

# Education Omnibus Bill

## Senate File 2369

Last Action:  
Senate Appropriations  
Committee  
February 28, 2022

### Executive Summary Only

**An Act relating to education, including establishing a Student First Scholarship Program and a Student First Enrollment Supplement Fund, requiring the boards of directors of school districts to publish certain specified information, modifying provisions related to required social studies instruction, open enrollment, teacher librarian endorsements, competent private instruction, and special education, making appropriations, providing penalties, and including effective date, applicability, and retroactive applicability provisions.**

**Fiscal Services Division  
Legislative Services Agency**

#### **NOTES ON BILLS AND AMENDMENTS (NOBA)**

Available online at [www.legis.iowa.gov/publications/information/appropriationBillAnalysis](http://www.legis.iowa.gov/publications/information/appropriationBillAnalysis)

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**FUNDING SUMMARY**

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***FY 2023***

Student First Scholarships would require an estimated State General Fund annual appropriation of \$55.2 million beginning with FY 2023. This estimate assumes 10,000 scholarships are awarded and each pupil has a weighting of 1.00.

***FY 2024***

This Bill will have no net impact on the State General Fund for FY 2024. The changes include the following:

- A decrease of \$79.1 million to the State General Fund standing unlimited appropriation for State Foundation School Aid due to the 10,000 students no longer being counted in the public school enrollment. Fiscal year 2024 State Foundation Aid is based on October 2022, certified enrollment and would reflect the reduction of students now attending nonpublic schools.
- Maintains the estimated FY 2023 State General Fund appropriation of \$55.2 million for the Student First Scholarships.
- An increase of \$23.9 million for a new standing unlimited State General Fund appropriation for the Student First Enrollment Supplement Fund. The estimate assumes 10,000 scholarships are awarded and each pupil has a weighting of 1.00. The appropriation must be distributed equally (\$222,500 per district) to the estimated 102 school districts with a budget enrollment of 500 students or fewer.

**MAJOR INCREASES/DECREASES/TRANSFERS OF EXISTING PROGRAMS**

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**FISCAL IMPACTS**

**DIVISION I: School District Transparency**

Page 1, Line 1

**Transparency and State Standards:** There is no fiscal impact to the State; however, there is a fiscal impact to local school districts. The requirement of this Bill to make information sortable requires an interactive database, which may be beyond the current capabilities of school district software and systems. Additional administrative costs may be required to support the software and systems and support internal and external users. These costs cannot be estimated and would vary by school district.

Page 1, Line 30

School districts would need to provide classroom coverage for the time teachers would need to prepare materials for posting or add additional contract days for completion of the work. If substitutes are used rather than additional contract days, the statewide cost to school districts is estimated to be \$27.4 million.

The posting of materials online may result in additional costs to districts if translation into additional languages is needed; however, these costs cannot be estimated.

**DIVISION II: Student First Scholarship Program**

Page 5, Line 15

**Student First Scholarship:** A weighting of 1.00 would result in a Student First Scholarship equal to an estimated \$5,521 annually. While the number of Scholarships is limited to 10,000, a pupil may have a weighting above 1.00 if the pupil receives additional weighting.

Page 7, Line 33

**Student First Scholarships Appropriation:** Student First Scholarships would require an estimated State General Fund annual appropriation of \$55.2 million beginning with FY 2023. This estimate assumes 10,000 scholarships are awarded and each pupil has a weighting of 1.00.

Page 8, Line 20

**DIVISION III: Social Studies Instruction**

Page 17, Line 10

There is no fiscal impact to the State; however, there may be a fiscal impact to local school districts. The language of this Bill allowing the modification of the required civics test for a student who has an individualized education program ( [IEP](#) ) may be in conflict with federal regulation. It is unclear whether this Bill would allow sufficient accommodations to meet the needs of all special education students, allowing those students to graduate.

There may be additional costs to school districts, as multiple test taking opportunities may require staff time to proctor the test to ensure completion of the test and graduation of students. Costs to local school districts cannot be estimated.

**SIGNIFICANT CODE CHANGES**

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**DIVISION I: School District Transparency**

Page 1, Line 1

Requires school foundation aid, preschool foundation aid, supplementary aid, and adjusted additional property tax aid payments to a school district to be reduced by the Department of Education (DE) for each day the school district intentionally violates new Iowa Code section 279.76, related to transparency and State standards. The amount to be withheld is to be determined by the DE and in proportion to the actual damages caused by the school district's violation of the transparency and State standards.

Requires each school district to post specified information to the school district's Internet site, to update the information twice each school year, to notify parents and guardians of when the information is updated, and

requires the information to be accessible to the public for five years.

