

**EIGHTY-EIGHTH GENERAL ASSEMBLY
2020 REGULAR SESSION
DAILY
SENATE CLIP SHEET**

February 17, 2020

Clip Sheet Summary

Displays all amendments, fiscal notes, and conference committee reports for previous day.

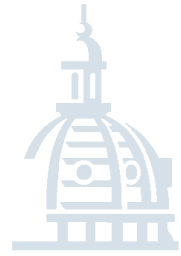
Bill	Amendment	Action	Sponsor
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No amendments filed on February 13, 2020

Fiscal Notes

[SF 2142](#) — [Senate Supplemental State Aid — As Amended \(2.50% growth\)](#)
(LSB5516SV.1)

[SF 2181](#) — [License Plates, Flying Our Colors](#) (LSB5105SV)



[SF 2142](#) – Senate Supplemental State Aid (2.50% Growth) (LSB5516SVV.1)
Staff Contact: Michael Guanci (515.725.1286) michael.guanci@legis.iowa.gov
Fiscal Note Version – As amended by [S-5005](#)

Description

[Senate File 2142](#) as amended by [S-5005](#) modifies and establishes provisions related to the funding of school districts, including establishing a State supplemental aid rate (percent of growth) and the categorical State percent of growth for the budget year beginning July 1, 2020 (FY 2021), and providing for other changes to the school aid formula.

SF 2142 as amended has three provisions with a fiscal impact:

- Establishes a 2.50% State percent of growth rate to be applied to the State cost per pupil for FY 2021.
- Establishes a 2.50% State percent of growth rate to be applied to each of the State categorical cost per pupil amounts and to the standing appropriation for the Transportation Equity Fund for FY 2021.
- Provides additional property tax replacement funding based on the per pupil increase that results from the establishment of the State percent of growth in FY 2021. The Bill requires the additional levy portion of the FY 2021 State cost per pupil amount to be frozen at \$750 per pupil, regardless of the per pupil increase for FY 2021. Without enactment of this provision, the increase in the FY 2021 State cost per pupil due to the State percent of growth will include a per pupil property tax increase equivalent to one-eighth (12.5%) of the total per pupil increase.

The Bill takes effect upon enactment.

Background

State Cost Per Pupil. The school aid formula provides funding to school districts and Area Education Agencies (AEAs) through a mix of State aid and property taxes. In general, funding is generated on a per pupil basis, with the per pupil amounts providing an overall budget limitation (or spending authority). There are five State cost per pupil funding levels that would be increased by a 2.50% State percent of growth for FY 2021 with the enactment of SF 2142 as amended.

Table 1 provides the supplemental State aid amounts (also referred to as per pupil growth amounts) and State cost per pupil amounts for FY 2021 based on a 2.50% growth rate. The supplemental State aid amounts will be applied to all corresponding district and AEA cost per pupil amounts.

**Table 1 — SF 2142 as Amended
FY 2021 State Cost Per Pupil Calculations**

	FY 2020 State Cost Per Pupil	FY 2021 State Percent of Growth	FY 2021 Supplemental State Aid	FY 2021 State Cost Per Pupil
Regular Program	\$ 6,880	2.50%	\$ 172	\$ 7,052
Special Education Program	6,880	2.50%	172	7,052
AEA Special Education Services	301.62	2.50%	7.54	309.16
AEA Media Services	56.24	2.50%	1.41	57.65
AEA Education Services	62.05	2.50%	1.55	63.60

In addition to the State percent of growth and supplemental State aid amounts for FY 2021, enrollments, weightings, and taxable valuations within each school district have an impact on the amount of total school aid funding, including the amount of State aid and local property tax required to generate the total funding amount.

