

Senate Study Bill 3164 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON EDUCATION BILL BY
CHAIRPERSON ROZENBOOM)

A BILL FOR

1 An Act modifying provisions related to the distribution formula
2 for general state financial aid to community colleges and
3 including applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 260C.18C, Code 2024, is amended to read
2 as follows:

3 **260C.18C State aid distribution formula.**

4 1. *Purpose.* A distribution plan for general state financial
5 aid to Iowa's community colleges is established for the fiscal
6 year commencing July 1, 2005, and succeeding fiscal years.
7 Funds appropriated by the general assembly to the department
8 for general financial aid to community colleges shall be
9 allocated to each community college in the manner provided
10 under [this section](#).

11 2. *Definitions.* As used in [this section](#) and section
12 260C.18D, unless the context otherwise requires:

13 a. "*Base funding allocation*" means the amount of general
14 state financial aid all community colleges received in the base
15 year.

16 b. "*Base year*" means the fiscal year immediately preceding
17 the budget year.

18 ~~c. "*Below-average support per FTEE*" for a community college~~
19 ~~means the state-average combined support per FTEE minus the~~
20 ~~combined support per FTEE for the community college if the~~
21 ~~community college's combined support per FTEE is less than the~~
22 ~~state-average combined support per FTEE.~~

23 ~~d. c.~~ "*Budget year*" means the fiscal year for which moneys
24 are appropriated by the general assembly.

25 ~~e. "*Combined support*" for a community college means the~~
26 ~~total amount of moneys the community college received in~~
27 ~~general state financial aid in the base year plus the community~~
28 ~~college's general fund property tax revenue, including utility~~
29 ~~replacement, for the base year.~~

30 ~~f. "*Combined support per FTEE*" for a community college~~
31 ~~means the community college's combined support divided by its~~
32 ~~three-year rolling average full-time equivalent enrollment for~~
33 ~~the three years prior to the base year.~~

34 ~~g. "*Contact hour*" for a noncredit course equals fifty~~
35 ~~minutes of contact between an instructor and students in a~~

1 ~~scheduled course offering for which students are registered.~~

2 ~~h. "Credit hour", for purposes of community college funding~~
3 ~~distribution, shall be as defined by the department by rule.~~

4 ~~i. "Eligible credit courses" means all credit courses that~~
5 ~~are eligible for general state financial aid which are part~~
6 ~~of a department-approved program of study. The department~~
7 ~~shall review and provide a determination should a question of~~
8 ~~eligibility occur.~~

9 ~~j. "Eligible growth support" for a community college is the~~
10 ~~community college's below-average support per FTEE multiplied~~
11 ~~times its three-year rolling average full-time equivalent~~
12 ~~enrollment.~~

13 ~~k. "Eligible noncredit courses" means all noncredit courses~~
14 ~~eligible for general state financial aid which fall under one~~
15 ~~of the eligible categories for noncredit courses as defined~~
16 ~~by rule of the department. The department shall review and~~
17 ~~provide a determination should a question of eligibility occur.~~

18 ~~l. "Eligible student" means a student enrolled in eligible~~
19 ~~credit or eligible noncredit courses. The department shall~~
20 ~~review and provide a determination should a question of~~
21 ~~eligibility occur.~~

22 ~~m. d. "Fiscal year" means the period of twelve months~~
23 ~~beginning on July 1 and ending on June 30.~~

24 ~~n. One "full-time equivalent enrollment (FTEE)" equals~~
25 ~~twenty-four credit hours for credit courses or six hundred~~
26 ~~contact hours for noncredit courses generated by all eligible~~
27 ~~students enrolled in eligible courses.~~

28 ~~o. "General fund property tax revenue" means the amount of~~
29 ~~moneys a community college raised or could have raised from~~
30 ~~a property tax of twenty and one-fourth cents per thousand~~
31 ~~dollars of assessed valuation on all taxable property in its~~
32 ~~merged area collected for the base year.~~

33 ~~p. e. "General state financial aid" means the amount of~~
34 ~~general state financial aid the community college received from~~
35 ~~the general fund.~~

1 ~~*q.* "Inflation adjustment amount" means the inflation rate~~
2 ~~minus two percentage points multiplied times the base funding~~
3 ~~allocation. The inflation adjustment amount shall not be less~~
4 ~~than zero.~~

