

1. Program goals, objectives, and activities to meet the needs of gifted and talented children.
2. Student identification criteria and procedures.
3. Staff in-service education design.
4. Staff utilization plans.
5. Evaluation criteria and procedures and performance measures.
6. Program budget.
7. Qualifications required of personnel administering the program.
8. Other factors the department requires.

Sec. 7. Section 257.45, subsection 1, Code 1999, is amended to read as follows:

1. The board of directors of a school district requesting to use additional allowable growth for gifted and talented children programs shall submit applications for approval for the programs to the department not later than November 1 preceding the fiscal year during which the program will be offered. The board shall also submit a copy of the program plans to the gifted and talented children advisory council, if an advisory council has been established. The department shall review the program plans and shall prior to January 15 either grant approval for the program or return the request for approval with comments of the department included. Any unapproved request for a program may be resubmitted with modifications to the department not later than a date established by the department. Not later than February 15 the department shall notify the department of management and the school budget review committee of the names of the school districts for which gifted and talented children programs using additional allowable growth for funding have been approved and the approved budget of each program listed separately for each school district having an approved program.

Sec. 8. Section 257.46, Code 1999, is amended to read as follows:

257.46 FUNDING.

1. The budget of an approved gifted and talented children program for a school district, after subtracting funds received from other sources for that purpose, shall be funded annually on a basis of one-fourth or more from the district cost of the school district and up to three-fourths by an increase in allowable growth as defined in section 257.8. The approved budget for a gifted and talented children program shall not exceed an amount equal to one and twenty-four hundredths percent of the district cost per pupil of the

~~district for the base year multiplied by the budget enrollment of the district for the budget year. Annually, the department of management shall establish a modified allowable growth for each such district equal to the difference between the approved budget for the gifted and talented children program for that district and the sum of the amount funded from the district cost of the school district plus funds received from other sources.~~

2. The remaining portion of the budget shall be funded by the thirty-eight dollar increase in allowable growth for the school budget year beginning July 1, 1999, increased by the growth of the regular program district cost each year, or by modified allowable growth received from the school budget review committee, pursuant to the applicable provisions of section 257.8. School districts shall annually report the amount expended for a gifted and talented program to the department of education. The proportion of a school district's budget which corresponds to the thirty-eight dollar increase in allowable growth for the school budget year beginning July 1, 1999, if applicable, or the modified allowable growth, added to the amount in subsection 1, shall be utilized exclusively for a school district's talented and gifted program.

3. If any portion of the gifted and talented program budget remains unexpended at the end of the budget year, the part of the remainder equal to the proportion of the original budget which was funded by an increase in allowable growth, as defined in section 257.8, shall be carried over to the subsequent budget year and added to the gifted and talented program budget for that year.

Sec. 9. 1989 Iowa Acts, chapter 135, section 135, is repealed effective July 1, 1999. Legislative review of the provisions of chapter 257 shall occur every five years, with the first such review to begin no later than July 1, 2004.

Sec. 10. APPLICABILITY DATE. This Act, being deemed of immediate importance, takes effect upon enactment for the computation of state school aid for school budget years beginning on or after July 1, 1999.

MARY E. KRAMER
President of the Senate

BRENT SIEGRIST
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 459, Seventy-eighth General Assembly.

MICHAEL E. MARSHALL
Secretary of the Senate

Tom Vilsack
Approved 5/24, 1999

THOMAS J. VILSACK
Governor