

House File 404 - Introduced

HOUSE FILE 404
BY SHEETS

A BILL FOR

1 An Act relating to public school funding by establishing a
2 transportation equity program, providing for adjustments to
3 regular program state foundation aid amounts, and making
4 appropriations.

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

1 Section 1. Section 257.7, subsection 1, Code 2017, is
2 amended to read as follows:

3 1. *Budgets.* School districts are subject to **chapter 24**.
4 The authorized expenditures of a school district during a
5 base year shall not exceed the lesser of the budget for that
6 year certified under **section 24.17**, including any adjustment
7 required by section 257.17A, plus any allowable amendments
8 permitted in **this section**, or the authorized budget, which
9 is the sum of the combined district cost for that year, the
10 actual miscellaneous income received for that year, and the
11 actual unspent balance from the preceding year, including any
12 adjustment required by section 257.17A.

13 **Sec. 2. NEW SECTION. 257.17A Regular program state**
14 **foundation aid adjustment — transportation costs.**

15 1. *a.* For the budget year beginning July 1, 2018, the
16 department of management shall, following the determination
17 of the total amount of state foundation aid payable to each
18 school district under section 257.16, subsection 1, and
19 notwithstanding the minimum foundation aid provisions in
20 section 257.1, subsection 2, reduce the total amount of regular
21 program state foundation aid payable to each school district
22 by an amount equal to the school district's budget enrollment
23 multiplied by twelve and one-half percent of the state average
24 transportation costs per pupil, as calculated in section
25 257.31, subsection 17.

26 *b.* For the budget year beginning July 1, 2019, the
27 department of management shall, following the determination
28 of the total amount of state foundation aid payable to each
29 school district under section 257.16, subsection 1, and
30 notwithstanding the minimum foundation aid provisions in
31 section 257.1, subsection 2, reduce the total amount of regular
32 program state foundation aid payable to each school district
33 by an amount equal to the school district's budget enrollment
34 multiplied by twenty-five percent of the state average
35 transportation costs per pupil, as calculated in section

1 257.31, subsection 17.

2 *c.* For the budget year beginning July 1, 2020, the
3 department of management shall, following the determination
4 of the total amount of state foundation aid payable to each
5 school district under section 257.16, subsection 1, and
6 notwithstanding the minimum foundation aid provisions in
7 section 257.1, subsection 2, reduce the total amount of regular
8 program state foundation aid payable to each school district
9 by an amount equal to the school district's budget enrollment
10 multiplied by thirty-seven and one-half percent of the state
11 average transportation costs per pupil, as calculated in
12 section 257.31, subsection 17.

13 *d.* For the budget year beginning July 1, 2021, the
14 department of management shall, following the determination
15 of the total amount of state foundation aid payable to each
16 school district under section 257.16, subsection 1, and
17 notwithstanding the minimum foundation aid provisions in
18 section 257.1, subsection 2, reduce the total amount of regular
19 program state foundation aid payable to each school district
20 by an amount equal to the school district's budget enrollment
21 multiplied by fifty percent of the state average transportation
22 costs per pupil, as calculated in section 257.31, subsection
23 17.

24 *e.* For the budget year beginning July 1, 2022, the
25 department of management shall, following the determination
26 of the total amount of state foundation aid payable to each
27 school district under section 257.16, subsection 1, and
28 notwithstanding the minimum foundation aid provisions in
29 section 257.1, subsection 2, reduce the total amount of regular
30 program state foundation aid payable to each school district
31 by an amount equal to the school district's budget enrollment
32 multiplied by sixty-two and one-half percent of the state
33 average transportation costs per pupil, as calculated in
34 section 257.31, subsection 17.

35 *f.* For the budget year beginning July 1, 2023, the

1 department of management shall, following the determination
2 of the total amount of state foundation aid payable to each
3 school district under section 257.16, subsection 1, and
4 notwithstanding the minimum foundation aid provisions in
5 section 257.1, subsection 2, reduce the total amount of regular
6 program state foundation aid payable to each school district
7 by an amount equal to the school district's budget enrollment
8 multiplied by seventy-five percent of the state average
9 transportation costs per pupil, as calculated in section
10 257.31, subsection 17.