5 ~~*r.* "Inflation rate" means the average of the preceding~~
6 ~~twelve-month percentage change, which shall be computed on~~
7 ~~a monthly basis, in the consumer price index for all urban~~
8 ~~consumers, not seasonally adjusted, published by the United~~
9 ~~States department of labor, bureau of labor statistics,~~
10 ~~calculated for the calendar year ending six months after the~~
11 ~~beginning of the base year.~~

12 ~~*f.* "Presidents council" means a council that is convened~~
13 ~~by the Iowa association of community college trustees that is~~
14 ~~made up of the presidents of the community colleges and the~~
15 ~~chancellors of the community colleges who serve as the chief~~
16 ~~executive officers of such community colleges.~~

17 ~~*s.* "State-average combined support per FTEE" means the~~
18 ~~average of the combined support per FTEE for all community~~
19 ~~colleges in the state in the base year.~~

20 ~~*t.* "Three-year rolling average full-time equivalent~~
21 ~~enrollment" means the average of the audited full-time~~
22 ~~equivalent enrollment for a community college over the three~~
23 ~~fiscal years prior to the base year as determined by the~~
24 ~~department.~~

25 ~~*u.* "Total growth support amount" means the sum of the~~
26 ~~eligible growth support for all the community colleges.~~

27 3. *Distribution formula.* Moneys appropriated by the general
28 assembly from the general fund to the department for community
29 college purposes for general state financial aid for a budget
30 year shall be allocated to each community college by the
31 department as follows:

32 *a.* If the inflation rate is equal to two percent or less:

33 (1) *Base funding allocation.* The moneys shall first
34 be allocated in the amount of general state financial aid
35 each community college received in the base year. If the

1 ~~appropriation is less than the total of the amount of general~~
2 ~~state financial aid each community college received in the base~~
3 ~~year, the moneys shall be allocated in the same proportion as~~
4 ~~the allocation of general state financial aid each community~~
5 ~~college received in the base year.~~

6 ~~(2) *Marginal cost adjustment.* After the base funding has~~
7 ~~been allocated, each community college shall be allocated up to~~
8 ~~an additional two percent of its base funding allocation. The~~
9 ~~community college's allocation shall be in the same proportion~~
10 ~~as the allocation of general state financial aid each community~~
11 ~~college received in the base year.~~

12 ~~(3) *Three-year rolling average of full-time equivalent*~~
13 ~~*enrollment.* If the increase in the total state general aid~~
14 ~~exceeds two percent over the base funding allocation, an amount~~
15 ~~up to an additional one percent of the base funding allocation~~
16 ~~shall be distributed based upon each community college's~~
17 ~~proportional share of the three-year rolling average full-time~~
18 ~~equivalent enrollments for all community colleges.~~

19 ~~(4) *Extraordinary growth adjustment.* If the increase in~~
20 ~~total state general aid exceeds three percent over the base~~
21 ~~funding allocation, an amount up to an additional one percent~~
22 ~~of the base funding allocation shall be distributed as follows:~~

23 ~~(a) Forty percent of the moneys shall be allocated based~~
24 ~~upon each community college's proportional share of the~~
25 ~~three-year rolling average full-time equivalent enrollments for~~
26 ~~all community colleges.~~

27 ~~(b) Sixty percent of the moneys shall be allocated to~~
28 ~~community colleges that have eligible growth support. The~~
29 ~~allocation shall be based upon the proportional share that each~~
30 ~~community college's eligible growth support bears to the total~~
31 ~~growth support amount. Once the moneys allocated under this~~
32 ~~subparagraph division equal the total growth support amount,~~
33 ~~the remaining moneys allocated under this subparagraph shall be~~
34 ~~allocated as provided in subparagraph division (a).~~

35 ~~(5) *Additional three-year rolling average FTEE*~~

1 ~~allocation.~~ If the increase in total state general aid
2 exceeds four percent over the base funding allocation,
3 all remaining moneys shall be distributed based upon each
4 college's proportional share of the three-year rolling average
5 full-time equivalent enrollments for all community colleges
6 The presidents council shall annually, on or before October 31
7 of each year, establish the distribution formula for general
8 state aid to the community colleges for the succeeding budget
9 year. When determining the distribution formula pursuant to
10 this paragraph, the goal of the presidents council shall be
11 to provide the highest quality educational opportunities and
12 services, as described in section 260C.1, to the greatest
13 number of students. The distribution formula requires the
14 approval of at least ten members of the presidents council.
15 The department shall implement the distribution formula
16 approved by the presidents council.