State Categorical Supplements. The State categorical supplements are funded entirely through State aid and generate funds for each school district and AEA through the school aid formula on a per pupil basis. The FY 2021 State cost per pupil funding levels for the teacher salary supplement (district and AEA), professional development supplement (district and AEA), early intervention supplement (district only), and Teacher Leadership and Compensation (TLC) (district only) supplement would be increased by a 2.50% State percent of growth for FY 2021. **Table 2** provides the per pupil growth amounts and State cost per pupil amounts for FY 2021 based on SF 2142 as amended.

Table 2 — SF 2142 as Amended
FY 2021 State Categorical Cost Per Pupil Calculations

	FY 2020 State Cost Per Pupil	FY 2021 State Percent of Growth	FY 2021 Supplemental State Aid	FY 2021 State Cost Per Pupil
Teacher Salary - Districts	\$ 591.96	2.50%	\$14.80	\$ 606.76
Professional Development - Districts	67.04	2.50%	1.68	68.72
Early Intervention	73.03	2.50%	1.83	74.86
Teacher Leadership and Compensation	333.23	2.50%	8.33	341.56
Teacher Salary - AEAs	30.98	2.50%	0.77	31.75
Professional Development - AEAs	3.62	2.50%	0.09	3.71

Additionally, there is a budget guarantee provision for each of the State categorical supplements, which provides each district and AEA with a minimum of the previous fiscal year's level of funding (net of the previous year's budget guarantee amount). This provision for the State categorical supplements is funded entirely through State aid.

Transportation Equity Fund. 2019 Iowa Acts, chapter [2](#) (School Finance — Regular State Cost Per Pupil — School Transportation Funding), allows for the standing appropriation to the Transportation Equity Fund to grow at the same rate as the categorical State percent of growth. The Transportation Equity Fund appropriation is not included in the combined district cost or in the total State aid appropriation. The FY 2020 appropriation to the Transportation Equity Fund was \$19.0 million.

Property Tax Replacement Payment (PTRP). 2013 Iowa Acts, chapter [121](#) (Education Reform), included the creation of the PTRP provision to replace local property tax amounts with State aid. The provision froze the additional levy portion of the State cost per pupil at \$750; based on the State percent of growth enacted during the intervening fiscal years, this provision created \$15 per pupil in property tax relief in FY 2014 and up to \$132 per pupil in FY 2021. The continual growth is a result of the requirement that the per pupil property tax relief of previous fiscal years carry forward into future fiscal years. Enactment of SF 2142 as amended will maintain the additional levy portion of the State cost per pupil at \$750 in FY 2021. The per pupil property tax relief amount will be based on the State percent of growth enacted for FY 2021. **Table 3** provides detail regarding the State cost per pupil funding levels as provided by a 2.50% growth rate for FY 2021 in SF 2142 as amended.

**Table 3 — SF 2142 as Amended
FY 2021 Property Tax Replacement Payment Calculation**

		FY 2020	Increase Due To Supplemental State Aid Rate	FY 2021
Regular Program	\$	6,880	\$ 172	\$ 7,052
Unadjusted Additional Levy		860	22	881
PTRP Portion		110	21	131
Fixed Additional Levy Portion		750	0	750

Assumptions

- Estimates are based on October 2019 certified enrollments and supplementary weightings for FY 2021, which were approved by the School Budget Review Committee (SBRC) in December 2019.
- A statewide taxable valuation growth rate of 4.92% for FY 2021 was previously agreed upon by the Legislative Services Agency (LSA) and the Department of Management. Based on this assumed rate, the statewide total for the uniform levy is estimated to account for \$47.2 million (+5.0%) of the school foundation property tax change in FY 2021 (including the uniform levy portion of the commercial/industrial rollback replacement payment). The estimated increase in the uniform levy amount is not affected by the establishment of the State percent of growth rate. Property tax adjustment aid amounts are based on the statewide taxable valuation growth factor applied to each school district's FY 2021 taxable valuation amount.
- Total State aid includes funding from the State General Fund and other funds appropriated or deposited in the Property Tax Equity and Relief (PTER) Fund, which is used to provide additional property tax relief through the school aid formula.
- Establishing an FY 2021 State percent of growth will also affect the amount of funding generated for the Statewide Voluntary Preschool Program. Funding for the Program is provided by State General Fund dollars and is included in the overall State aid total.
- Districts eligible for the 101.00% budget adjustment will approve use of that provision.
- Beginning in FY 2021, the additional \$15.0 million State aid reduction to AEAs implemented in FY 2020 will be restored.
- The General Fund appropriation to the Transportation Equity Fund will increase by the categorical State percent of growth.
- Other legislation may have an impact on the amount of State aid and property tax generated though the school aid formula. The fiscal impact shown in **Table 4** includes only the provisions in this Bill as amended.

