

Senate Study Bill 1322

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL
BY CO=CHAIRPERSON BOLKCOM)

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

A BILL FOR

1 An Act relating to additional educational funding by increasing
2 the state regular program foundation base per pupil, by
3 modifying the community college operations levy, creating
4 local workforce and economic development funds for community
5 colleges, increasing the state cigarette tax, modifying an
6 appropriation, and including effective and applicability date
7 provisions.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
9 TLSB 3682XC 81
10 mg/gg/14

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1 1 Section 1. Section 257.1, subsection 2, unnumbered
1 2 paragraph 2, Code 2005, is amended to read as follows:
1 3 For the budget year commencing July 1, ~~1999~~ 2005, and for
1 4 each succeeding budget year the regular program foundation
1 5 base per pupil is ~~eighty-seven and five-tenths~~ eighty-nine and
1 6 seventy-eight hundredths percent of the regular program state
1 7 cost per pupil. For the budget year commencing July 1, 1991,
1 8 and for each succeeding budget year the special education
1 9 support services foundation base is seventy-nine percent of
1 10 the special education support services state cost per pupil.
1 11 The combined foundation base is the sum of the regular program
1 12 foundation base and the special education support services
1 13 foundation base.

1 14 Sec. 2. Section 260C.17, Code 2005, is amended by striking
1 15 the section and inserting in lieu thereof the following:
1 16 260C.17 PREPARATION AND APPROVAL OF BUDGET == OPERATIONS
1 17 LEVY.

1 18 1. BUDGET APPROVAL. The board of directors of each merged
1 19 area shall prepare an annual budget designating the proposed
1 20 expenditures for operation of the community college. The
1 21 board shall further designate the amounts which are to be
1 22 raised by local taxation and the amounts which are to be
1 23 raised by other sources of revenue for the operation. The
1 24 budget of each merged area shall be submitted to the state
1 25 board no later than May 1 preceding the next fiscal year for
1 26 approval. The state board shall review the proposed budget
1 27 and shall, prior to June 1, either grant its approval or
1 28 return the budget without approval with the comments of the
1 29 state board attached to it. Any unapproved budget shall be
1 30 resubmitted to the state board for final approval.

1 31 2. BASE LEVEL. Upon approval of the budget by the state
1 32 board, the board of directors shall certify the amount to the
1 33 respective county auditors and the boards of supervisors
1 34 annually shall levy a tax of twenty and one-fourth cents per
1 35 thousand dollars of assessed value on taxable property in a
2 1 merged area for the operation of a community college.

2 2 3. OPTIONAL SUPPLEMENTAL AMOUNT. In addition to the
2 3 amount of the operations levy under subsection 2, the board of
2 4 directors of each community college may certify an additional
2 5 amount for levy by March 15 to the respective county auditors
2 6 for collection in the subsequent fiscal year, and the boards
2 7 of supervisors shall levy a tax on all taxable property in the
2 8 merged area for deposit in the local workforce and economic
2 9 development fund created in section 260C.18C. Subject to
2 10 subsection 4, the sum of the moneys collected by a community
2 11 college under this subsection shall not exceed the sum of

2 12 twenty percent of the following for the fiscal year beginning
2 13 July 1, 2006, thirty=three and twenty=three hundredths percent
2 14 of the following for the fiscal year beginning July 1, 2007,
2 15 forty=six and forty=five hundredths percent of the following
2 16 for the fiscal year beginning July 1, 2008, and fifty=nine and
2 17 sixty=eight hundredths percent of the following for fiscal
2 18 years beginning on or after July 1, 2009:

2 19 a. The community college's budgeted employer contributions
2 20 under the Federal Insurance Contributions Act, as defined in
2 21 section 97C.2, for the fiscal year of collection.

2 22 b. The community college's budgeted employer contributions
2 23 to the community college's employees' retirement systems for
2 24 the fiscal year of collection.

2 25 c. The community college's budgeted utility costs for the
2 26 fiscal year of collection. As used in this paragraph,
2 27 "utility costs" includes the cost of electricity, water, waste
2 28 collection, fuel oil and gas for heating, heat, and air
2 29 conditioning expenditures. "Utility costs" does not include
2 30 telephone service, or gas used in laboratories and shops for
2 31 community college purposes.

2 32 d. The moneys the community college would receive from the
2 33 collection of a property tax of ten cents per thousand dollars
2 34 of assessed valuation for the fiscal year of collection.

2 35 Moneys collected under this subsection shall be deposited
3 1 in the community college's local workforce and economic
3 2 development fund.

3 3 4. LIMITATION.