17 ~~b. If the inflation rate is greater than two percent but~~
18 ~~less than four percent:~~

19 ~~(1) Base funding allocation.~~ The moneys shall first
20 be allocated in the amount of general state financial aid
21 each community college received in the base year. If the
22 appropriation is less than the total of the amount of general
23 state financial aid each community college received in the base
24 year, the moneys shall be allocated in the same proportion as
25 the allocation of general state financial aid each community
26 college received in the base year.

27 ~~(2) Marginal cost adjustment.~~ After the base funding has
28 been allocated, each community college shall be allocated up to
29 an additional two percent of its base funding allocation. The
30 community college's allocation shall be in the same proportion
31 as the allocation of general state financial aid each community
32 college received in the base year.

33 ~~(3) Three-year rolling average of full-time equivalent~~
34 ~~enrollment.~~ If the increase in the total state general aid
35 exceeds two percent over the base funding allocation, an amount

1 ~~up to an additional one percent of the base funding allocation~~
2 ~~shall be distributed based upon each community college's~~
3 ~~proportional share of the three-year rolling average full-time~~
4 ~~equivalent enrollments for all community colleges.~~

5 ~~(4) *Extraordinary growth adjustment.* If the increase in~~
6 ~~total state general aid exceeds three percent over the base~~
7 ~~funding allocation, an amount up to an additional one percent~~
8 ~~of the base funding allocation shall be based as follows:~~

9 ~~(a) Forty percent of the moneys shall be allocated based~~
10 ~~upon each community college's proportional share of the~~
11 ~~three-year rolling average full-time equivalent enrollments for~~
12 ~~all community colleges.~~

13 ~~(b) Sixty percent of the moneys shall be allocated to~~
14 ~~community colleges that have eligible growth support. The~~
15 ~~allocation shall be based upon the proportional share that each~~
16 ~~community college's eligible growth support bears to the total~~
17 ~~growth support amount. Once the moneys allocated under this~~
18 ~~subparagraph division equal the total growth support amount,~~
19 ~~the remaining moneys allocated under this subparagraph shall be~~
20 ~~allocated as provided in subparagraph division (a).~~

21 ~~(5) *Inflation adjustment.* If the increase in total~~
22 ~~state general aid exceeds four percent over the base funding~~
23 ~~allocation, an amount up to the inflation adjustment amount~~
24 ~~shall be distributed to each community college in the same~~
25 ~~proportion as the allocation of general state financial aid~~
26 ~~each community college received in the base year.~~

27 ~~(6) *Additional three-year rolling average FTEE*~~
28 ~~allocation. If there are remaining moneys to be distributed~~
29 ~~under this paragraph after distributing moneys under~~
30 ~~subparagraph (5), all remaining moneys shall be distributed~~
31 ~~based upon each community college's proportional share of the~~
32 ~~three-year rolling average full-time equivalent enrollments~~
33 ~~for all community colleges If the presidents council fails~~
34 ~~to approve a distribution formula on or before October 31~~
35 ~~pursuant to paragraph "a", the department shall establish the~~

1 distribution formula for general state aid to the community
2 colleges for the succeeding budget year. When determining
3 the distribution formula pursuant to this paragraph, the goal
4 of the department shall be to provide the highest quality
5 educational opportunities and services, as described in section
6 260C.1, to the greatest number of students.

7 ~~c. If the inflation rate equals or exceeds four percent:~~

8 ~~(1) *Base funding allocation.* The moneys shall first~~
9 ~~be allocated in the amount of general state financial aid~~
10 ~~each community college received in the base year. If the~~
11 ~~appropriation is less than the total of the amount of general~~
12 ~~state financial aid each community college received in the base~~
13 ~~year, the moneys shall be allocated in the same proportion as~~
14 ~~the allocation of general state financial aid each community~~
15 ~~college received in the base year.~~

16 ~~(2) *Marginal cost adjustment.* After the base funding has~~
17 ~~been allocated, each community college shall be allocated up to~~
18 ~~an additional two percent of its base funding allocation. The~~
19 ~~community college's allocation shall be in the same proportion~~
20 ~~as the allocation of general state financial aid each community~~
21 ~~college received in the base year.~~

22 ~~(3) *Three-year rolling average of full-time equivalent*~~
23 ~~*enrollment.* If the increase in the total state general aid~~
24 ~~exceeds two percent over the base funding allocation, an amount~~
25 ~~up to an additional one percent of the base funding allocation~~
26 ~~shall be distributed based upon each community college's~~
27 ~~proportional share of the three-year rolling average full-time~~
28 ~~equivalent enrollments for all community colleges.~~

