

Senate Study Bill 3100 - Introduced

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

A BILL FOR

1 An Act relating to school funding by establishing the state
2 percent of growth and the categorical state percent of
3 growth for the budget year beginning July 1, 2026, modifying
4 provisions relating to property tax replacement payments, the
5 regular program state cost per pupil, funding for school
6 district budget adjustments, and school district enrollment,
7 and including effective date and applicability provisions.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

STATE AND CATEGORICAL PERCENTS OF GROWTH AND PROPERTY TAX
REPLACEMENT PAYMENTS

Section 1. Section 257.8, subsections 1 and 2, Code 2026, are amended to read as follows:

1. *State percent of growth.* ~~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 percent. The state percent of growth for the budget year beginning July 1, 2026, is one and seventy-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, 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 percent, except for calculating the appropriation to the transportation equity fund under section 257.16C. The categorical state percent of growth for purposes of calculating the appropriation to the transportation equity fund under section 257.16C for the budget year beginning July 1, 2025, is five percent. The categorical state percent of growth for the budget year beginning July 1, 2026, is one and seventy-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

1 growth may include state percents of growth for the teacher
2 salary supplement, the professional development supplement, the
3 early intervention supplement, the teacher leadership supplement,
4 and for budget years beginning on or after July 1, 2020,
5 transportation equity aid payments under section 257.16C.

6 Sec. 2. Section 257.16B, subsections 1 and 2, Code 2026, are
7 amended to read as follows:

8 1. For each fiscal year beginning on or after July 1, 2023
9 2024, there is appropriated from the general fund of the state
10 to the department of education an amount necessary to make all
11 school district property tax replacement payments under this
12 section, as calculated in subsection 2.

13 ~~2. a. (1) For the budget year beginning July 1, 2023,~~
14 ~~the amount of each school district's property tax replacement~~
15 ~~payment shall be the product of the school district's weighted~~
16 ~~enrollment for the budget year multiplied by the per pupil~~
17 ~~property tax replacement amount for the budget year calculated~~
18 ~~under subparagraph (2).~~

19 ~~(2) The per pupil property tax replacement amount for the~~
20 ~~budget year beginning July 1, 2023, is equal to the sum of~~
21 ~~one hundred fifty-three dollars plus the difference between the~~
22 ~~following:~~

23 ~~(a) The regular program state cost per pupil for the budget~~
24 ~~year beginning July 1, 2023, 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 ~~2023.~~

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 budget year beginning July 1,~~
32 ~~2023.~~

33 ~~b. a.~~ (1) For the budget year beginning July 1, 2024,
34 the amount of each school district's property tax replacement
35 payment shall be the product of the school district's weighted

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

4 (2) The per pupil property tax replacement amount for the
5 budget year beginning July 1, 2024, 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, 2024, 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 2024.

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 budget year beginning July 1,
17 2024.

18 ~~e.~~ b. (1) For each the budget year beginning ~~on or after~~
19 July 1, 2025, the amount of each school district's property
20 tax replacement payment shall be the product of the school
21 district's weighted enrollment for the budget year multiplied by
22 the per pupil property tax replacement amount for the budget year
23 calculated under subparagraph (2).

24 (2) The per pupil property tax replacement amount for the
25 ~~budget years~~ year beginning ~~on or after~~ July 1, 2025, is equal
26 to the sum of one hundred fifty-three dollars plus the difference
27 between the following:

28 (a) The regular program state cost per pupil for the budget
29 year beginning July 1, 2025, 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, 2025.

33 (b) The regular program state cost per pupil for the budget
34 year beginning July 1, 2021, multiplied by one hundred percent
35 less the regular program foundation base per pupil percentage

1 pursuant to section 257.1 for the applicable budget year under
2 this paragraph beginning July 1, 2025.

3 c. (1) For each budget year beginning on or after July
4 1, 2026, the amount of each school district's property tax
5 replacement payment shall be the product of the school district's
6 weighted enrollment for the budget year multiplied by the
7 per pupil property tax replacement amount for the budget year
8 calculated under subparagraph (2).

9 (2) The per pupil property tax replacement amount for budget
10 years beginning on or after July 1, 2026, is equal to the sum of
11 one hundred fifty-three dollars plus the difference between the
12 following:

13 (a) The regular program state cost per pupil for the budget
14 year beginning July 1, 2026, 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 (b) The regular program state cost per pupil for the budget
19 year beginning July 1, 2021, multiplied by one hundred percent
20 less the regular program foundation base per pupil percentage
21 pursuant to section 257.1 for the applicable budget year under
22 this paragraph.