3 4 a. Notwithstanding the amount calculated in subsection 3,
3 5 the sum of moneys collected by each community college under
3 6 subsection 3 for the fiscal year beginning July 1, 2009, and
3 7 succeeding fiscal years, shall not exceed the following, as
3 8 adjusted pursuant to paragraphs "b" and "c":

3 9 (1) For merged area one, two million two hundred fifty=
3 10 six thousand four hundred seventy=four dollars.

3 11 (2) For merged area two, one million six hundred eighty
3 12 thousand five hundred two dollars.

3 13 (3) For merged area three, one million eight hundred
3 14 ninety=six thousand four hundred seventy=two dollars.

3 15 (4) For merged area four, seven hundred sixty=seven
3 16 thousand three hundred thirty=seven dollars.

3 17 (5) For merged area five, two million one hundred seventy=
3 18 nine thousand three hundred ninety=eight dollars.

3 19 (6) For merged area six, one million seven hundred
3 20 seventy=eight thousand one hundred three dollars.

3 21 (7) For merged area seven, two million four hundred sixty=
3 22 six thousand two hundred thirty=nine dollars.

3 23 (8) For merged area nine, three million three hundred
3 24 seven thousand forty=nine dollars.

3 25 (9) For merged area ten, five million seven hundred three
3 26 thousand five hundred fifty=one dollars.

3 27 (10) For merged area eleven, six million three hundred
3 28 eighty=two thousand two hundred fifty=eight dollars.

3 29 (11) For merged area twelve, two million forty=one
3 30 thousand one hundred thirty dollars.

3 31 (12) For merged area thirteen, two million two hundred
3 32 forty=eight thousand five hundred eighty=nine dollars.

3 33 (13) For merged area fourteen, eight hundred thirty=six
3 34 thousand three hundred eighty dollars.

3 35 (14) For merged area fifteen, two million four hundred
4 1 eighty=four thousand three hundred sixty=seven dollars.

4 2 (15) For merged area sixteen, one million four hundred
4 3 seventy=five thousand four hundred twenty=eight dollars.

4 4 b. For the fiscal years beginning July 1, 2010, July 1,
4 5 2011, July 1, 2012, July 1, 2013, and July 1, 2014, the
4 6 maximum amounts specified in paragraph "a" shall be increased
4 7 by one and three=tenths percent each year.

4 8 c. For the fiscal year beginning July 1, 2015, and
4 9 succeeding fiscal years, the maximum amount which may be
4 10 collected by each community college shall not exceed the
4 11 maximum amount which could be collected pursuant to this
4 12 subsection for the fiscal year beginning July 1, 2014.

4 13 5. TAXES COLLECTED. Taxes collected pursuant to the levy
4 14 shall be paid by the respective county treasurers to the
4 15 treasurer of the merged area as provided in section 331.552,
4 16 subsection 29.

4 17 6. TWO=YEAR PLAN. Each community college shall do all of
4 18 the following:

4 19 a. Adopt a two=year local workforce and economic
4 20 development fund plan outlining the community college's
4 21 proposed use of moneys deposited into the fund under
4 22 subsection 3.

- 4 23 b. Update the two-year plan annually.
4 24 c. Prepare an annual progress report on the two-year
4 25 plan's implementation.
4 26 d. Annually submit the two-year plan and progress report
4 27 to the department of economic development in a manner
4 28 prescribed by rules adopted by the department pursuant to
4 29 chapter 17A.

4 30 Sec. 3. NEW SECTION. 260C.18C LOCAL WORKFORCE AND
4 31 ECONOMIC DEVELOPMENT FUND.

4 32 1. LOCAL WORKFORCE AND ECONOMIC DEVELOPMENT FUND. A local
4 33 workforce and economic development fund is created at each
4 34 community college. Moneys shall be deposited and expended
4 35 from the fund as provided in this section.

5 1 2. ALLOWABLE USE. Moneys deposited in the fund are at the
5 2 disposal of the community college to be spent only on the
5 3 following, provided that no more than fifteen percent of the
5 4 moneys deposited may be used as provided under paragraph "f"
5 5 and provided that seventy percent of the moneys used as
5 6 provided in paragraphs "a" through "e" shall be used on
5 7 projects in the areas of advanced manufacturing, information
5 8 technology and insurance, and life sciences which include the
5 9 areas of biotechnology, health care technology, and nursing
5 10 care technology:

5 11 a. Projects for which an agreement with the community
5 12 college and an employer within the community college's merged
5 13 area meet all of the requirements of the accelerated career
5 14 education program under chapter 260G.

5 15 b. Projects for which an agreement with the community
5 16 college and a business meet all the requirements of the Iowa
5 17 jobs training Act under chapter 260F. However, such projects
5 18 are not subject to the maximum advance or award limitations
5 19 contained in section 260F.6, subsection 2, or the allocation
5 20 limitations contained in section 260F.8, subsection 1.

