SENATE FILE 2201
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO SSB 3100)

(As Amended and Passed by the Senate February 10, 2026)

_____ and [= New Language by the Senate

* = Language Stricken by the Senate

A BILL FOR

An Act relating to school funding by establishing the state percent of growth and the categorical state percent of growth for the budget year beginning July 1, 2026, modifying provisions relating to property tax replacement payments, the regular program state cost per pupil, funding for school district budget adjustments, and school district enrollment, and including effective date and applicability provisions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

less the regular program foundation base per pupil percentage pursuant to section 257.1 for the ~~applicable~~ budget year ~~under this paragraph~~ beginning July 1, 2025.

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

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

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

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

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

DIVISION II

STATE COST PER PUPIL

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

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

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

by adding the following new paragraph:

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

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

DIVISION III

SCHOOL DISTRICT BUDGET ADJUSTMENT — FY 2026-2027

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

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

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

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

DIVISION IV

SCHOOL DISTRICT ENROLLMENT

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

2. *Basic enrollment.* Basic enrollment for a budget year is the average of a district's actual enrollment for the base year and the district's adjusted enrollment for the base year. Basic enrollment for the base year is the average of a district's actual enrollment for the year preceding the base year and the district's adjusted enrollment for the year preceding the base year.

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

following new subsection:

NEW SUBSECTION. 7. *Adjusted enrollment.*

a. Adjusted enrollment is determined annually on January 15, or the third Monday in January if January 15 falls on a Saturday or Sunday, and includes the same categories of pupils used to determine actual enrollment under subsection 1, paragraph *"a"*.

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

c. The department of management shall adjust the basic enrollment of the school district for the audit year based upon reports filed under section 11.6, and shall further adjust the budget of the second year succeeding the audit year for the property tax and state aid portions of the reported differences in such enrollments for the year succeeding the audit year.

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