

**Senate File 2041 - Introduced**

SENATE FILE 2041

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**A BILL FOR**

1 An Act relating to the establishment of the state percent of  
2 growth and the categorical state percent of growth and  
3 including applicability provisions.

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

1 Section 1. Section 257.2, subsection 11, Code 2016, is  
2 amended to read as follows:

3 11. *“State percent of growth”* means the percent of growth  
4 which is established ~~by statute~~ pursuant to [section 257.8](#), and  
5 which is used in determining the supplemental state aid.

6 Sec. 2. Section 257.8, subsections 1 and 2, Code 2016, are  
7 amended to read as follows:

8 1. *State percent of growth.*

9 a. The state percent of growth for the budget year beginning  
10 July 1, 2013, is two percent. The state percent of growth for  
11 the budget year beginning July 1, 2014, is four percent. The  
12 state percent of growth for the budget year beginning July 1,  
13 2015, is one and twenty-five hundredths percent. The state  
14 percent of growth for each subsequent budget year shall be  
15 established by statute which shall be enacted within thirty  
16 days of the submission in the year preceding the base year  
17 of the governor’s budget under [section 8.21](#) or as otherwise  
18 provided in paragraph “b”. The establishment of the state  
19 percent of growth for a budget year shall be the only subject  
20 matter of the bill which enacts the state percent of growth for  
21 a budget year.

22 b. If a statute establishing the state percent of growth  
23 for a budget year is not enacted by March 1 immediately  
24 preceding the budget year, the state percent of growth for that  
25 budget year shall be a percentage equal to the school finance  
26 inflation factor as determined under subsection 6.

27 2. *Categorical state percent of growth.*

28 a. The categorical state percent of growth for the budget  
29 year beginning July 1, 2013, is two percent. The categorical  
30 state percent of growth for the budget year beginning July  
31 1, 2014, is four percent. The categorical state percent of  
32 growth for the budget year beginning July 1, 2015, is one and  
33 twenty-five hundredths percent. The categorical state percent  
34 of growth for each budget year shall be established by statute  
35 which shall be enacted within thirty days of the submission in

1 the year preceding the base year of the governor's budget under  
2 section 8.21 or as otherwise provided in paragraph "b". The  
3 establishment of the categorical state percent of growth for a  
4 budget year shall be the only subject matter of the bill which  
5 enacts the categorical state percent of growth for a budget  
6 year. The categorical state percent of growth may include  
7 state percents of growth for the teacher salary supplement, the  
8 professional development supplement, the early intervention  
9 supplement, and the teacher leadership supplement.

10 b. If a statute establishing the categorical state  
11 percent of growth for a budget year is not enacted by March 1  
12 immediately preceding the budget year, the categorical state  
13 percent of growth for that budget year shall be a percentage  
14 equal to the school finance inflation factor as determined  
15 under subsection 6.

16 Sec. 3. Section 257.8, Code 2016, is amended by adding the  
17 following new subsection:

18 NEW SUBSECTION. 6. "*School finance inflation factor*" is  
19 an index, expressed as a percentage rounded to the nearest  
20 one-hundredth of one percent, calculated by the department of  
21 management, that is the average of the annual percentage change  
22 in the consumer price index for all urban consumers as computed  
23 by the federal department of labor, bureau of labor statistics,  
24 for the three completed calendar years immediately preceding  
25 the beginning of the budget year for which the school finance  
26 inflation factor is being calculated. However, if the school  
27 finance inflation factor for a budget year is less than zero  
28 percent, the school finance inflation factor for that budget  
29 year shall be zero percent, and if the school finance inflation  
30 factor for a budget year is greater than three percent, the  
31 school finance inflation factor for that budget year shall be  
32 three percent.

33 Sec. 4. APPLICABILITY. This Act applies to school budget  
34 years beginning on or after July 1, 2017.

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EXPLANATION

1           The inclusion of this explanation does not constitute agreement with  
2           the explanation's substance by the members of the general assembly.

3       This bill modifies the statutory requirements for the  
4 establishment of the state percent of growth and the  
5 categorical state percent of growth for purposes of the school  
6 funding formula.

7       Current law requires the state percent of growth and the  
8 categorical state percent of growth to each be established by  
9 statute within 30 days of the submission of the governor's  
10 budget in the year preceding the base year.

11       The bill provides that if the statute establishing the  
12 state percent of growth is not enacted by March 1 immediately  
13 preceding the budget year, the state percent of growth for  
14 that budget year shall be the school finance inflation factor  
15 as determined in the bill. The bill also establishes similar  
16 requirements for establishing the categorical state percent of  
17 growth for a budget year.

18       Under the bill, the school finance inflation factor for a  
19 budget year is an index, expressed as a percentage rounded to  
20 the nearest one-hundredth of 1 percent, that is the average  
21 of the annual percentage change in the consumer price index  
22 for all urban consumers for the three completed calendar years  
23 immediately preceding the beginning of the budget year for  
24 which the school finance inflation factor is being calculated.  
25 However, if the school finance inflation factor for a budget  
26 year is less than 0 percent, the school finance inflation  
27 factor for that budget year shall be 0 percent, and if the  
28 school finance inflation factor for a budget year is greater  
29 than 3 percent, the school finance inflation factor for that  
30 budget year shall be 3 percent.

31       The bill applies to school budget years beginning on or after  
32 July 1, 2017.