

**House File 319 - Introduced**

HOUSE FILE 319  
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HSB 138)

**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, 2025, modifying  
4 provisions relating to the property tax replacement payments  
5 and transportation equity payments, modifying provisions  
6 relating to the regular program state cost per pupil and  
7 funding for shared operational functions, establishing a  
8 school district funding supplement, making appropriations, and  
9 including effective date provisions.  
10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I  
STATE AND CATEGORICAL PERCENT OF GROWTH AND PROPERTY TAX  
REPLACEMENT PAYMENTS

Section 1. Section 257.8, subsections 1 and 2, Code 2025, are amended to read as follows:

1. *State percent of growth.* ~~The state percent of growth for the budget year beginning July 1, 2022, is two and one-half percent.~~ The state percent of growth for the budget year beginning July 1, 2023, is three percent. The state percent of growth for the budget year beginning July 1, 2024, is two and one-half percent. The state percent of growth for the budget year beginning July 1, 2025, is two and twenty-five hundredths percent. The state percent of growth for each subsequent budget year shall be established by statute which shall be enacted within thirty days of the transmission of the governor's budget required by February 1 under section 8.21 during the regular legislative session beginning in the base year.

2. *Categorical state percent of growth.* ~~The categorical state percent of growth for the budget year beginning July 1, 2022, is two and one-half percent.~~ The categorical state percent of growth for the budget year beginning July 1, 2023, is three percent. The categorical state percent of growth for the budget year beginning July 1, 2024, is two and one-half percent. The categorical state percent of growth for the budget year beginning July 1, 2025, is two and twenty-five hundredths percent. The categorical state percent of growth for each budget year shall be established by statute which shall be enacted within thirty days of the transmission of the governor's budget required by February 1 under section 8.21 during the regular legislative session beginning in the base year. The categorical state percent of growth may include state percents of growth for the teacher salary supplement, the professional development supplement, the early intervention supplement, the teacher leadership supplement, and for budget years beginning on or after July 1, 2020, transportation equity aid payments under section 257.16C.

1     Sec. 2. Section 257.16B, subsections 1 and 2, Code 2025, are  
2 amended to read as follows:

3     1. For each fiscal year beginning on or after July 1, 2022  
4 2023, there is appropriated from the general fund of the state  
5 to the department of education an amount necessary to make all  
6 school district property tax replacement payments under this  
7 section, as calculated in subsection 2.

8     2. ~~a. (1) For the budget year beginning July 1, 2022,~~  
9 ~~the amount of each school district's property tax replacement~~  
10 ~~payment shall be the product of the school district's weighted~~  
11 ~~enrollment for the budget year multiplied by the per pupil~~  
12 ~~property tax replacement amount for the budget year calculated~~  
13 ~~under subparagraph (2).~~

14     ~~(2) The per pupil property tax replacement amount for the~~  
15 ~~budget year beginning July 1, 2022, is equal to the sum of~~  
16 ~~one hundred fifty-three dollars plus the difference between the~~  
17 ~~following:~~

18     ~~(a) The regular program state cost per pupil for the budget~~  
19 ~~year beginning July 1, 2022, multiplied by one hundred percent~~  
20 ~~less the regular program foundation base per pupil percentage~~  
21 ~~pursuant to section 257.1 for the budget year beginning July 1,~~  
22 ~~2022.~~

23     ~~(b) The regular program state cost per pupil for the budget~~  
24 ~~year beginning July 1, 2021, multiplied by one hundred percent~~  
25 ~~less the regular program foundation base per pupil percentage~~  
26 ~~pursuant to section 257.1 for the budget year beginning July 1,~~  
27 ~~2022.~~

28     ~~b. a.~~ (1) For the budget year beginning July 1, 2023,  
29 the amount of each school district's property tax replacement  
30 payment shall be the product of the school district's weighted  
31 enrollment for the budget year multiplied by the per pupil  
32 property tax replacement amount for the budget year calculated  
33 under subparagraph (2).

