HOUSE FILE 438

BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HSB 183)

A BILL FOR

1 An Act relating to public school funding by establishing the
2   state percent of growth and the categorical state percent of
3   growth for the budget year beginning July 1, 2021, modifying
4   provisions relating to the regular program state cost per
5   pupil, and modifying provisions relating to the property
6   tax replacement payment, and including effective date
7   provisions.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1   Section 1. Section 257.8, subsections 1 and 2, Code 2021,
2 are amended to read as follows:
3   1. *State percent of growth.* ~~The state percent of growth~~
4 ~~for the budget year beginning July 1, 2018, is one percent.~~
5 The state percent of growth for the budget year beginning
6 July 1, 2019, is two and six hundredths percent. The state
7 percent of growth for the budget year beginning July 1,
8 2020, is two and three-tenths percent. <u>The state percent of</u>
9 <u>growth for the budget year beginning July 1, 2021, is two</u>
10 <u>and one-half percent.</u> The state percent of growth for each
11 subsequent budget year shall be established by statute which
12 shall be enacted within thirty days of the transmission of the
13 governor's budget required by February 1 under [section 8.21](#)
14 during the regular legislative session beginning in the base
15 year.
16   2. *Categorical state percent of growth.* ~~The categorical~~
17 ~~state percent of growth for the budget year beginning July~~
18 ~~1, 2018, is one percent.~~ The categorical state percent of
19 growth for the budget year beginning July 1, 2019, is two
20 and six hundredths percent. The categorical state percent
21 of growth for the budget year beginning July 1, 2020, is two
22 and three-tenths percent. <u>The categorical state percent of</u>
23 <u>growth for the budget year beginning July 1, 2021, is two and</u>
24 <u>one-half percent.</u> The categorical state percent of growth
25 for each budget year shall be established by statute which
26 shall be enacted within thirty days of the transmission of the
27 governor's budget required by February 1 under [section 8.21](#)
28 during the regular legislative session beginning in the base
29 year. The categorical state percent of growth may include
30 state percents of growth for the teacher salary supplement, the
31 professional development supplement, the early intervention
32 supplement, the teacher leadership supplement, and for budget
33 years beginning on or after July 1, 2020, transportation equity
34 aid payments under [section 257.16C](#).
35   Sec. 2. Section 257.9, subsection 2, Code 2021, is amended

1 to read as follows:

2   2. *Regular program state cost per pupil for 1992-1993 and*
3 *succeeding years.*

4   *a.* For the budget year beginning July 1, 1992, and
5 succeeding budget years beginning before July 1, 2018, the
6 regular program state cost per pupil for a budget year is the
7 regular program state cost per pupil for the base year plus the
8 regular program supplemental state aid for the budget year.

9   *b.* For the budget year beginning July 1, 2018, the regular
10 program state cost per pupil is the regular program state
11 cost per pupil for the base year plus the regular program
12 supplemental state aid for the budget year, plus five dollars.

13   *c.* For the budget year beginning July 1, 2019, the regular
14 program state cost per pupil is the regular program state
15 cost per pupil for the base year plus the regular program
16 supplemental state aid for the budget year, plus five dollars.

17   *d.* For the budget year beginning July 1, 2020, the regular
18 program state cost per pupil is the regular program state
19 cost per pupil for the base year plus the regular program
20 supplemental state aid for the budget year, plus ten dollars.

21   *e.* For the budget year beginning July 1, 2021, the regular
22 program state cost per pupil is the regular program state
23 cost per pupil for the base year plus the regular program
24 supplemental state aid for the budget year, plus ten dollars.

25   ~~e.~~ *f.* For the budget year beginning July 1, ~~2021~~ 2022, and
26 succeeding budget years, the regular program state cost per
27 pupil for a budget year is the regular program state cost per
28 pupil for the base year plus the regular program supplemental
29 state aid for the budget year.

30   Sec. 3. Section 257.16B, subsections 1 and 2, Code 2021, are
31 amended to read as follows:

32   1. For each fiscal year beginning on or after July 1, ~~2018~~
33 2019, there is appropriated from the general fund of the state
34 to the department of education an amount necessary to make all
35 school district property tax replacement payments under this

1 section, as calculated in subsection 2.

2 ~~2. *a.* For the budget year beginning July 1, 2018, the~~
3 ~~department of management shall calculate for each school~~
4 ~~district all of the following:~~
5 ~~(1) The regular program state cost per pupil for the budget~~
6 ~~year beginning July 1, 2012, multiplied by one hundred percent~~
7 ~~less the regular program foundation base per pupil percentage~~
8 ~~pursuant to~~ section 257.1.
9 ~~(2) The regular program state cost per pupil for the budget~~
10 ~~year beginning July 1, 2018, multiplied by one hundred percent~~
11 ~~less the regular program foundation base per pupil percentage~~
12 ~~pursuant to~~ section 257.1.
13 ~~(3) The amount of each school district's property tax~~
14 ~~replacement payment. Each school district's property tax~~
15 ~~replacement payment equals the school district's weighted~~
16 ~~enrollment for the budget year beginning July 1, 2018,~~
17 ~~multiplied by the remainder of the amount calculated for~~
18 ~~the school district under subparagraph (2) minus the amount~~
19 ~~calculated for the school district under subparagraph (1).~~
20 ~~*b.*~~ *a.* For the budget year beginning July 1, 2019, the
21 department of management shall calculate for each school
22 district all of the following:
23 (1) The regular program state cost per pupil for the budget
24 year beginning July 1, 2012, multiplied by one hundred percent
25 less the regular program foundation base per pupil percentage
26 pursuant to section 257.1.
27 (2) The regular program state cost per pupil for the budget
28 year beginning July 1, 2019, multiplied by one hundred percent
29 less the regular program foundation base per pupil percentage
30 pursuant to section 257.1.
31 (3) The amount of each school district's property tax
32 replacement payment. Each school district's property tax
33 replacement payment equals the school district's weighted
34 enrollment for the budget year beginning July 1, 2019,
35 multiplied by the remainder of the amount calculated for