Requires each school district to adopt protocols for the selection, review, reconsideration, and removal of materials from libraries operated by the school district. Provides for the process of parental or guardian objection to materials, including appeal to the State Board of Education.

Requires the DE to create a flowchart outlining the process for a parent or guardian to request the removal of a book from a school library.

**DIVISION II: Student First Scholarship Program**

Page 5, Line 15

Establishes the Student First Scholarship Program beginning July 1, 2022 (FY 2023). The following pupils who attend nonpublic schools accredited by the Department of Education as provided in Iowa Code section [256.11](#) and nonpublic institutions that comply with State Board of Education standards for providing special education programs are eligible to receive a Student First Scholarship:

Page 5, Line 24

- A pupil whose household has an annual income which is less than or equal to 400.0% of the poverty income [guidelines](#).
- A pupil who has a IEP.
- A pupil who received a Student First Scholarship for the immediately preceding school budget year and who is eligible to enroll in grade 1 through grade 12.

Limits the number of Student First Scholarships to no more than 10,000 in each school year. While the number of Scholarships is limited to 10,000, a pupil may have a weighting above 1.00 if the pupil receives additional weighting.

Page 6, Line 26

Provides that by January 1 preceding the school year for which the Student First Scholarship is requested, the parent or guardian of a pupil enrolled in a school district, eligible to enroll in a school district for kindergarten in the next school year, or enrolled in a nonpublic school who received a Student First Scholarship in the current school year, may request a Student First Scholarship by submitting an application to the DE indicating that the parent or guardian intends to enroll the pupil in a nonpublic school for the entirety of the school year.

Page 6, Line 30

Requires the DE to assign a Student First Scholarship equal to the sum of the following:

Page 7, Line 33

- 88.40% (estimated \$6,553 for FY 2023) of the regular program State cost per pupil (estimated \$7,413 for FY 2023) less the statewide average foundation property tax per pupil (estimated \$2,213 for FY 2023) multiplied by the pupil's weighted enrollment if the pupil was enrolled in the pupil's district of residence.

- The total teacher salary supplement district cost per pupil for the pupil’s district of residence (estimated \$635.61 for FY 2023).
- The total professional development supplement district cost per pupil for the pupil’s district of residence (estimated \$71.99 for FY 2023).
- The total early intervention supplement district cost per pupil for the pupil’s district of residence (estimated \$78.41 for FY 2023).
- The total area education agency (AEA) teacher salary supplement district cost per pupil for the pupil’s district of residence (estimated \$33.26 for FY 2023).
- The total AEA professional development supplement district cost per pupil for the pupil’s district of residence (estimated \$3.88 for FY 2023).
- The total teacher leadership supplement district cost per pupil for the pupil’s district of residence (estimated \$357.80 for FY 2023).

Creates a Student First Scholarship Fund in the State Treasury, under the control of the DE, consisting of moneys appropriated to the DE for the purpose of providing Student First Scholarships. For the fiscal year commencing July 1, 2022 (FY 2023), and each succeeding fiscal year, this Bill appropriates from the State General Fund to the DE for deposit in the Fund the amount necessary to pay all Student First Scholarships approved for that fiscal year.

Page 8, Line 20

Requires the DE to establish an account in the Student First Scholarship Fund for each pupil approved for a scholarship. The amount of the pupil’s Student First Scholarship must be deposited into the pupil’s account on July 1. The amount must be available for use by parents and guardians for the payment of qualified educational expenses, as defined in this Bill, incurred by the parent or guardian for the pupil during that fiscal year.

Page 9, Line 12

Requires moneys remaining in a pupil’s account upon the conclusion of the fiscal year to remain in the pupil’s account in the Student First Scholarship Fund for the payment of qualified educational expenses in future fiscal years during which the pupil participates in the Program until the pupil becomes ineligible or until the remaining amounts are required to be transferred to the State General Fund under specified conditions.

Page 9, Line 25

Specifies that the DE must transfer any funds remaining in the account of a pupil who has withdrawn from nonpublic school due to a change of residence who does not enroll in a different nonpublic school to the State General Fund.

Page 12, Line 24

Specifies that for each pupil with a positive balance in the pupil’s account in the Student First Scholarship Fund upon graduation from high school or reaching 21 years of age, whichever occurs first, the DE is

Page 13, Line 2

required to transfer the remaining moneys for deposit in the State General Fund.

Establishes a Student First Enrollment Supplement Fund under the control of the Department of Management (DOM).