11 *g.* For the budget year beginning July 1, 2024, the
12 department of management shall, following the determination
13 of the total amount of state foundation aid payable to each
14 school district under section 257.16, subsection 1, and
15 notwithstanding the minimum foundation aid provisions in
16 section 257.1, subsection 2, reduce the total amount of regular
17 program state foundation aid payable to each school district
18 by an amount equal to the school district's budget enrollment
19 multiplied by eighty-seven and one-half percent of the state
20 average transportation costs per pupil, as calculated in
21 section 257.31, subsection 17.

22 *h.* For the budget year beginning July 1, 2025, and
23 each succeeding budget year, the department of management
24 shall, following the determination of the total amount of
25 state foundation aid payable to each school district under
26 section 257.16, subsection 1, and notwithstanding the minimum
27 foundation aid provisions in section 257.1, subsection 2,
28 reduce the total amount of regular program state foundation
29 aid payable to each school district by an amount equal to
30 the school district's budget enrollment multiplied by the
31 state average transportation costs per pupil, as calculated in
32 section 257.31, subsection 17.

33 2. The department of management shall annually notify each
34 school district of the amount of the adjustment in regular
35 program state foundation aid under this section. This section

1 shall not result in the recalculation of other state aid
2 amounts or the recalculation of any property tax levy rate for
3 the budget year.

4 3. The department of education and the department of
5 management shall adopt rules necessary to implement this
6 section, including rules that prescribe all necessary reporting
7 requirements for school districts.

8 Sec. 3. NEW SECTION. 257.17B **Transportation equity program**
9 **— fund — appropriation.**

10 1. A transportation equity program is established to
11 provide prioritized funding for school districts with average
12 transportation costs per pupil that exceed the statewide
13 minimum transportation costs per pupil for the same budget
14 year.

15 2. *a.* For the budget year beginning July 1, 2018, and
16 each succeeding budget year, the department of management
17 shall annually determine a statewide adjusted transportation
18 costs per pupil that is not lower than the statewide minimum
19 transportation costs per pupil. The statewide adjusted
20 transportation costs per pupil shall be annually determined,
21 by taking into account amounts appropriated under subsection
22 3, for the purpose of providing transportation equity aid for
23 those school districts with the highest transportation costs
24 per pupil differential.

25 *b.* Each school district that satisfies the criteria of
26 subsection 1 shall receive transportation equity aid in
27 an amount equal to the school district's budget enrollment
28 multiplied by the difference between the school district's
29 transportation costs per pupil for the budget year and the
30 statewide adjusted transportation costs per pupil for the
31 budget year.

32 *c.* For purposes of this section:

33 (1) "*Average transportation costs per pupil*" means the same
34 as calculated for districts under section 257.31, subsection
35 17.

1 (2) *"Statewide minimum transportation costs per pupil"* means
2 the lowest district average transportation costs per pupil
3 among all school districts in the state.

4 (3) *"Transportation costs per pupil differential"* means the
5 difference between a district's average transportation costs
6 per pupil and the statewide minimum transportation costs per
7 pupil for the same budget year.

8 3. a. A transportation equity fund is created as a separate
9 and distinct fund in the state treasury under the control of
10 the department of management. Moneys in the fund include
11 revenues credited to the fund, appropriations made to the fund,
12 and other moneys deposited in the fund. For each fiscal year
13 beginning on or after July 1, 2018, there is appropriated all
14 moneys in the fund to the department of management for purposes
15 of making transportation equity aid payments under this
16 section, as calculated under subsection 2, and transportation
17 base funding payments under subsection 4.

18 b. (1) For the budget year beginning July 1, 2018, there
19 is appropriated from the general fund of the state to the
20 department of management to be credited to the transportation
21 equity fund, an amount equal to twelve and one-half percent of
22 the amount of total actual costs for all children transported
23 in all districts used to calculate the state average
24 transportation costs per pupil under section 257.31, subsection
25 17.

26 (2) For the budget year beginning July 1, 2019, there
27 is appropriated from the general fund of the state to the
28 department of management to be credited to the transportation
29 equity fund, an amount equal to twenty-five percent of the
30 amount of total actual costs for all children transported
31 in all districts used to calculate the state average
32 transportation costs per pupil under section 257.31, subsection
33 17.