Fiscal Impact

The following table provides the estimated fiscal impact of the three provisions of SF 2142 as amended: State supplemental aid, State categorical rate, and PTRP implementation. These provisions include:

- Restoration of the \$15.0 million reduction in State aid to the AEAs. Under current law, the reduction will total \$7.5 million (a statutory reduction implemented annually).
- \$75.1 million in PTRP funding, an increase of \$12.4 million (19.80%) compared to FY 2020.
- \$553.8 million for the State categorical supplements for school districts and AEAs, an increase of \$15.9 million (2.96%). This includes:
 - \$314.0 million for the teacher salary supplement at the district and AEA level.
 - \$35.6 million for the professional development supplement at the district and AEA level.
 - \$36.6 million for the early intervention supplement.
 - \$167.6 million for the teacher leadership supplement.
- \$88.2 million for preschool formula funding, an increase of \$2.0 million (2.37%) compared to FY 2020. The preschool formula funding is included in the State aid amount but is not included in the combined district cost total.
- \$7.7 million in budget adjustment funding for 100 qualifying districts, a decrease of \$2.1 million (21.15%) compared to FY 2020. The budget guarantee adjustment is calculated at the school district level so that school districts receive 101.00% of their previous year's funding. The budget guarantee adjustment is funded entirely through property taxes.
- The total property tax funds generated through the school aid formula are estimated to be \$1.613 billion, an increase of \$50.9 million (3.26%) compared to FY 2020.
- The total State aid from the General Fund (reflecting the total school aid funding level for school districts and AEAs generated through the school aid formula) is estimated to be \$3.395 billion, an increase of \$109.7 million (3.34%) compared to FY 2020. Any legislative action affecting FY 2021 school aid provisions will have an impact on school aid amounts. Additionally, any variations in the assumptions noted may result in changes in the FY 2021 estimates provided in the following table.

Table 4 further provides the fiscal impact SF 2142 as amended has on the standing appropriation to the Transportation Equity Fund, which includes a \$19.5 million General Fund appropriation, an increase of \$0.5 million (2.50%) compared to FY 2020. The Transportation Equity Fund appropriation is not included in the combined district cost or in the total State aid amount.

Table 4 — SF 2142 As Amended

Legislative Services Agency: FY 2021 School Aid Estimates — Senate File 2142 as Amended (Statewide Dollars in Millions)

