

CHAPTER 1227**STATE BUDGET AND FINANCIAL CONTROL**

S.F. 2351

AN ACT relating to state budget and financial control by requiring certain financial practices, providing an appropriation, and providing effective date and applicability provisions.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 8.21, Code 1991, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. If the governor is required to use a lesser amount in the budget process because of a later meeting of the state revenue estimating conference under section 8.22A, subsection 3, the governor shall transmit recommendations for a balanced budget meeting this requirement within fourteen days of the later meeting of the state revenue estimating conference.

Sec. 2. Section 8.22A, Code 1991, is amended to read as follows:

8.22A REVENUE ESTIMATING CONFERENCE.

1. The state revenue estimating conference is created consisting of the governor or the governor's designee, the director of the legislative fiscal bureau, and a third member agreed to by the other two.

2. The conference shall meet as often as deemed necessary, but shall meet at least quarterly. The conference may use sources of information deemed appropriate.

3. By December 15, 1986 and of each succeeding fiscal year the conference shall agree to a revenue estimate for the fiscal year beginning the following July 1. That estimate shall be used by the governor in the preparation of the budget message under section 8.22 and by the legislature general assembly in the budget process. If the conference agrees to a different estimate at a later meeting which projects a greater amount of revenue than the initial estimate amount agreed to by December 15, the governor and the general assembly shall continue to use the initial estimate amount in the budget process for that fiscal year. However, if the conference agrees to a different estimate at a later meeting which projects a lesser amount of revenue than the initial estimate amount, the governor and the general assembly shall use the lesser amount in the budget process for that fiscal year. As used in this subsection, "later meeting" means only those later meetings which are held prior to the conclusion of the regular session of the general assembly.

Sec. 3. NEW SECTION. 8.53 GAAP DEFICIT — GAAP IMPLEMENTATION.

For the fiscal year beginning July 1, 1992, and the two succeeding fiscal years, the governor shall recommend in the governor's budget and the general assembly shall provide funds to eliminate the state generally accepted accounting principles (GAAP) deficit, as reported in the state's comprehensive annual financial report issued during the prior fiscal year, and taking into account the revised GAAP standards that are projected to be in place by the fiscal year ending in 1995, either through the appropriation of specific funds to provide an adjustment in the GAAP deficit or by setting funds aside in a special account in an amount equal to the GAAP deficit.

For the fiscal year beginning July 1, 1996, and each succeeding fiscal year, the governor shall recommend in the governor's budget and the general assembly shall provide funds to eliminate the GAAP deficit of the general fund of the state, as reported in the state's comprehensive annual financial report issued during the prior fiscal year, either through the appropriation of specific funds to correct a GAAP adjustment or by setting funds aside in a special account in an amount equal to the GAAP deficit.

Sec. 4. NEW SECTION. 8.54 GENERAL FUND EXPENDITURE LIMITATION.

1. For the purposes of this section and sections 8.55 through 8.57:

a. "Adjusted revenue estimate" means the appropriate revenue estimate for the general fund for the following fiscal year as determined under section 8.22A, subsection 3, adjusted by subtracting estimated tax refunds payable from that estimated revenue and adding any new revenues which may be considered to be eligible for deposit in the general fund.

b. "New revenues" means moneys which are received by the state due to increased tax rates and fees or newly created taxes and fees over and above those moneys which are received due to state taxes and fees which are in effect as of January 1 following the December state revenue estimating conference. "New revenues" also includes moneys received by the state due to new transfers over and above those moneys received by the state due to transfers which are in effect as of January 1 following the December state revenue estimating conference.

2. There is created a state general fund expenditure limitation for each fiscal year beginning on or after July 1, 1993, calculated as provided in this section.

3. Except as otherwise provided in this section, the state general fund expenditure limitation for a fiscal year shall be ninety-nine percent of the adjusted revenue estimate.

4. The state general fund expenditure limitation amount provided for in this section shall be used by the governor in the preparation of the budget under section 8.22 and by the general assembly in the budget process. If a source for new revenues is proposed, the budget revenue projection used for that new revenue source for the period beginning on the effective date of the new revenue source and ending in the fiscal year in which the source is included in the revenue base shall be an amount determined by subtracting estimated tax refunds payable from the projected revenue from that new revenue source, multiplied by ninety-five percent. If a new revenue source is established and implemented, the original state general fund expenditure limitation amount provided for in subsection 3 shall be readjusted to include ninety-five percent of the estimated revenue from the new revenue source.