34 (3) For the budget year beginning July 1, 2020, there
35 is appropriated from the general fund of the state to the

1 department of management to be credited to the transportation
2 equity fund, an amount equal to thirty-seven and one-half
3 percent of the amount of total actual costs for all children
4 transported in all districts used to calculate the state
5 average transportation costs per pupil under section 257.31,
6 subsection 17.

7 (4) For the budget year beginning July 1, 2021, there
8 is appropriated from the general fund of the state to the
9 department of management to be credited to the transportation
10 equity fund, an amount equal to fifty percent of the amount
11 of total actual costs for all children transported in all
12 districts used to calculate the state average transportation
13 costs per pupil under section 257.31, subsection 17.

14 (5) For the budget year beginning July 1, 2022, there
15 is appropriated from the general fund of the state to the
16 department of management to be credited to the transportation
17 equity fund, an amount equal to sixty-two and one-half
18 percent of the amount of total actual costs for all children
19 transported in all districts used to calculate the state
20 average transportation costs per pupil under section 257.31,
21 subsection 17.

22 (6) For the budget year beginning July 1, 2023, there
23 is appropriated from the general fund of the state to the
24 department of management to be credited to the transportation
25 equity fund, an amount equal to seventy-five percent of the
26 amount of total actual costs for all children transported
27 in all districts used to calculate the state average
28 transportation costs per pupil under section 257.31, subsection
29 17.

30 (7) For the budget year beginning July 1, 2024, there
31 is appropriated from the general fund of the state to the
32 department of management to be credited to the transportation
33 equity fund, an amount equal to eighty-seven and one-half
34 percent of the amount of total actual costs for all children
35 transported in all districts used to calculate the state

1 average transportation costs per pupil under section 257.31,
2 subsection 17.

3 (8) For the budget year beginning July 1, 2025, and
4 each succeeding budget year, there is appropriated from the
5 general fund of the state to the department of management
6 to be credited to the transportation equity fund, an amount
7 equal to the amount of total actual costs for all children
8 transported in all districts used to calculate the state
9 average transportation costs per pupil under section 257.31,
10 subsection 17.

11 c. (1) If the balance of the fund exceeds the amount
12 necessary to make all transportation equity aid payments under
13 subsection 2, moneys remaining in the fund shall be used for
14 transportation base funding payments under subsection 4.

15 (2) If the balance of the fund exceeds the amount necessary
16 to make all transportation equity aid payments under subsection
17 2, and all transportation base funding payments under
18 subsection 4, moneys remaining in the fund at the end of a
19 fiscal year shall revert to the general fund of the state as
20 provided under section 8.33.

21 4. For budget years beginning on or after July 1, 2018, if
22 funding is available as provided in subsection 3, paragraph
23 "c", subparagraph (1), each school district in the state shall
24 receive a transportation base funding payment in an amount
25 equal to the school district's budget enrollment multiplied by
26 the statewide minimum transportation costs per pupil for the
27 budget year. If an amount appropriated for a budget year is
28 insufficient to pay all transportation base funding payments,
29 the department of management shall prorate such payment
30 amounts.

31 5. Transportation equity aid payments and transportation
32 base funding payments shall be paid by the department at the
33 same time and in the same manner as foundation aid is paid
34 under section 257.16.

35 6. Transportation equity aid payments and transportation

1 base funding payments received under this section are
2 miscellaneous income and shall be deposited in the general
3 fund of the school district. Transportation equity aid
4 and transportation base funding payments under this section
5 shall not affect the receipt of transportation assistance aid
6 received under section 257.31, subsection 17.

7 EXPLANATION

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

10 This bill relates to public school funding by establishing
11 a transportation equity program and requiring adjustments to
12 regular program state foundation aid amounts payable to school
13 districts.

14 Under the bill, for budget years beginning on or after July
15 1, 2018, the department of management is required to reduce the
16 total amount of regular program state foundation aid payable
17 to each school district under the school foundation funding
18 formula. The amount of the reductions are phased in over eight
19 budget years. The amount of the reduction is equal to the
20 school district's budget enrollment multiplied by a specified
21 percentage of the state average transportation costs per pupil.
22 For the budget year beginning July 1, 2018, the percentage is
23 12.5 percent. For the budget year beginning July 1, 2019,
24 the percentage is 25 percent. For the budget year beginning
25 July 1, 2020, the percentage is 37.5 percent. For the budget
26 year beginning July 1, 2021, the percentage is 50 percent.
27 For the budget year beginning July 1, 2022, the percentage is
28 62.5 percent. For the budget year beginning July 1, 2023, the
29 percentage is 75 percent. For the budget year beginning July
30 1, 2024, the percentage is 87.5 percent. For the budget year
31 beginning July 1, 2025, and each succeeding budget year, the
32 percentage is 100 percent.