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

25 DIVISION II

26 STATE COST PER PUPIL

27 Sec. 4. Section 257.9, subsection 2, paragraph i, Code 2026,
28 is amended to read as follows:

29 i. For the budget year beginning July 1, 2026, ~~and succeeding~~
30 ~~budget years,~~ the regular program state cost per pupil ~~for a~~
31 ~~budget year~~ is the regular program state cost per pupil for the
32 base year plus the regular program supplemental state aid for the
33 budget year, plus five dollars.

34 Sec. 5. Section 257.9, subsection 2, Code 2026, is amended by
35 adding the following new paragraph:

1 NEW PARAGRAPH. j. For the budget year beginning July 1,
2 2027, and succeeding budget years, the regular program state cost
3 per pupil for a budget year is the regular program state cost
4 per pupil for the base year plus the regular program supplemental
5 state aid for the budget year.

6 Sec. 6. EFFECTIVE DATE. This division of this Act, being
7 deemed of immediate importance, takes effect upon enactment.

8 DIVISION III

9 SCHOOL DISTRICT BUDGET ADJUSTMENT — FY 2026-2027

10 Sec. 7. SCHOOL DISTRICT BUDGET ADJUSTMENT — FY 2026-2027.

11 1. For the school budget year beginning July 1, 2026, the
12 department of management shall add the amount of the school
13 district's budget adjustment under section 257.14, if any, to the
14 combined foundation base under section 257.1, subsection 2, for
15 the budget year.

16 2. For the school budget year beginning July 1, 2026, a
17 school district's budget adjustment under section 257.14 shall
18 be funded by state foundation aid resulting from the calculation
19 under subsection 1 and shall not be funded through school
20 district property taxes.

21 Sec. 8. EFFECTIVE DATE. This division of this Act, being
22 deemed of immediate importance, takes effect upon enactment.

23 DIVISION IV

24 SCHOOL DISTRICT ENROLLMENT

25 Sec. 9. Section 257.6, subsection 2, Code 2026, is amended to
26 read as follows:

27 2. *Basic enrollment.* Basic enrollment for a budget year is
28 the greater of a district's actual enrollment for the base year
29 and the district's adjusted enrollment for the base year. Basic
30 enrollment for the base year is the greater of a district's
31 actual enrollment for the year preceding the base year and a
32 district's adjusted enrollment for the year preceding the base
33 year.

34 Sec. 10. Section 257.6, Code 2026, is amended by adding the
35 following new subsection:

1 NEW SUBSECTION. 7. *Adjusted enrollment.*

2 a. Adjusted enrollment is determined annually on February 1,
3 or the first Monday in February if February 1 falls on a Saturday
4 or Sunday, and includes the same categories of pupils used to
5 determine actual enrollment under subsection 1, paragraph "a".

6 b. A school district shall certify its adjusted enrollment
7 to the department of education by February 15 of each year,
8 and the department shall promptly forward the information to the
9 department of management.

10 c. The department of management shall adjust the adjusted
11 enrollment and, if necessary, the basic enrollment of the school
12 district for the audit year based upon reports filed under
13 section 11.6, and shall further adjust the budget of the second
14 year succeeding the audit year for the property tax and state aid
15 portions of the reported differences in such enrollments for the
16 year succeeding the audit year.

17 Sec. 11. APPLICABILITY. This division of this Act applies to
18 enrollment determinations occurring on or after July 1, 2026,
19 used for school budget years beginning on or after July 1, 2027.

20 EXPLANATION

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

23 This bill relates to various aspects of school funding.

24 DIVISION I — STATE AND CATEGORICAL PERCENTS OF GROWTH AND
25 PROPERTY TAX REPLACEMENT PAYMENTS. The bill establishes a state
26 percent of growth of 1.75 percent for the budget year beginning
27 July 1, 2026. The state percent of growth is used to calculate
28 the amount of supplemental state aid for a budget year as part of
29 the state school foundation program. The bill also establishes
30 a categorical state percent of growth of 1.75 percent for the
31 budget year beginning July 1, 2026. The categorical state
32 percent of growth is generally used to calculate the amount
33 of supplemental state aid for each of the categorical funding
34 supplements.