State Percent of Growth: 2.50%	State Cost Per Pupil: \$7,052	State Supplemental Aid: \$172		
AEA Reduction: \$7,500,000	Additional Reduction: \$0	Total AEA Reduction: \$7,500,000		
Program Funding:	FY 2020	Est. FY 2021	Est. Change	% Change
Regular Program District Cost	\$ 3,364.1	\$ 3,465.2	\$ 101.1	3.01%
Regular Program Budget Adjustment	9.8	7.7	-2.1	-21.15%
Supplementary Weighting (District)	104.8	106.7	1.9	1.80%
Special Education Instruction (District)	460.2	479.1	18.9	4.10%
Teacher Salary Supplement (District)	288.6	297.1	8.5	2.94%
Professional Development Supplement (District)	32.7	33.7	1.0	2.95%
Early Intervention Supplement (District)	35.6	36.6	1.1	2.95%
Teacher Leadership Supplement (District)	162.7	167.6	4.8	2.98%
AEA Special Ed Support District Cost	167.3	172.6	5.2	3.14%
AEA Special Ed Support Adjustment	1.4	1.1	-0.3	-22.00%
AEA Media Services	29.3	30.2	0.9	2.99%
AEA Ed Services	32.4	33.3	1.0	2.98%
AEA Teacher Salary Supplement	16.4	16.9	0.5	3.18%
AEA Professional Development Supplement	1.9	2.0	0.1	3.19%
Dropout and Dropout Prevention	124.9	124.9	0.0	0.00%
Combined District Cost	\$ 4,809.6	\$ 4,967.1	\$ 157.6	3.28%
Statewide Voluntary Preschool Program	\$ 86.2	\$ 88.2	\$ 2.0	2.37%
State Aid:	FY 2020	Est. FY 2021	Est. Change	% Change
Regular Program	\$ 1,964.5	\$ 2,006.9	\$ 42.5	2.16%
Supplementary Weighting	91.4	93.0	1.7	1.82%
Special Education Weighting	401.6	418.1	16.5	4.11%
Property Tax Adjustment Aid (1992)	7.7	7.4	-0.4	-4.92%
Property Tax Replacement Payment (PTRP)	62.6	75.1	12.4	19.80%
Adjusted Additional Property Tax - General Fund	24.0	24.0	0.0	0.00%
Statewide Voluntary Preschool Program	86.2	88.2	2.0	2.37%
Minimum State Aid	0.0	0.0	0.0	
State Aid from General Fund	\$ 3,285.4	\$ 3,395.1	\$ 109.7	3.34%
*Excess from SAVE Fund	10.1	10.4	0.3	2.67%
Total State Aid (Includes Non-General Fund)	\$ 3,295.6	\$ 3,405.5	\$ 109.9	3.34%
Local Property Tax:	FY 2020	Est. FY 2021	Est. Change	% Change
Uniform Levy Amount	\$ 948.3	\$ 995.5	\$ 47.2	4.98%
Additional Levy	614.1	617.9	3.7	0.61%
Total Levy to Fund Combined District Cost	\$ 1,562.5	\$ 1,613.4	\$ 50.9	3.26%
Comm/Ind - Uniform Levy Replacement	22.8	21.9	-0.9	-3.95%
Comm/Ind - Additional Levy Replacement	14.9	14.5	-0.4	-2.73%
Miscellaneous Information:	FY 2020	Est. FY 2021	Est. Change	% Change
State Cost Per Pupil	\$ 6,880	\$ 7,052	\$ 172	2.50%
Number of Districts with Budget Adjustment	114	100	-14	-12.28%
Percent of Districts with Budget Adjustment	34.86%	30.58%		
Statewide Category Totals Total	\$ 537.9	\$ 553.8	\$ 15.9	2.96%
Property Tax Relief Payment Per Pupil	110	131	21	19.09%
Statewide AEA Funding Reduction	-22.5	-7.5	15.0	66.67%
Statewide AEA Funding	226.2	248.6	22.3	9.86%
Transportation Equity Fund	19.0	19.5	0.5	2.50%

Notes:

Totals may not sum due to data duplication and exclusion. For example, other funds are provided by State Aid but not included in the State Aid section because the funds are represented in the Program Funding section listed above. Transportation Equity Fund dollars are not included in the total State aid amounts.

The provision for minimum State aid requires that the State provide at least \$300 per student.

* Secure an Advanced Vision for Education (SAVE) Fund.