5. For fiscal years in which section 8.55, subsection 2, results in moneys being transferred to the general fund, the original state general fund expenditure limitation amount provided for in subsection 3 shall be readjusted to include the moneys which are so transferred.

6. The scope of the expenditure limitation under subsection 3 shall not encompass federal funds, donations, constitutionally dedicated moneys, and moneys in expenditures from state retirement system moneys.

7. The governor shall submit and the general assembly shall pass a budget which does not exceed the state general fund expenditure limitation. The governor in submitting the budget under section 8.21, and the general assembly in passing a budget, shall not have recurring expenditures in excess of recurring revenues.

Sec. 5. Section 8.55, Code 1991, is amended to read as follows:

8.55 IOWA ECONOMIC EMERGENCY FUND.

1. The Iowa economic emergency fund is created. The fund shall be separate from the general fund of the state and the balance in the fund shall not be considered part of the balance of the general fund of the state, ~~except for purposes of determining the annual inflation factor under section 422.4, subsection 17, the balance in the fund shall be considered part of the general fund of the state.~~ The moneys in the fund shall not revert to the general fund, notwithstanding section 8.33, unless and to the extent the fund exceeds the maximum balance.

2. ~~The maximum balance of the Iowa economic emergency fund is the amount equal to ten percent of the funds appropriated from the general fund of the state during the preceding fiscal year. There is appropriated from any surplus existing in the general fund of the state at the conclusion of the fiscal year to the Iowa economic emergency fund an amount equal to the smaller of the amount of the surplus or the amount necessary to achieve the maximum balance. The maximum balance of the fund is the amount equal to five percent of the adjusted revenue estimate for the fiscal year. If the amount of moneys in the Iowa economic emergency fund is equal to the maximum balance, moneys in excess of this amount shall be transferred to the general fund.~~

3. The moneys in the Iowa economic emergency fund may be appropriated by the general assembly only in the fiscal year for which the appropriation is made ~~and only for a purpose~~

for which the general assembly previously appropriated funds for that fiscal year. The moneys shall only be appropriated by the general assembly for emergency expenditures. However, except as provided in section 8.58, the balance in the Iowa economic emergency fund may be used in determining the cash position of the general fund of the state for the payment of state obligations.

4. Notwithstanding section 453.7, subsection 2, interest or earnings on moneys deposited in the Iowa economic emergency fund shall be credited to the Iowa economic emergency fund.

Sec. 6. NEW SECTION. 8.56 CASH RESERVE FUND.

1. A cash reserve fund is created in the state treasury. The cash reserve fund shall be separate from the general fund of the state and shall not be considered part of the general fund of the state except in determining the cash position of the state as provided in subsection 3. The moneys in the cash reserve fund are not subject to section 8.33 and shall not be transferred, used, obligated, appropriated, or otherwise encumbered except as provided in this section. Notwithstanding section 453.7, subsection 2, interest or earnings on moneys deposited in the cash reserve fund shall be credited to the Iowa economic emergency fund. Moneys in the cash reserve fund may be used for cash flow purposes provided that any moneys so allocated are returned to the cash reserve fund by the end of each fiscal year.

2. The maximum balance of the cash reserve fund is the amount equal to the cash reserve goal percentage, as defined in section 8.57, multiplied by the adjusted revenue estimate for the general fund of the state for the current fiscal year.

3. The moneys in the cash reserve fund may be appropriated by the general assembly in accordance with subsection 4 only in the fiscal year for which the appropriation is made. The moneys shall only be appropriated by the general assembly for nonrecurring emergency expenditures and shall not be appropriated for payment of any collective bargaining agreement or arbitrator's decision negotiated or awarded under chapter 20. However, except as provided in section 8.58, the balance in the cash reserve fund may be used in determining the cash position of the general fund of the state for payment of state obligations.

4. a. Except as provided in subsection 1, an appropriation shall not be made from the cash reserve fund unless the appropriation is in accordance with all of the following:

(1) The appropriation is contained in a bill or joint resolution in which the appropriation is the only subject matter of the bill or joint resolution.

(2) The bill or joint resolution states the reasons the appropriation is necessary.

b. In addition to the requirements of paragraph "a", an appropriation shall not be made from the cash reserve fund which would cause the fund's balance to be less than three percent of the adjusted revenue estimate for the year for which the appropriation is made unless the bill or joint resolution is approved by vote of at least three-fifths of the members of both chambers of the general assembly and is signed by the governor.

