

**EIGHTY-FIFTH GENERAL ASSEMBLY
2014 REGULAR SESSION
DAILY
SENATE CLIP SHEET**

February 5, 2014

No amendments filed – see attached Fiscal Notes.



SF 2077– Categorical Supplemental State Aid (LSB 5827SV)
Analyst: Shawn Snyder (Phone: (515) 281-7799) (shawn.snyder@legis.iowa.gov)
Fiscal Note Version – New

Description

Senate File 2077 requires a 6.0% State percent of growth rate to be applied to each of the State categorical cost per pupil amounts for FY 2016.

Background

The State categorical supplements are funded entirely through State aid and generate funds for each school district and area education agency (AEA) through the school aid formula on a per pupil basis. The FY 2015 State cost per pupil funding levels for the teacher salary supplement (district and AEA), professional development supplement (district and AEA), and early intervention supplement (district only) will be increased by a 6.0% State percent of growth for FY 2016. Additionally, FY 2016 will be the initial year that the teacher leadership supplement (TLS) will be included in the school aid formula and the current estimated per pupil amount for FY 2015 is \$308.82 and will be impacted by SF 2077. The following table provides the per pupil growth amounts and State cost per pupil amounts for FY 2016 based on SF 2077.

<u>State Categorical Supplements</u>	<u>FY 2015 State Cost Per Pupil Amount</u>	<u>FY 2016 State Percent of Growth</u>	<u>Supplemental State Aid</u>	<u>FY 2016 State Cost Per Pupil</u>
Teacher Salary - Districts	\$ 548.51	6.0%	\$ 32.91	\$ 581.42
Professional Development - Districts	61.74	6.0%	3.70	65.44
Early Intervention	67.68	6.0%	4.06	71.74
<i>Teacher Leadership (Estimated)</i>	308.82	6.0%	18.53	327.35
Teacher Salary - AEAs	28.71	6.0%	1.72	30.43
Professional Development - AEAs	3.35	6.0%	0.20	3.55

AEA = Area Education Agency

Additionally, there is a budget guarantee provision for each of the State categorical supplements that 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.

Assumptions

Estimates are based on October 2013 certified enrollments and preliminary weightings and estimated projections of the October 2014 enrollment counts.

Fiscal Impact

The estimated total fiscal impact of SF 2077 will be a General Fund expenditure of \$362.7 million to fund the FY 2016 State categorical supplement amounts. This is an increase of \$20.9 million (6.1%) compared to estimated FY 2015. This estimate does not current include

the estimate for the teacher leadership supplement (TLS) for FY 2016. That amount will be predicated on enrollments of districts approved to implement the program in FY 2015 and the overall appropriation amount for the program in FY 2015. The LSA anticipates that the total TLS funding generated through the school aid formula will not exceed \$52.5 million in FY 2016.

The following table provides the detail of the funding levels for each of the State categorical supplements. School aid estimates by school district are available on the [LSA website](#).

Estimated Funding Levels - SF 2077				
	<u>District Amount</u> <u>FY 2016</u>	<u>AEA Amount</u> <u>FY 2016</u>	<u>Total Amount</u> <u>FY 2016</u>	<u>FY 2016 vs.</u> <u>FY 2015</u>
Teacher Salary Supplement				
Unadjusted Amount - District	\$ 278,893,010	\$ 15,739,671	\$ 294,632,682	
Budget Guarantee Amount - District	207,843	7,884	215,726	
Total Amount - District	\$ 279,100,853	\$ 15,747,555	\$ 294,848,408	\$ 17,027,900
Professional Development Supplement				
Unadjusted Amount - District	\$ 31,608,523	\$ 1,840,739	\$ 33,449,263	
Budget Guarantee Amount - District	22,425	862	23,287	
Total Amount - District	\$ 31,630,949	\$ 1,841,601	\$ 33,472,550	\$ 1,933,376
Early Intervention Supplement				
Unadjusted Amount	\$ 34,392,186	NA	\$ 34,392,186	
Budget Guarantee Amount	21,976	NA	21,976	
Total Amount	\$ 34,414,162	NA	\$ 34,414,162	\$ 1,976,854
All State Categorical Supplements				
Total Unadjusted Amount	\$ 344,893,720	\$ 17,580,411	\$ 362,474,131	
Total Budget Guarantee Amount	252,244	8,745	260,990	
Total State Categorical Supplement	\$ 345,145,964	\$ 17,589,156	\$ 362,735,120	\$ 20,938,130

Note:
Totals may not sum due to rounding.