34     (2) The per pupil property tax replacement amount for the  
35 budget year beginning July 1, 2023, is equal to the sum of

1 one hundred fifty-three dollars plus the difference between the  
2 following:

3 (a) The regular program state cost per pupil for the budget  
4 year beginning July 1, 2023, multiplied by one hundred percent  
5 less the regular program foundation base per pupil percentage  
6 pursuant to section 257.1 for the budget year beginning July 1,  
7 2023.

8 (b) The regular program state cost per pupil for the budget  
9 year beginning July 1, 2021, multiplied by one hundred percent  
10 less the regular program foundation base per pupil percentage  
11 pursuant to section 257.1 for the budget year beginning July 1,  
12 2023.

13 ~~e.~~ b. (1) For each the budget year beginning ~~on or after~~  
14 July 1, 2024, the amount of each school district's property  
15 tax replacement payment shall be the product of the school  
16 district's weighted enrollment for the budget year multiplied by  
17 the per pupil property tax replacement amount for the budget year  
18 calculated under subparagraph (2).

19 (2) The per pupil property tax replacement amount for the  
20 ~~budget years~~ year beginning ~~on or after~~ July 1, 2024, is equal  
21 to the sum of one hundred fifty-three dollars plus the difference  
22 between the following:

23 (a) The regular program state cost per pupil for the budget  
24 year beginning July 1, 2024, multiplied by one hundred percent  
25 less the regular program foundation base per pupil percentage  
26 pursuant to section 257.1 for the ~~applicable~~ budget year ~~under~~  
27 ~~this paragraph~~ beginning July 1, 2024.

28 (b) 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 for the ~~applicable~~ budget year ~~under~~  
32 ~~this paragraph~~ beginning July 1, 2024.

33 c. (1) For each budget year beginning on or after July  
34 1, 2025, the amount of each school district's property tax  
35 replacement payment shall be the product of the school district's

1 weighted enrollment for the budget year multiplied by the  
2 per pupil property tax replacement amount for the budget year  
3 calculated under subparagraph (2).

4 (2) The per pupil property tax replacement amount for budget  
5 years beginning on or after July 1, 2025, is equal to the sum of  
6 one hundred fifty-three dollars plus the difference between the  
7 following:

8 (a) The regular program state cost per pupil for the budget  
9 year beginning July 1, 2025, multiplied by one hundred percent  
10 less the regular program foundation base per pupil percentage  
11 pursuant to section 257.1 for the applicable budget year under  
12 this paragraph.

13 (b) The regular program state cost per pupil for the budget  
14 year beginning July 1, 2021, multiplied by one hundred percent  
15 less the regular program foundation base per pupil percentage  
16 pursuant to section 257.1 for the applicable budget year under  
17 this paragraph.

18 Sec. 3. EFFECTIVE DATE. This division of this Act, being  
19 deemed of immediate importance, takes effect upon enactment.

20 DIVISION II

21 STATE COST PER PUPIL

22 Sec. 4. Section 257.9, subsection 2, Code 2025, is amended to  
23 read as follows:

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

26 a. For the budget year beginning July 1, 1992, and succeeding  
27 budget years beginning before July 1, 2018, the regular program  
28 state cost per pupil for a budget year is the regular program  
29 state cost per pupil for the base year plus the regular program  
30 supplemental state aid for the budget year.

31 b. For the budget year beginning July 1, 2018, the regular  
32 program state cost per pupil is the regular program state cost  
33 per pupil for the base year plus the regular program supplemental  
34 state aid for the budget year, plus five dollars.

35 c. For the budget year beginning July 1, 2019, the regular

1 program state cost per pupil is the regular program state cost  
2 per pupil for the base year plus the regular program supplemental  
3 state aid for the budget year, plus five dollars.

4 d. For the budget year beginning July 1, 2020, the regular  
5 program state cost per pupil is the regular program state cost  
6 per pupil for the base year plus the regular program supplemental  
7 state aid for the budget year, plus ten dollars.