5 21 c. For the development and implementation of career
5 22 academies that are designed to provide new career preparation
5 23 opportunities for high school students and that are formally
5 24 linked with postsecondary career and technical education
5 25 programs. For purposes of this section, "career academy"
5 26 means a program of study that combines a minimum of two years
5 27 of secondary education with an associate degree, or the
5 28 equivalent, career preparatory program in a nonduplicative,
5 29 sequential course of study that is standards-based, integrates
5 30 academic and technical instruction, utilizes work-based and
5 31 worksite learning where appropriate and available, utilizes an
5 32 individual career planning process with parent involvement,
5 33 and leads to an associate degree or postsecondary diploma or
5 34 certificate in a career field that prepares an individual for
5 35 entry and advancement in a high-skill and rewarding career
6 1 field and further education. The department of economic
6 2 development, in conjunction with the state board of education
6 3 and the division of community colleges and workforce
6 4 preparation of the department of education, shall adopt
6 5 administrative rules for the development and implementation of
6 6 such career academies pursuant to section 256.11, subsection
6 7 5, paragraph "h", section 260C.1, and Title II of Pub. L. No.
6 8 105=332, the Carl D. Perkins Vocational and Technical
6 9 Education Act of 1998.

6 10 d. Programs and courses that provide vocational and
6 11 technical training and programs for in-service training and
6 12 retraining of workers under section 260C.1, subsections 2 and
6 13 3.

6 14 e. Job retention projects under section 260F.9.

6 15 f. Student support services, including but not limited to:
6 16 (1) Student counseling, including personal counseling,
6 17 academic counseling, behavioral counseling, and career
6 18 counseling.

6 19 (2) Support groups for high-need students.

6 20 (3) Student mentoring.

6 21 (4) Orientation to college classes taught in high school
6 22 which include career planning.

6 23 (5) Back-to-college training for nontraditional students.

6 24 (6) Utilization of software for assessing the students'
6 25 work interests, listing current job openings, and projecting
6 26 future job openings in the state of Iowa to assist students in
6 27 planning their careers.

6 28 g. Tuition replacement.

6 29 Moneys deposited in the fund shall be utilized for tuition
6 30 replacement only if the primary campus of the community
6 31 college is located within thirty miles of the primary campus
6 32 of all of the following:

6 33 (1) An out-of-state public university.

6 34 (2) An out-of-state private university.
6 35 (3) An out-of-state community college.
7 1 Sec. 4. Section 260G.3, subsection 2, paragraph e, Code
7 2 2005, is amended to read as follows:
7 3 e. Moneys from a workforce training and economic
7 4 development fund created in section 260C.18A, or from a local
7 5 workforce and economic development fund created in section
7 6 260C.18C, based on the number of program job positions agreed
7 7 to by the employer to be available under the agreement, the
7 8 amount of which shall be calculated in the same manner as the
7 9 program job credits provided for in section 260G.4A.

7 10 Sec. 5. Section 453A.6, subsection 1, Code 2005, is
7 11 amended to read as follows:
7 12 1. There is imposed, and shall be collected and paid to
7 13 the department, ~~the following taxes a tax~~ on all cigarettes
7 14 used or otherwise disposed of in this state for any purpose
7 15 whatsoever+
7 16 ~~CLASS A. On cigarettes weighing not more than three pounds~~
7 17 ~~per thousand, eighteen mills on each such cigarette.~~
7 18 ~~CLASS B. On cigarettes weighing more than three pounds per~~
7 19 ~~thousand, eighteen mills on each such equal to three and six-~~
7 20 ~~tenths cents on each cigarette.~~

7 21 Sec. 6. Section 453A.6, Code 2005, is amended by adding
7 22 the following new subsection:
7 23 NEW SUBSECTION. 5A. Cigarettes shall be sold in packages
7 24 of twenty or more.

7 25 Sec. 7. Section 15G.111, subsection 5, if enacted by House
7 26 File 809, is amended to read as follows:

7 27 5. For the fiscal ~~period year~~ beginning July 1, 2005, and
7 28 ending June 30, ~~2015 2006~~, there is appropriated ~~each fiscal~~
7 29 ~~year~~ from the grow Iowa values fund created in section
7 30 15G.108, if enacted, to the department of economic development
7 31 seven million dollars for deposit into the workforce training
7 32 and economic development funds of the community colleges
7 33 created pursuant to section 260C.18A.

7 34 Sec. 8. EFFECTIVE AND APPLICABILITY DATES.