Sources

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

/s/ Holly M. Lyons

February 4, 2014

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



SF 2078 – Property Tax Replacement Payments (LSB 5828SV)
Analyst: Shawn Snyder (Phone: (515) 281-7799) (shawn.snyder@legis.iowa.gov)
Fiscal Note Version – New

Description

Senate File 2078 provides additional property tax relief based on the per pupil increase that results from the establishment of the State percent of growth in FY 2016. The Bill requires the additional levy portion of the FY 2016 State cost per pupil amount to be frozen at \$750 per pupil, no matter what the per pupil increase is for FY 2016. Without enactment of this provision, the increase in the FY 2016 State cost per pupil due to the State percent of growth will include a per pupil property tax increase equivalent to 1/8th (12.5%) of the total per pupil increase.

Background

Enactment of **HF 215** (Education Reform Act) included the creation of the property tax replacement payment provision (PTRP) to replace local property tax amounts with State aid. The provision froze the additional levy portion of the State cost per pupil in FY 2014 and FY 2015 at \$750. Based on the State percent of growth enacted for those fiscal years (2.0% in FY 2014 and 4.0% in FY 2015), this provision resulted in per pupil property tax relief of \$15/pupil in FY 2014 and another \$31/pupil in FY 2015. This provision also required these per pupil property tax relief provisions for FY 2014 and FY 2015 to carry forward in future fiscal years, resulting in per pupil property tax relief totaling \$46/pupil beginning in FY 2015.

Enactment of **SF 2078** will maintain a freeze of the additional levy portion of the State cost per pupil at \$750 in FY 2016. The per pupil property tax relief amount will be predicated on the State percent of growth enacted for FY 2016. The following table provides detail on the State cost per pupil funding levels at different State percent of growth rate amounts for FY 2016. Enactment of **SF 2078** will provide additional property tax relief of \$16/pupil at a 2.0% rate, \$32/pupil at a 4.0% rate, and \$47 at a 6.0% rate.

	FY 2015	FY 2016 State Cost Per Pupil Amounts Based on Various State Percent of Growth Rates			
		0.0%	2.0%	4.0%	6.0%
State Cost Per Pupil (SCPP):	\$ 6,366	\$ 6,366	\$ 6,493	\$ 6,621	\$ 6,748
87.5% Foundation Level (FL):	5,570	5,570	5,681	5,793	5,905
Previous Enacted PTRP Amount:	46	46	46	46	46
Additional Levy Portion:	750	750	766	782	797
Additional Per Pupil Property Tax with SF 2078:	\$ 0	\$ 16	\$ 32	\$ 47	
Total Per Pupil Property Tax Relief Beginning in FY 2016:	\$ 46	\$ 62	\$ 78	\$ 93	

Assumptions

- Estimates are based on October 2013 certified enrollments and weighting and enrollment projections for October 2014.
- Estimates are also based on current law estimates for FY 2015. Any policy changes impacting enrollments or weightings will impact FY 2016 estimates.

Fiscal Impact

The estimated fiscal impact of [SF 2078](#) will be predicated on the State percent of growth enacted for FY 2016. The following table provides the estimated fiscal impact based on different State percent of growth rates for FY 2016.

Estimated Impact - SF 2078

	FY 2016 General Fund Expenditure Increase for Property Tax Replacement Payments (PTRP) (Millions of Dollars)			
	0.0%	2.0%	4.0%	6.0%
Total Current Law PTRP Amount	\$ 25.7	\$ 25.7	\$ 25.7	\$ 25.7
SF 2078 Total PTRP Amount	25.7	34.6	43.5	51.9
Est. Impact of SF 2078	\$ 0.0	\$ 8.9	\$ 17.9	\$ 26.2

If [SF 2079](#) (FY 2016 State Supplemental Aid) is enacted, the estimated fiscal impact will be an increase in State General Fund expenditures for the PTRP of \$26.2 million beginning in FY 2016. Additional school aid estimates are available on the [LSA website](#).

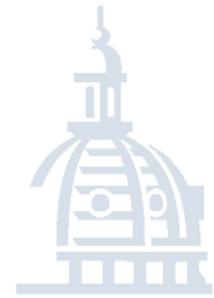
Sources

Iowa Department of Education, Certified Enrollment file
Iowa Department of Management, School Aid file
LSA analysis and calculations

/s/ Holly M. Lyons

February 4, 2014

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



SF 2079 – Supplemental State Aid (LSB 5830SV)

Analyst: Shawn Snyder (Phone: 515-281-7799) (shawn.snyder@legis.iowa.gov)

Fiscal Note Version – New

Description

Senate File 2079 requires a 6.0% State percent of growth rate to be applied to each of the regular school aid State cost per pupil amounts for FY 2016.