8 e. For the budget year beginning July 1, 2021, the regular  
9 program state cost per pupil is the regular program state cost  
10 per pupil for the base year plus the regular program supplemental  
11 state aid for the budget year, plus ten dollars.

12 f. For the budget year beginning July 1, 2022, the regular  
13 program state cost per pupil is the regular program state cost  
14 per pupil for the base year plus the regular program supplemental  
15 state aid for the budget year, plus five dollars.

16 g. For the budget year years beginning July 1, 2023, and  
17 ~~succeeding budget years~~ July 1, 2024, the regular program state  
18 cost per pupil for a budget year 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.

21 h. For the budget year beginning July 1, 2025, the regular  
22 program state cost per pupil is the regular program state cost  
23 per pupil for the base year plus the regular program supplemental  
24 state aid for the budget year, plus ten dollars.

25 i. For the budget year beginning July 1, 2026, and succeeding  
26 budget years, the regular program state cost per pupil for a  
27 budget year is the regular program state cost per pupil for the  
28 base year plus the regular program supplemental state aid for the  
29 budget year.

30 Sec. 5. EFFECTIVE DATE. This division of this Act, being  
31 deemed of immediate importance, takes effect upon enactment.

32 DIVISION III

33 SUPPLEMENTARY WEIGHTING FOR SHARED OPERATIONAL FUNCTIONS

34 Sec. 6. Section 257.11, subsection 5, paragraph d, Code 2025,  
35 is amended to read as follows:

1 d. Supplementary weighting pursuant to this subsection shall  
2 be available to a school district during the period commencing  
3 with the budget year beginning July 1, 2014, through the budget  
4 year beginning July 1, 2034. The For budget years beginning  
5 prior to July 1, 2025, the maximum amount of additional weighting  
6 for which a school district shall be eligible in a budget year is  
7 twenty-one additional pupils; and for budget years beginning on  
8 or after July 1, 2025, the maximum amount of additional weighting  
9 for which a school district shall be eligible in a budget year  
10 is twenty-five pupils; provided, however, that for budget years  
11 beginning on or after July 1, 2024, the supplementary weighting  
12 assigned for a shared operational function in the area of a  
13 college and career transition counselor or coordinator shall  
14 not count toward this maximum amount. Criteria for determining  
15 the qualification of operational functions for supplementary  
16 weighting shall be determined by the department by rule, through  
17 consideration of increased student opportunities.

18 Sec. 7. EFFECTIVE DATE. This division of this Act, being  
19 deemed of immediate importance, takes effect upon enactment.

20 DIVISION IV

21 TRANSPORTATION EQUITY PAYMENTS

22 Sec. 8. Section 257.16C, subsection 3, paragraph d,  
23 subparagraph (4), unnumbered paragraph 1, Code 2025, is amended  
24 to read as follows:

25 For each the fiscal year beginning ~~on or after~~ July 1,  
26 2023, and the fiscal year beginning July 1, 2024, there is  
27 appropriated from the general fund of the state to the department  
28 of management for deposit in the transportation equity fund the  
29 sum of the following, or so much thereof as is necessary, to be  
30 used for the purposes of this section:

31 Sec. 9. Section 257.16C, subsection 3, paragraph d, Code  
32 2025, is amended by adding the following new subparagraphs:

33 NEW SUBPARAGRAPH. (5) For the fiscal year beginning July 1,  
34 2025, there is appropriated from the general fund of the state  
35 to the department of management for deposit in the transportation

1 equity fund an amount necessary to make all transportation equity  
2 aid payments under subsection 2, to be used for the purposes of  
3 this section.

4 NEW SUBPARAGRAPH. (6) For each fiscal year beginning on or  
5 after July 1, 2026, there is appropriated from the general fund  
6 of the state to the department of management for deposit in the  
7 transportation equity fund the sum of the following, or so much  
8 thereof as is necessary, to be used for the purposes of this  
9 section:

10 (a) The amount appropriated to the transportation equity fund  
11 under this paragraph for the immediately preceding fiscal year.