Page 14, Line 12

Specifies that for each fiscal year beginning on or after July 1, 2023 (FY 2024), there is appropriated annually from the State General Fund to the DOM for deposit in the Student First Enrollment Supplement Fund an amount equal to the product of the number of Student First Scholarships approved for the base year multiplied by the sum of the statewide average foundation property tax per pupil (estimated \$2,213 for FY 2023) plus the difference between the amounts determined under Iowa Code section [257.16B](#)(2)(c)(1) and (2), for the calculation of school district property tax replacement payments (PTRP) (estimated \$175 for FY 2023).

Page 14, Line 17

Requires moneys available in the Student First Enrollment Supplement Fund to be distributed in equal amounts as Student First Enrollment Supplement Payments to school districts with a budget enrollment of 500 students or fewer for the budget year.

Page 14, Line 28

**DIVISION III: Social Studies Instruction**

Page 17, Line 10

Requires a specific assessment of student knowledge to be included in the currently required United States government class and requires an achieved minimum 70.0% score on the United States Citizenship and Immigration Services civics test as a requirement for graduation.

**DIVISION IV: Private Instruction — Special Education**

Page 18, Line 17

Specifies that a child of compulsory attendance age who is identified as requiring special education is eligible for placement under competent private instruction without prior approval of the placement by the director of special education of an AEA.

Page 18, Line 19

Specifies that a parent, guardian, or legal custodian of a child who is identified as requiring special education may request dual enrollment. The appropriate special education services for the child must be determined pursuant to Iowa Code chapter [256B](#) (Special Education).

Page 18, Line 27

**DIVISION V: Open Enrollment**

Page 18, Line 35

Specifies that a right of appeal under Iowa Code section [290.1](#) is also available to the sibling or stepsibling of a student seeking open enrollment under Iowa Code section [282.18](#)(5) who is denied an open enrollment

Page 19, Line 2

application by either the school board of the district of which the student is a resident of or a decision of the school board of the receiving district to deny an open enrollment application.

Page 19, Line 30

Authorizes the sibling or stepsibling of a student who open enrolls under Iowa Code section 282.18(5) to participate immediately in a varsity interscholastic sport if the sibling or stepsibling open enrolls as well.

**DIVISION VI: Teacher Librarians**

Page 20, Line 2

Specifies that the licensed teacher librarian required for each school district is not required to have completed a master's degree.

**EFFECTIVE DATE**

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Specifies the following provisions of this Bill take effect on enactment:

Page 16, Line 19

- Specifying the duties of the Director of the DE includes the adoption of rules related to the administration of, and applications for, the Student First Scholarship Program.
- The enactment of the Student First Scholarship Program.
- Student First Scholarship Program application deadlines.
- The authority of the DE to adopt emergency rules related to this Bill.

Specifies the section of this Bill enacting the Student First Enrollment Supplement Fund applies to school budget years and fiscal years beginning on or after July 1, 2023 (FY 2024).

Page 16, Line 35

Specifies that the provision making a Student First Scholarship received by a taxpayer not taxable income for purposes of State individual income taxation is applicable retroactively to tax years beginning on or after January 1, 2022 (TY 2022).

Page 17, Line 5

Senate File 2369 provides for the following changes to the Code of Iowa.

<b>Page #</b>	<b>Line #</b>	<b>Bill Section</b>	<b>Action</b>	<b>Code Section</b>
1	3	1	Amend	257.17
1	30	2	New	279.76
3	25	3	New	279.77
5	17	5	Add	256.9.65
5	24	6	New	257.11B
14	10	7	New	257.16E
15	15	8	Add	422.7.51
17	12	15	Amend	256.11.5.b
18	19	16	Amend	299A.9.1
18	27	17	Add	299A.9.3
19	2	18	Amend	282.18.5
19	30	19	Add	282.18.11.a.(08)
20	4	20	Amend	256.11.9



# Unassigned Standings

## General Fund

	<u>Estimated FY 2022 (1)</u>	<u>Senate Approp FY 2023 (2)</u>	<u>Senate App Yr2 FY 2024 (3)</u>
<b><u>Education, Department of</u></b>			
<b>Education, Dept. of</b>			
State Foundation School Aid Reduction	\$ 0	\$ 0	\$ -79,090,420
Student First Scholarship Fund	<u>0</u>	<u>55,207,744</u>	<u>55,207,744</u>
<b>Total Education, Department of</b>	<u>\$ 0</u>	<u>\$ 55,207,744</u>	<u>\$ -23,882,676</u>
<b><u>Management, Department of</u></b>			
<b>Management, Dept. of</b>			
Student First Enrollment Supp. Fund	\$ 0	\$ 0	\$ 23,882,676
<b>Total Management, Department of</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,882,676</u>
<b>Total Unassigned Standings</b>	<u>\$ 0</u>	<u>\$ 55,207,744</u>	<u>\$ 0</u>