Sources: Department of Management (School Aid File), LSA analysis and calculations

Sources

Iowa Department of Education, Certified Enrollment and Enrollment Projections File
Iowa Department of Management, School Aid File
Iowa Department of Revenue
LSA analysis and calculations

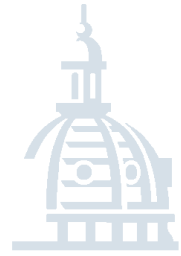
/s/ Holly M. Lyons

February 12, 2020

Doc ID 1129970

The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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SF 2181 – License Plates, Flying Our Colors (LSB5105SV)
 Staff Contact: Adam Broich (515.281.8223) adam.broich@legis.iowa.gov
 Fiscal Note Version – New

Description

[Senate File 2181](#) creates a “Flying Our Colors” license plate and requires the Department of Transportation (DOT) to design the plate. The plate requires two fees, an initial special fee of \$35 and an annual special fee of \$10. These fees are deposited in the Road Use Tax Fund (RUTF). At the end of each month, the Treasurer of State is required to credit the amount equal to the special fees deposited in the RUTF from the Statutory Allocations Fund to the Flood Mitigation Fund. The image to the right is a mockup of the proposed plate provided by the DOT. The Bill also specifies that the initial fee for a personalized plate is \$25 and the annual renewal fee for such plate is \$5. The fees for personalized plates are not subject to deposit in the Flood Mitigation Fund.



Background

The State of Iowa currently has over 70 types of specialty license plates that citizens may select. Over 221,000 of the 4.5 million vehicles registered in Iowa have specialty plates. The top 16 plate types account for 86.1% of all specialty plates issued in Iowa. The top 16 license plates in Iowa are as listed below. However, there are over 50 types not represented in the data below that have far fewer plates issued.

Top 16 Iowa Specialty Plates			
Blackout	93,634	Business Trade	4,258
University of Iowa	25,617	DNR Pheasant	3,738
Iowa State University	16,740	DNR Deer	3,532
DNR Goldfinch	13,133	God Bless America	3,465
Fire Fighter	11,860	Fallen Peace Officer	2,957
Veteran	9,505	Univ. of Northern Iowa	2,219
Cattleman's	6,426	Breast Cancer	1,463
DNR Eagle	4,600	Share the Road	1,449

Note: Through December 2019.

Assumptions

- An estimated 3,500 “Flying Our Colors” license plates will be issued within two years.
- This would make the plate as popular as the “God Bless America Plate” currently issued by the DOT. It is estimated that 1,750 plates will be issued in FY 2021 and 1,750 plates will be issued in FY 2022. Approximately 30.0% of the Flying Our Colors plates will be personalized. This is similar to the percentage of other special plates that are personalized.

Fiscal Impact

Senate File 2181 is estimated to increase revenue to the Flood Mitigation Fund by \$61,250 in FY 2021, and \$70,000 in FY 2022, and \$17,500 each year thereafter. The RUTF will fund plate production costs (Iowa Code section [312.2\(3\)](#)), but expenditure on these plates is expected to be minimal and can only be attributed to implementation of the Bill when individuals prematurely replace a license plate in order to replace it with the new plate.

<u>Estimated Fiscal Impact</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Existing Plates	-	1,750	3,500
New Plates Issued	1,750	1,750	-
Initial Special Fee	\$ 61,250	\$ 61,250	\$ -
Annual Fee	-	8,750	17,500
RUTF Revenue	\$ 61,250	\$ 70,000	\$ 17,500
SAF Transfer to Flood Mitig.	\$ 61,250	\$ 70,000	\$ 17,500

Revenues to the RUTF and transfers from the SAF to the Flood Mitigation Fund will offset at the end of the fiscal year.

The cost to produce the new plates is estimated to be \$7,400 per year in FY 2021 and FY 2022. The costs will be funded from the RUTF.

Assuming 30.0% of the new plates are personalized, the RUTF will receive an increase in revenue of \$13,100 per year in FY 2021 and FY 2022, and \$17,500 each year thereafter.

Sources

Iowa Department of Transportation
LSA calculations

/s/ Holly M. Lyons

February 13, 2020

Doc ID 1129403

The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.