Background

The school aid formula provides funding through a mix of State aid and property tax to school districts and area education agencies (AEAs). In general, funding is generated on a per pupil basis with the per pupil amounts providing an overall budget limitation. There are five FY 2016 State cost per pupil funding levels that will be increased by a 6.0% State percent of growth for FY 2016. The following table provides the supplemental State aid amounts (also referred to as per pupil growth amounts) and State cost per pupil amounts for FY 2016 based on a 6.0% growth rate. The supplemental State aid amounts will be applied to all corresponding district and AEA cost per pupil amounts.

Regular School Aid Per Pupil Components	FY 2015 State Cost Per Pupil Amount	FY 2016 State Percent of Growth	Supplemental State Aid	FY 2016 State Cost Per Pupil
Regular Program	\$ 6,366.00	6.0%	\$ 382.00	\$ 6,748.00
Special Education Program	6,366.00	6.0%	382.00	6,748.00
AEA Special Education Support	279.53	6.0%	17.00	296.53
AEA Media Services	52.11	6.0%	3.00	55.11
AEA Educational Services	57.51	6.0%	3.00	60.51

In addition to the State percent of growth and supplemental State aid for FY 2016, 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.

Assumptions

Assumptions include:

- Enrollments include the October 2013 certified enrollments and Department of Education enrollment projections for FY 2016.
- The FY 2015 supplementary weightings are based on the preliminary data from fall 2013. The FY 2016 estimates assume a 1.0% increase in special education weightings, a 1.0% increase in at-risk weightings, a 7.0% increase in English-as-second-language (ESL) weightings, and a decrease of 10.0% for sharing weightings.
- Statewide taxable valuation growth of 3.0% for FY 2015 and 3.54% for FY 2016. Based on these assumptions, the statewide total for the uniform levy is estimated to account for \$39.1

million of the school foundation property tax change in FY 2016 (including the uniform levy portion of the commercial/industrial rollback replacement payment). The estimated increase in the uniform levy amount is not impacted by the establishment of 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 2016 taxable valuation amount. Additionally, if enacted, [SF 2078](#) (FY 2016 Property Tax Replacement Payments Bill) will require that the entire increase in the regular program and special education program per pupil amounts to be funded with State aid. Without this provision, 1/8th of the per pupil increase will be funded with local property taxes.
- Other legislation may have an impact on the amount of State aid and property tax generated through the school aid formula. The fiscal impact in the table below includes the provisions in [SF 2077](#) (State Categorical Supplemental State Aid Bill) and [SF 2078](#). These provisions are included in the State General Fund appropriation for school aid.
- State aid includes funding from the State General Fund and other funds appropriated or deposited in the Property Tax Equity and Relief (PTER) Fund that is used to provide additional property tax relief through the school aid formula.
- Establishing an FY 2016 State percent of growth will also impact the amount of funding generated for the Statewide Voluntary Preschool Program. Funding for the program is provided with State General Fund dollars and is included in the overall State aid total.
- Districts eligible for the 101.0% budget adjustment will approve use of that provision. The Legislative Services Agency (LSA) estimate includes a total budget adjustment of \$3.3 million, based on the FY 2016 State percent of growth and budget enrollment projections.
- Beginning in FY 2015, the additional \$15.0 million State aid reduction to AEAs implemented in FY 2014 will be restored.

Fiscal Impact

The following table provides the estimated fiscal impact of [SF 2079](#), and includes the provisions of [SF 2077](#) and [SF 2078](#):

- A total General Fund expenditure for State school aid in FY 2016 of \$3,109.7 million, an increase of \$222.5 million (7.7%) compared to the current estimate for FY 2015. This includes:
 - An increase of \$193.7 million for regular school aid (including \$26.3 million with the impact of [SF 2078](#)).
 - Preschool aid will increase \$7.9 million (11.3%), compared to estimated FY 2015.
 - An increase of \$20.9 million (6.1%) for the State categorical supplements (based on [SF 2077](#)).
- The combined district cost (reflecting the total school aid funding level for school districts and AEAs generated through the school aid formula), is estimated to increase \$266.6 million (6.3%) compared to estimated FY 2015.

Any legislative action impacting FY 2015 school aid provisions will have an impact on FY 2016 school aid amounts. Additionally, any variations in the assumptions noted may result in significant changes in the FY 2016 estimates provided in the following table.

