

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,
5 the 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

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

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

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

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

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

24 ~~(a) The regular program state cost per pupil for the budget~~
25 ~~year beginning July 1, 2023, multiplied by one hundred percent~~
26 ~~less the regular program foundation base per pupil percentage~~
27 ~~pursuant to [section 257.1](#) for the budget year beginning July~~
28 ~~1, 2023.~~

29 ~~(b) The regular program state cost per pupil for the budget~~
30 ~~year beginning July 1, 2021, multiplied by one hundred percent~~
31 ~~less the regular program foundation base per pupil percentage~~
32 ~~pursuant to [section 257.1](#) for the budget year beginning July~~
33 ~~1, 2023.~~

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

1 payment shall be the product of the school district's weighted
2 enrollment for the budget year multiplied by the per pupil
3 property tax replacement amount for the budget year calculated
4 under subparagraph (2).

5 (2) The per pupil property tax replacement amount for the
6 budget year beginning July 1, 2024, is equal to the sum of one
7 hundred fifty-three dollars plus the difference between the
8 following:

9 (a) The regular program state cost per pupil for the budget
10 year beginning July 1, 2024, multiplied by one hundred percent
11 less the regular program foundation base per pupil percentage
12 pursuant to [section 257.1](#) for the budget year beginning July
13 1, 2024.

14 (b) The regular program state cost per pupil for the budget
15 year beginning July 1, 2021, multiplied by one hundred percent
16 less the regular program foundation base per pupil percentage
17 pursuant to [section 257.1](#) for the budget year beginning July
18 1, 2024.

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

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

29 (a) The regular program state cost per pupil for the budget
30 year beginning July 1, 2025, multiplied by one hundred percent
31 less the regular program foundation base per pupil percentage
32 pursuant to [section 257.1](#) for the ~~applicable~~ budget year ~~under~~
33 ~~this paragraph~~ beginning July 1, 2025.

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

1 less the regular program foundation base per pupil percentage
2 pursuant to [section 257.1](#) for the applicable budget year under
3 ~~this paragraph~~ beginning July 1, 2025.

4 c. (1) For each budget year beginning on or after July
5 1, 2026, the amount of each school district's property
6 tax replacement payment shall be 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 calculated under subparagraph (2).

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

14 (a) The regular program state cost per pupil for the budget
15 year beginning July 1, 2026, multiplied by one hundred percent
16 less the regular program foundation base per pupil percentage
17 pursuant to section 257.1 for the applicable budget year under
18 this paragraph.

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

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

26 DIVISION II

27 STATE COST PER PUPIL

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

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

35 Sec. 5. Section 257.9, subsection 2, Code 2026, is amended

1 by adding the following new paragraph:

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

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

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DIVISION III

10 SCHOOL DISTRICT BUDGET ADJUSTMENT — FY 2026-2027

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

12 1. For the school budget year beginning July 1, 2026, the
13 department of management shall add the amount of the school
14 district's budget adjustment under section 257.14, if any, to
15 the combined foundation base under section 257.1, subsection
16 2, for the budget year.

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

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

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DIVISION IV

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SCHOOL DISTRICT ENROLLMENT

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

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

35 Sec. 10. Section 257.6, Code 2026, is amended by adding the

1 following new subsection:

2 NEW SUBSECTION. 7. *Adjusted enrollment.*

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

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

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

19 Sec. 11. APPLICABILITY. This division of this Act applies
20 to enrollment determinations occurring on or after July 1,
21 2026, used for school budget years beginning on or after July
22 1, 2027.

23 EXPLANATION

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

26 This bill relates to various aspects of school funding.

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

1 calculate the amount of supplemental state aid for each of the
2 categorical funding 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, 2025, 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, 2025, is equal to the
11 sum of \$153 plus the difference between the following: (1)
12 the regular program state cost per pupil for the budget year
13 beginning July 1, 2025, multiplied by 100 percent less the
14 regular program foundation base per pupil percentage; and (2)
15 the regular program state cost per pupil for the budget year
16 beginning July 1, 2021, multiplied by 100 percent less the
17 regular program foundation 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 2026. For budget years beginning on or after July 1, 2026,
21 the amount of each school district's property tax replacement
22 payment is the product of the school district's weighted
23 enrollment for the budget year multiplied by the per pupil
24 property tax replacement amount for the budget year. The
25 per pupil property tax replacement amount for budget years
26 beginning on or after July 1, 2026, is equal to the sum of \$153
27 plus the difference between the following: (1) the regular
28 program state cost per pupil for the budget year beginning July
29 1, 2026, multiplied by 100 percent less the regular program
30 foundation base per pupil percentage; and (2) the regular
31 program state cost per pupil for the budget year beginning July
32 1, 2021, multiplied by 100 percent less the regular program
33 foundation base per pupil percentage. The regular program
34 foundation base per pupil percentage is 88.4 percent.

35 The division takes effect upon enactment.

1 DIVISION II — STATE COST PER PUPIL. Under the bill, for
2 the budget year beginning July 1, 2026, the regular program
3 state cost per pupil is the regular program state cost per
4 pupil for the base year plus the regular program supplemental
5 state aid for the budget year, plus \$5. Then with the budget
6 year beginning July 1, 2027, and succeeding budget years, the
7 regular program state cost per pupil will again be calculated
8 as the regular program state cost per pupil for the base year
9 plus the regular program supplemental state aid for the budget
10 year.

11 The division takes effect upon enactment.

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

31 The division takes effect upon enactment.

32 DIVISION IV — SCHOOL DISTRICT ENROLLMENT. Under current
33 law, a school district's basic enrollment for a budget year is
34 the district's actual enrollment for the base year. Under the
35 bill, a school district's basic enrollment for a budget year

1 is the greater of the actual enrollment for the base year and
2 adjusted enrollment for the base year.

3 Under the bill, adjusted enrollment is to be determined
4 annually on February 1, or the first Monday in February if
5 February 1 falls on a weekend, of the base year, based on the
6 same categories of students used to determine actual enrollment
7 under Code section 257.6(1)(a). School districts are required
8 to certify adjusted enrollment to the department of education
9 by February 15 of the base year, and the department is required
10 to promptly forward the information to the department of
11 management for use in determining and adjusting tax and funding
12 amounts.

13 The division applies to enrollment determinations occurring
14 on or after July 1, 2026, used for school budget years
15 beginning on or after July 1, 2027.