33 The department of management is required to notify each
34 school district annually of the amount of the reduction to
35 regular program state foundation aid. The bill does not

1 permit the recalculation of other state aid amounts or the
2 recalculation of any property tax levy rate for the budget year
3 following the adjustments imposed under the bill.

4 The bill also establishes a transportation equity program to
5 provide prioritized funding for school districts with average
6 transportation costs per pupil that exceed the statewide
7 minimum transportation costs per pupil. For the budget year
8 beginning July 1, 2018, and each succeeding budget year, the
9 department of management is required to determine a statewide
10 adjusted transportation costs per pupil that is not lower than
11 the statewide minimum transportation costs per pupil. The
12 statewide adjusted transportation costs per pupil shall be
13 annually determined for the purpose of providing transportation
14 equity aid for those school districts with the highest
15 transportation costs per pupil differentials. Each qualified
16 school district receives transportation equity aid in an amount
17 equal to the school district's budget enrollment multiplied by
18 the difference between the school district's transportation
19 costs per pupil and the statewide adjusted transportation costs
20 per pupil, as those terms are defined in the bill.

21 The bill creates a transportation equity fund under the
22 control of the department of management. For the budget year
23 beginning July 1, 2018, the appropriation is equal to 12.5
24 percent of the amount of total actual costs for all children
25 transported in all districts used to calculate the state
26 average transportation costs per pupil. For the budget year
27 beginning July 1, 2019, the appropriation is equal to 25
28 percent of the amount of total actual costs for all children
29 transported in all districts used to calculate the state
30 average transportation costs per pupil. For the budget year
31 beginning July 1, 2020, the appropriation is equal to 37.5
32 percent of the amount of total actual costs for all children
33 transported in all districts used to calculate the state
34 average transportation costs per pupil. For the budget year
35 beginning July 1, 2021, the appropriation is equal to 50

1 percent of the amount of total actual costs for all children
2 transported in all districts used to calculate the state
3 average transportation costs per pupil. For the budget year
4 beginning July 1, 2022, the appropriation is equal to 62.5
5 percent of the amount of total actual costs for all children
6 transported in all districts used to calculate the state
7 average transportation costs per pupil. For the budget year
8 beginning July 1, 2023, the appropriation is equal to 75
9 percent of the amount of total actual costs for all children
10 transported in all districts used to calculate the state
11 average transportation costs per pupil. For the budget year
12 beginning July 1, 2024, the appropriation is equal to 87.5
13 percent of the amount of total actual costs for all children
14 transported in all districts used to calculate the state
15 average transportation costs per pupil. For the budget year
16 beginning July 1, 2025, and each budget year thereafter, the
17 appropriation is equal to the amount of total actual costs for
18 all children transported in all districts used to calculate
19 the state average transportation costs per pupil. The bill
20 appropriates moneys in the fund to the department of management
21 for purposes of making transportation equity aid payments and,
22 if sufficient moneys are available in the fund, transportation
23 base funding payments.

24 For budget years beginning on or after July 1, 2018, if
25 funding is available in the transportation equity fund, each
26 school district in the state receives a transportation base
27 funding payment in an amount equal to the school district's
28 budget enrollment multiplied by the statewide minimum
29 transportation costs per pupil. If an amount appropriated for
30 a budget year is insufficient to pay all transportation base
31 funding payments, the department of management is required to
32 prorate such payment amounts.

33 Transportation equity aid payments and transportation base
34 funding payments received under the bill are miscellaneous
35 income and must be deposited in the general fund of the school

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1 district. Transportation equity aid and transportation base
2 funding payments under this section do not affect the receipt
3 or amount of transportation assistance aid received by a school
4 district from the school budget review committee under Code
5 section 257.31(17), for transportation costs.