29 ~~(4) *Inflation adjustment.* If the increase in total state~~
30 ~~general aid exceeds three percent over the base funding~~
31 ~~allocation, an amount up to the inflation adjustment amount~~
32 ~~shall be distributed to each community college in the same~~
33 ~~proportion as the allocation of general state financial aid~~
34 ~~each community college received in the base year.~~

35 ~~(5) *Extraordinary growth adjustment.* If there are~~

1 ~~remaining moneys to be distributed under this paragraph after~~
2 ~~distributing moneys under subparagraph (4), an amount up to an~~
3 ~~additional one percent of the base funding allocation shall be~~
4 ~~based as follows:~~

5 ~~(a) Forty percent of the moneys shall be allocated based~~
6 ~~upon each community college's proportional share of the~~
7 ~~three-year rolling average full-time equivalent enrollments for~~
8 ~~all community colleges.~~

9 ~~(b) Sixty percent of the moneys shall be allocated to~~
10 ~~community colleges that have eligible growth support. The~~
11 ~~allocation shall be based upon the proportional share that each~~
12 ~~community college's eligible growth support bears to the total~~
13 ~~growth support amount. Once the moneys allocated under this~~
14 ~~subparagraph division equal the total growth support amount,~~
15 ~~the remaining moneys allocated under this subparagraph shall be~~
16 ~~allocated as provided in subparagraph division (a).~~

17 ~~(6) Additional three-year rolling average FTEE~~
18 ~~allocation. If there are remaining moneys to be distributed~~
19 ~~under this paragraph after distributing moneys under~~
20 ~~subparagraph (5), all remaining moneys shall be distributed~~
21 ~~based upon each community college's proportional share of the~~
22 ~~three-year rolling average full-time equivalent enrollments for~~
23 ~~all community colleges.~~

24 4. *Information supplied by colleges and adoption of rules.*

25 a. Each community college shall provide information in
26 the manner and form as determined by the department. If
27 a community college fails to provide the information as
28 requested, the department shall estimate the full-time
29 equivalent enrollment of that college.

30 b. Each community college shall complete and submit an
31 annual student enrollment audit to the department. ~~Adjustments~~
32 ~~to community college state general aid allocations shall be~~
33 ~~made based on student enrollment audit outcomes.~~

34 c. The department shall adopt rules under [chapter 17A](#) as
35 necessary for the allocation of general state financial aid.

1 Sec. 2. APPLICABILITY. This Act applies to budget years
2 beginning on or after July 1, 2025.

3 EXPLANATION

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

6 This bill modifies provisions related to the distribution
7 formula for general state financial aid to community colleges.
8 Current Code section 260C.18C establishes a distribution
9 formula for the allocation of state moneys appropriated
10 annually by the general assembly to the department of education
11 for distribution to each community college. The distribution
12 formula includes a base funding allocation, a marginal
13 cost adjustment, a three-year rolling average of full-time
14 equivalent enrollment, an extraordinary growth adjustment, and
15 other allocations.

16 The bill defines "presidents council" as a council that is
17 convened by the Iowa association of community college trustees
18 that is made up of the presidents of the community colleges
19 and the chancellors of the community colleges who serve as
20 the chief executive officers of such community colleges. The
21 bill modifies Code section 260C.18C to provide that moneys
22 appropriated by the general assembly from the general fund of
23 the state to the department for community college purposes
24 for general state financial aid for a budget year shall
25 be allocated to each community college by the department
26 pursuant to the terms of a distribution formula approved by the
27 presidents council. The bill requires the presidents council
28 to annually, on or before October 31 of each year, establish
29 such distribution formula for the succeeding budget year. The
30 bill establishes goals the presidents council is to consider
31 when determining the distribution formula. The bill provides
32 that the distribution formula requires the approval of at least
33 10 members of the presidents council.

34 If the presidents council fails to approve a distribution
35 formula, the bill requires the department to establish the

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1 distribution formula for general state aid to the community
2 colleges for the succeeding budget year.

3 Current law provides that adjustments to community college
4 state general aid allocations are required to be made based on
5 the outcomes of audits of student enrollment. The bill strikes
6 this provision.

7 The bill applies to budget years beginning on or after July
8 1, 2025.