12 (b) The product of the amount determined under subparagraph  
13 division (a) multiplied by the categorical percent of growth  
14 under section 257.8, subsection 2, for the budget year beginning  
15 on the same date of the fiscal year for which the appropriation  
16 is made.

17 Sec. 10. EFFECTIVE DATE. This division of this Act, being  
18 deemed of immediate importance, takes effect upon enactment.

19 DIVISION V

20 SCHOOL FUNDING SUPPLEMENT

21 Sec. 11. SCHOOL DISTRICT FUNDING SUPPLEMENT — FISCAL YEAR  
22 2025-2026.

23 1. There is appropriated from the general fund of the state  
24 to the department of education for the fiscal year beginning  
25 July 1, 2025, and ending June 30, 2026, twenty-two million five  
26 hundred ninety-one thousand two hundred seventy-four dollars to  
27 make all payments to school districts required under subsection  
28 2.

29 2. a. Moneys appropriated to the department of education  
30 under this section shall be used to provide a funding supplement  
31 to each school district during the fiscal year beginning July 1,  
32 2025, and ending June 30, 2026.

33 b. Each school district's funding supplement amount shall  
34 be equal to the amount of the appropriation under subsection  
35 1 multiplied by the quotient of the school district's budget

1 enrollment for the budget year beginning July 1, 2025, and ending  
2 June 30, 2026, divided by the statewide total budget enrollment  
3 for the budget year beginning July 1, 2025, and ending June 30,  
4 2026.

5 c. Moneys received by a school district under this section  
6 may be used for any school general fund purpose, shall be  
7 miscellaneous income for purposes of chapter 257, and shall not  
8 be included in district cost.

9 3. The payment of funding supplement amounts under this  
10 section shall be paid by the department of education at the same  
11 time and in the same manner as foundation aid is paid under  
12 section 257.16 for the fiscal year beginning July 1, 2025, and  
13 ending June 30, 2026, and may be included in the monthly payment  
14 of state aid under section 257.16, subsection 2.

15 Sec. 12. EFFECTIVE DATE. This Act, being deemed of immediate  
16 importance, takes effect upon enactment.

17 EXPLANATION

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

20 This bill relates to public school funding by establishing  
21 the state percent of growth and the categorical state percent  
22 of growth for the budget year beginning July 1, 2025, modifying  
23 provisions relating to the property tax replacement payment and  
24 transportation equity payments, modifying provisions relating to  
25 the regular program state cost per pupil, and establishing a  
26 school funding supplement.

27 DIVISION I — STATE AND CATEGORICAL PERCENT OF GROWTH AND  
28 PROPERTY TAX REPLACEMENT PAYMENTS. The bill establishes a state  
29 percent of growth of 2.25 percent for the budget year beginning  
30 July 1, 2025. The state percent of growth is used to calculate  
31 the amount of supplemental state aid for a budget year as part of  
32 the state school foundation program. The bill also establishes  
33 a categorical state percent of growth of 2.25 percent for the  
34 budget year beginning July 1, 2025. The categorical state  
35 percent of growth is generally used to calculate the amount

1 of supplemental state aid for each of the categorical funding  
2 supplements.

3 Code section 257.16B provides for school district property  
4 tax replacement payments. For each budget year beginning on  
5 or after July 1, 2024, the amount of each school district's  
6 property tax replacement payment is the product of the school  
7 district's weighted enrollment for the budget year multiplied  
8 by the per pupil property tax replacement amount for the budget  
9 year. The per pupil property tax replacement amount for budget  
10 years beginning on or after July 1, 2024, is equal to the sum of  
11 \$153 plus the difference between the following: (1) the regular  
12 program state cost per pupil for the budget year beginning July  
13 1, 2024, multiplied by 100 percent less the regular program  
14 foundation base per pupil percentage; and (2) the regular program  
15 state cost per pupil for the budget year beginning July 1, 2021,  
16 multiplied by 100 percent less the regular program foundation  
17 base per pupil percentage.