7 35 1. The section of this Act amending section 257.1, being
8 1 deemed of immediate importance, takes effect upon enactment
8 2 and applies to school budget years beginning on or after July
8 3 1, 2005.
8 4 2. The sections of this Act amending sections 260C.17 and
8 5 260G.3, and enacting section 260C.18C, take effect January 1,
8 6 2006, and are applicable to school budget years beginning on
8 7 or after July 1, 2006.

8 8 3. The sections of this Act amending section 453A.6, being
8 9 deemed of immediate importance, take effect on the first day
8 10 of the month that begins following enactment of this Act.

8 11 EXPLANATION

8 12 This bill increases the regular program foundation base per
8 13 pupil from 87.5 percent to 89.78 percent of the regular
8 14 program state cost per pupil. This change takes effect for
8 15 school budget years beginning on or after July 1, 2005.

8 16 The bill modifies the community college operations levy to
8 17 provide for an optional supplemental amount above the base
8 18 levy of 20.25 cents per \$1,000. The additional amount for
8 19 levy shall be certified by the board of directors of each
8 20 community college by March 15 for collection in the subsequent
8 21 fiscal year, and shall not exceed a specified percentage of
8 22 the sum of designated community college employee-related
8 23 contributions, utility costs, and projected revenues. The
8 24 percentages correspond to 20 percent for the fiscal year
8 25 beginning July 1, 2006, 33.23 percent for the fiscal year
8 26 beginning July 1, 2007, 46.45 percent for the fiscal year
8 27 beginning July 1, 2008, and 59.68 percent for fiscal years
8 28 beginning on or after July 1, 2009. The bill applies these
8 29 percentages, for the given fiscal year of collection, to the
8 30 sum of a community college's budgeted employer contributions
8 31 under the federal Insurance Contributions Act, a community
8 32 college's budgeted employer contributions to employees'
8 33 retirement systems, a community college's budgeted utility
8 34 costs, as defined in the bill, and moneys a community college
8 35 would receive from the collection of a property tax of 10
9 1 cents per \$1,000 of assessed valuation for the fiscal year of
9 2 collection. The bill provides that the amount collected for
9 3 the fiscal year beginning July 1, 2009, and succeeding fiscal
9 4 years, shall not exceed a specified dollar figure for each
9 5 community college merged area, increased by a percentage of
9 6 1.3 percent for the fiscal years beginning July 1 of 2010,
9 7 2011, 2012, 2013, and 2014. The bill provides that for the
9 8 fiscal year beginning July 1, 2015, and succeeding fiscal
9 9 years, the maximum amount which may be collected by each

9 10 community college shall not exceed the maximum amount which
9 11 could be collected for the fiscal year beginning July 1, 2014.
9 12 The bill provides for the establishment of a local
9 13 workforce and economic development fund. Authorized
9 14 expenditures from the fund include projects in which an
9 15 agreement with the community college and an employer within
9 16 the community college's merged area meets all of the
9 17 requirements of the accelerated career education program under
9 18 Code chapter 260G and projects in which an agreement with the
9 19 community college and a business meets all the requirements of
9 20 the Iowa jobs training Act under Code chapter 260F with stated
9 21 exemptions from advance, award, and allocation limitations.
9 22 The bill provides that revenue may also be expended for the
9 23 development and implementation of career academies, as defined
9 24 in the bill, designed to provide new career preparation
9 25 opportunities for high school students that are formally
9 26 linked with postsecondary career and technical education
9 27 programs; for programs and courses that provide vocational and
9 28 technical training and programs for in-service training and
9 29 retraining under Code section 260C.1, subsections 2 and 3; for
9 30 job retention projects under Code section 260F.9; for student
9 31 support services, as defined in the bill; and for tuition
9 32 replacement under specified circumstances. The bill provides
9 33 that no more than 15 percent of the revenue deposited in the
9 34 fund may be expended for student support services, and that 70
9 35 percent of the revenue allocated for all other authorized
10 1 purposes shall be used on projects in the areas of advanced
10 2 manufacturing, information technology and insurance, and life
10 3 sciences.
10 4 The community college levy provisions take effect January
10 5 1, 2006, and are applicable for the school budget years
10 6 beginning on or after July 1, 2006.
10 7 The bill also increases the tax on cigarettes from 36 cents
10 8 on a pack of 20 to 72 cents on a pack of 20. The bill also
10 9 requires cigarettes to be sold in packages of 20 or more.
10 10 These provisions take effect on the first day of the month
10 11 that begins following enactment of the bill.
10 12 The bill amends an appropriation from the grow Iowa values
10 13 fund to the workforce training and economic development fund
10 14 established in section 260C.18A to be applicable for FY 2005=
10 15 2006 only.
10 16 The bill contains effective and applicability date
10 17 provisions.
10 18 LSB 3682XC 81
10 19 mg:rj/gg/14