1 the school district under subparagraph (2) minus the amount
2 calculated for the school district under subparagraph (1).
3   *c.* *b.* For ~~each~~ the budget year beginning ~~on or after~~ July
4 1, 2020, the department of management shall calculate for each
5 school district all of the following:
6   (1) The regular program state cost per pupil for the budget
7 year beginning July 1, 2012, multiplied by one hundred percent
8 less the regular program foundation base per pupil percentage
9 pursuant to section 257.1.
10   (2) The regular program state cost per pupil for the budget
11 year beginning July 1, 2020, multiplied by one hundred percent
12 less the regular program foundation base per pupil percentage
13 pursuant to section 257.1.
14   (3) The amount of each school district's property tax
15 replacement payment. Each school district's property tax
16 replacement payment equals the school district's weighted
17 enrollment for the budget year beginning July 1, 2020,
18 multiplied by the remainder of the amount calculated for
19 the school district under subparagraph (2) minus the amount
20 calculated for the school district under subparagraph (1).
21   *c.* For each budget year beginning on or after July 1, 2021,
22 the department of management shall calculate for each school
23 district all of the following:
24   (1) The regular program state cost per pupil for the budget
25 year beginning July 1, 2012, multiplied by one hundred percent
26 less the regular program foundation base per pupil percentage
27 pursuant to section 257.1.
28   (2) The regular program state cost per pupil for the budget
29 year beginning July 1, 2021, multiplied by one hundred percent
30 less the regular program foundation base per pupil percentage
31 pursuant to section 257.1.
32   (3) The amount of each school district's property tax
33 replacement payment. Each school district's property tax
34 replacement payment equals the school district's weighted
35 enrollment for the budget year multiplied by the remainder

1 of the amount calculated for the school district under

2 subparagraph (2) minus the amount calculated for the school

3 district under subparagraph (1).

4   Sec. 4. EFFECTIVE DATE. This Act, being deemed of immediate

5 importance, takes effect upon enactment.

6   EXPLANATION

7   **The inclusion of this explanation does not constitute agreement with**

8   **the explanation's substance by the members of the general assembly.**

9   This bill relates to public school funding by establishing

10 the state percent of growth and the categorical state percent

11 of growth for the budget year beginning July 1, 2021, modifying

12 provisions relating to the regular program state cost per

13 pupil, and modifying provisions and references relating to the

14 property tax replacement payment.

15   The bill establishes a state percent of growth of 2.5 percent

16 for the budget year beginning July 1, 2021. The state percent

17 of growth is used to calculate the amount of supplemental state

18 aid for a budget year as part of the state school foundation

19 program. The bill also establishes a categorical state percent

20 of growth of 2.5 percent for the budget year beginning July

21 1, 2021. The categorical state percent of growth is used to

22 calculate the amount of supplemental state aid for each of the

23 categorical funding supplements.

24   Current Code section 257.9 provides that for the budget

25 year beginning July 1, 2021, and succeeding budget years, the

26 regular program state cost per pupil for a budget year is the

27 regular program state cost per pupil for the base year, which

28 includes the $10 addition made for the budget year beginning

29 July 1, 2020, plus the regular program supplemental state aid

30 for the budget year.

31   Under the bill, for the budget year beginning July 1, 2021,

32 the regular program state cost per pupil is the regular program

33 state cost per pupil for the base year plus the regular program

34 supplemental state aid for the budget year, plus $10. Then

35 with the budget year beginning July 1, 2022, and succeeding

1 budget years, the regular program state cost per pupil will
2 again be calculated as the regular program state cost per pupil
3 for the base year plus the regular program supplemental state
4 aid for the budget year.

5   Code section 257.16B provides for school district property
6 tax replacement payments. Under current law, for each budget
7 year beginning on or after July 1, 2020, each school district's
8 property tax replacement payment amount is equal to the school
9 district's weighted enrollment for the budget year multiplied
10 by the difference of the following: (1) the regular program
11 state cost per pupil for the budget year beginning July 1,
12 2020, multiplied by 100 percent less the regular program
13 foundation base per pupil percentage; and (2) the regular
14 program state cost per pupil for the budget year beginning July
15 1, 2012, multiplied by 100 percent less the regular program
16 foundation base per pupil percentage. The regular program
17 foundation base per pupil percentage is 87.5 percent.

18   The bill modifies the property tax replacement payment
19 calculation for budget years beginning on or after July 1,
20 2021. For budget years beginning on or after July 1, 2021,
21 each school district's property tax replacement payment amount
22 is equal to the school district's weighted enrollment for the
23 applicable budget year multiplied by the difference of the
24 following: (1) the regular program state cost per pupil for
25 the budget year beginning July 1, 2021, multiplied by 100
26 percent less the regular program foundation base per pupil
27 percentage; and (2) the regular program state cost per pupil
28 for the budget year beginning July 1, 2012, multiplied by 100
29 percent less the regular program foundation base per pupil
30 percentage.

31   The bill takes effect upon enactment.