18 The bill modifies the property tax replacement payment  
19 calculation for budget years beginning on or after July 1,  
20 2025. For budget years beginning on or after July 1, 2025, the  
21 amount of each school district's property tax replacement payment  
22 is the product of the school district's weighted enrollment  
23 for the budget year multiplied by the per pupil property tax  
24 replacement amount for the budget year. The per pupil property  
25 tax replacement amount for budget years beginning on or after  
26 July 1, 2025, is equal to the sum of \$153 plus the difference  
27 between the following: (1) the regular program state cost per  
28 pupil for the budget year beginning July 1, 2025, multiplied by  
29 100 percent less the regular program foundation base per pupil  
30 percentage; and (2) the regular program state cost per pupil for  
31 the budget year beginning July 1, 2021, multiplied by 100 percent  
32 less the regular program foundation base per pupil percentage.  
33 The regular program foundation base per pupil percentage is 88.4  
34 percent.

35 The division takes effect upon enactment.

1 DIVISION II — STATE COST PER PUPIL. Under the bill, for the  
2 budget year beginning July 1, 2025, the regular program state  
3 cost per pupil is the regular program state cost per pupil for  
4 the base year plus the regular program supplemental state aid for  
5 the budget year, plus \$10. Then with the budget year beginning  
6 July 1, 2026, and succeeding budget years, the regular program  
7 state cost per pupil will again be calculated as the regular  
8 program state cost per pupil for the base year plus the regular  
9 program supplemental state aid for the budget year.

10 The division takes effect upon enactment.

11 DIVISION III — SUPPLEMENTARY WEIGHTING FOR SHARED OPERATIONAL  
12 FUNCTIONS. Current law provides that a school district that  
13 shares with a political subdivision one or more operational  
14 functions in certain specified areas for at least 20 percent of  
15 the school year shall be assigned a supplementary weighting for  
16 each shared operational function. Under current law, the maximum  
17 amount of additional weighting for which a school district is  
18 eligible in a budget year is 21 additional pupils. The bill  
19 increases the maximum amount of additional weighting for which a  
20 school district is eligible in a budget year from 21 additional  
21 pupils to 25 additional pupils, for budget years beginning on or  
22 after July 1, 2025.

23 The division takes effect upon enactment.

24 DIVISION IV — TRANSPORTATION EQUITY PAYMENTS. For each  
25 fiscal year beginning on or after July 1, 2023, Code section  
26 257.16C appropriates from the general fund of the state to the  
27 transportation equity fund the sum of the amount appropriated  
28 for the immediately preceding fiscal year plus the product of  
29 the amount appropriated for the immediately preceding fiscal  
30 year multiplied by the categorical percent of growth for  
31 the corresponding school budget year. The bill modifies the  
32 appropriation for the fiscal year beginning July 1, 2025, such  
33 that the total appropriated is equal to the amount necessary to  
34 make all transportation equity aid payments.

35 The division takes effect upon enactment.

1 DIVISION V — SCHOOL FUNDING SUPPLEMENT. The bill provides a  
2 school district funding supplement for the fiscal year beginning  
3 July 1, 2025, and appropriates from the general fund of the state  
4 to the department of education for the fiscal year beginning July  
5 1, 2025, and ending June 30, 2026, \$22,591,274 to make all school  
6 district funding supplement payments. Each school district's  
7 funding supplement amount shall be equal to the portion of the  
8 \$22,591,274 appropriation that is proportionate to the school  
9 district's budget enrollment as a percentage of the statewide  
10 total budget enrollment for the budget year beginning July 1,  
11 2025. Such funds received by a school district under the bill  
12 may be used for any school general fund purpose. School district  
13 funding supplement payments received by a school district shall  
14 be miscellaneous income for purposes of Code chapter 257 and  
15 shall not be included in district cost.

16 The division takes effect upon enactment.