State School Aid Funding: FY 2013 Through Est. FY 2016

Estimates as of January 29, 2014 and Based on Senate Proposals (SF 2077, SF 2078, and SF 2079)
(Dollars in Millions)

	FY 2013 - 2% State Percent of Growth	Change from FY 2012	FY 2014 - 2% State Percent of Growth	Change from Est. FY 2013	FY 2015 - 4% State Percent of Growth	Change from Est. FY 2014	FY 2016- 6% State Percent of Growth	Change from Est. FY 2015
Regular School Aid	\$ 2,280.9	\$ 23.9	\$ 2,323.7	\$ 42.8	\$ 2,458.3	\$ 134.6	\$ 2,625.6	\$ 167.4
Property Tax Replacement Payment	NA	NA	8.3	8.3	25.6	17.3	51.9	26.3
Total Regular School Aid	\$ 2,280.9	\$ 23.9	\$ 2,332.0	\$ 51.1	\$ 2,483.8	\$ 151.9	\$ 2,677.5	\$ 193.7
Teacher Salary Supplement	260.0	3.2	266.3	6.3	277.8	11.6	294.8	17.0
Professional Development Supplement	29.5	0.4	30.2	0.7	31.5	1.3	33.5	1.9
Early Intervention Supplement	30.3	0.4	31.1	0.8	32.4	1.4	34.4	2.0
Total State Categorical Supplement*	\$ 319.8	\$ 3.9	\$ 327.5	\$ 7.7	\$ 341.8	\$ 14.3	\$ 362.7	\$ 20.9
Total School Aid w/o Preschool	\$ 2,600.7	\$ 27.8	\$ 2,659.5	\$ 58.8	\$ 2,825.6	\$ 166.1	\$ 3,040.3	\$ 214.6
Preschool Aid	\$ 60.4	\$ 2.0	\$ 66.1	\$ 5.7	\$ 69.8	\$ 3.7	\$ 77.7	\$ 7.9
Total State Aid Amount for School Programs	\$ 2,661.1	\$ 29.9	\$ 2,725.6	\$ 64.5	\$ 2,895.4	\$ 169.8	\$ 3,117.9	\$ 222.5
PTER Funding	\$ -7.4	\$ -0.7	\$ -8.7	\$ -1.3	\$ -8.2	\$ 0.4	\$ -8.2	\$ 0.0
Total State General Fund Amount for School Aid	\$ 2,653.7	\$ 29.2	\$ 2,716.9	\$ 63.2	\$ 2,887.2	\$ 170.2	\$ 3,109.7	\$ 222.5
Uniform Levy Amount	\$ 729.7	\$ 26.1	\$ 759.4	\$ 29.6	\$ 782.3	\$ 22.9	\$ 811.3	\$ 29.0
Uniform Levy Portion of C/I Rollback Replacement Payment	NA	NA	NA	NA	9.4	9.4	19.5	10.1
Total Unadjusted Additional Levy Amount	612.4	-29.2	619.5	7.1	633.5	13.9	665.1	31.6
Property Tax Replacement Payment	NA	NA	-8.3	-8.3	-25.6	-17.3	-51.9	-26.3
Property Tax Adjustment Aid (from GF)	-24.0	0.0	-24.0	0.0	-24.0	0.0	-24.0	0.0
Property Tax Adjustment Aid (from PTER)	-7.4	-0.7	-8.7	-1.3	-8.2	0.4	-8.2	0.0
Additional Levy Portion of C/I Rollback Replacement Payment	NA	NA	NA	NA	7.3	7.3	14.9	7.6
Foundation Property Tax with C/I Rep. Payment	\$ 1,310.8	\$ -3.7	\$ 1,338.0	\$ 27.2	\$ 1,374.6	\$ 36.6	\$ 1,426.6	\$ 52.0
Found. Prop. Tax C/I Rollback Replacement Payment Portion	NA	NA	NA	NA	-16.7	-16.7	-34.4	-17.7
Total Adjusted Foundation Property Tax	\$ 1,310.8	\$ -3.7	\$ 1,338.0	\$ 27.2	\$ 1,357.9	\$ 19.9	\$ 1,392.2	\$ 34.3
Combined District Cost	\$ 3,910.7	\$ 23.4	\$ 3,997.2	\$ 86.5	\$ 4,200.2	\$ 203.0	\$ 4,466.9	\$ 266.6
Est. Budget Guarantee Amount:			\$ 11.2		\$ 3.3		\$ 3.3	
Number of Districts with Budget Guarantee:			133		69		49	
***One-Time State Aid Funding for FY 2014	N.A.		\$ 57.1		\$ 0.0		\$ 0.0	

*NOTE: The Teacher Leadership Supplement will be included in School Aid Funding for FY 2016, but the amount is currently unknown.
C/I = Commercial/Industrial
Totals may not sum due to rounding.

School aid estimates by district are available on the [LSA website](#).

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 4, 2014

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