35 Code section 257.16B provides for school district property

1 tax replacement payments. For each budget year beginning on
2 or after July 1, 2025, the amount of each school district's
3 property tax replacement payment is the product of the school
4 district's weighted enrollment for the budget year multiplied
5 by the per pupil property tax replacement amount for the budget
6 year. The per pupil property tax replacement amount for budget
7 years beginning on or after July 1, 2025, is equal to the sum of
8 \$153 plus the difference between the following: (1) the regular
9 program state cost per pupil for the budget year beginning July
10 1, 2025, multiplied by 100 percent less the regular program
11 foundation base per pupil percentage; and (2) the regular program
12 state cost per pupil for the budget year beginning July 1, 2021,
13 multiplied by 100 percent less the regular program foundation
14 base per pupil percentage.

15 The bill modifies the property tax replacement payment
16 calculation for budget years beginning on or after July 1,
17 2026. For budget years beginning on or after July 1, 2026, the
18 amount of each school district's property tax replacement payment
19 is the product of the school district's weighted enrollment
20 for the budget year multiplied by the per pupil property tax
21 replacement amount for the budget year. The per pupil property
22 tax replacement amount for budget years beginning on or after
23 July 1, 2026, is equal to the sum of \$153 plus the difference
24 between the following: (1) the regular program state cost per
25 pupil for the budget year beginning July 1, 2026, multiplied by
26 100 percent less the regular program foundation base per pupil
27 percentage; and (2) the regular program state cost per pupil for
28 the budget year beginning July 1, 2021, multiplied by 100 percent
29 less the regular program foundation base per pupil percentage.
30 The regular program foundation base per pupil percentage is 88.4
31 percent.

32 The division takes effect upon enactment.

33 DIVISION II — STATE COST PER PUPIL. Under the bill, for the
34 budget year beginning July 1, 2026, the regular program state
35 cost per pupil is the regular program state cost per pupil for

1 the base year plus the regular program supplemental state aid for
2 the budget year, plus \$5. Then with the budget year beginning
3 July 1, 2027, and succeeding budget years, the regular program
4 state cost per pupil will again be calculated as the regular
5 program state cost per pupil for the base year plus the regular
6 program supplemental state aid for the budget year.

7 The division takes effect upon enactment.

8 DIVISION III — SCHOOL DISTRICT BUDGET ADJUSTMENT — FY
9 2026-2027. Code section 257.14 authorizes school districts to
10 receive a budget adjustment equal to the difference between the
11 regular program district cost for the budget year and 101 percent
12 of the regular program district cost for the base year. If
13 approved by the school district's board of directors, such a
14 budget adjustment is funded through school district property
15 taxes. The bill provides that for the school budget year
16 beginning July 1, 2026, the department of management shall add
17 the amount of the school district's budget adjustment under Code
18 section 257.14, if any, to the combined foundation base under
19 Code section 257.1(2). Code section 257.1 provides foundation
20 aid from the state in an amount per pupil equal to the
21 difference between the amount per pupil of foundation property
22 tax in the district and the combined foundation base per pupil
23 or the combined district cost per pupil, whichever is less.
24 Accordingly, following the addition to the combined foundation
25 base, the budget adjustment amount shall be funded by foundation
26 aid from the state instead of property taxes.

27 The division takes effect upon enactment.

28 DIVISION IV — SCHOOL DISTRICT ENROLLMENT. Under current law,
29 a school district's basic enrollment for a budget year is the
30 district's actual enrollment for the base year. Under the bill,
31 a school district's basic enrollment for a budget year is the
32 greater of the actual enrollment for the base year and adjusted
33 enrollment for the base year.

34 Under the bill, adjusted enrollment is to be determined
35 annually on February 1, or the first Monday in February if

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1 February 1 falls on a weekend, of the base year, based on the
2 same categories of students used to determine actual enrollment
3 under Code section 257.6(1)(a). School districts are required
4 to certify adjusted enrollment to the department of education by
5 February 15 of the base year, and the department is required to
6 promptly forward the information to the department of management
7 for use in determining and adjusting tax and funding amounts.

8 The division applies to enrollment determinations occurring on
9 or after July 1, 2026, used for school budget years beginning on
10 or after July 1, 2027.

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