Sec. 7. NEW SECTION. 8.57 ANNUAL APPROPRIATION.

1. a. For each fiscal year beginning on or after July 1, 1993, there is appropriated from the general fund of the state an amount to be determined as follows:

(1) If the balance of the cash reserve fund has not yet at any point reached four percent of the adjusted revenue estimate during a budget year, the amount appropriated shall be determined under this subparagraph.

(a) The amount appropriated under this subparagraph is the amount necessary for the cash reserve fund to reach the cash reserve goal percentage of the adjusted revenue estimate for the fiscal year. However, moneys appropriated under this subparagraph shall not exceed more than one percent of the adjusted revenue estimate for the fiscal year.

(b) The "cash reserve goal percentage" for the fiscal year beginning July 1, 1993, is one percent; for the fiscal year beginning July 1, 1994, is two percent; for the fiscal year beginning July 1, 1995, is three percent; for the fiscal year beginning July 1, 1996, is four percent; and for fiscal years beginning on or after July 1, 1997, is five percent.

(2) If at any point in any prior fiscal year the balance of the cash reserve fund reached four percent of the adjusted revenue estimate for that fiscal year, the moneys appropriated under this paragraph for a fiscal year shall be one percent of the adjusted revenue estimate for the fiscal year.

(3) The moneys appropriated under this paragraph shall be credited in equal and proportionate amounts in each quarter of that fiscal year.

b. Commencing June 30, 1993, the surplus existing in the general fund of the state at the conclusion of the fiscal year is appropriated for distribution as provided in this section. As used in this paragraph, "surplus" means the positive ending balance in the general fund, if any.

c. The amount appropriated in this section is not subject to the provisions of section 8.31, relating to quarterly requisitions and allotment, or to section 8.32, relating to conditional availability of appropriations.

2. Moneys appropriated under subsection 1 shall be first credited to the cash reserve fund. To the extent that moneys appropriated under subsection 1 would make the moneys in the cash reserve fund exceed the cash reserve goal percentage of the adjusted revenue estimate for the fiscal year, the moneys are appropriated to the department of management to be spent for the purpose of eliminating Iowa's GAAP deficit. The department of management shall annually file with both houses of the general assembly at the time of the submission of the governor's budget a schedule of the items for which moneys appropriated under this subsection for the purpose of eliminating Iowa's GAAP deficit shall be spent in the fiscal year commencing July 1 following the date of the filing of the report. The schedule shall list each item of expenditure and the maximum dollar amount of moneys to be spent on that item for the fiscal year. If moneys appropriated under this subsection are not enough to pay for all listed expenditures, the department of management shall allocate the payments among the listed expenditure items. Moneys appropriated to the department of management under this subsection shall not be spent on items other than those included in the filed schedule.

3. To the extent that moneys appropriated under subsection 1 exceed the amounts necessary for the cash reserve fund to reach its maximum balance and the amounts necessary to eliminate Iowa's GAAP deficit, the moneys shall be appropriated to the Iowa economic emergency fund.

4. As used in this section, "GAAP" means generally accepted accounting principles as established by the governmental accounting standards board.

Sec. 8. NEW SECTION. 8.58 EXEMPTION FROM AUTOMATIC APPLICATION.

To the extent that moneys appropriated under section 8.57 do not result in moneys being credited to the general fund under section 8.55, subsection 2, moneys appropriated under section 8.57 and moneys contained in the cash reserve fund and Iowa economic emergency fund shall not be considered in the application of any formula, index, or other statutory triggering mechanism which would affect appropriations, payments, or taxation rates, contrary provisions of the Code notwithstanding.

To the extent that moneys appropriated under section 8.57 do not result in moneys being credited to the general fund under section 8.55, subsection 2, moneys appropriated under section 8.57 and moneys contained in the cash reserve fund and Iowa economic emergency fund shall not be considered by an arbitrator or in negotiations under chapter 20.

Sec. 9. NEW SECTION. 8.59 APPROPRIATIONS FREEZE.

Notwithstanding contrary provisions of the Code, the amounts appropriated under the applicable sections of the Code for fiscal years commencing on or after July 1, 1993, are limited to those amounts expended under those sections for the fiscal year commencing July 1, 1992. If an applicable section appropriates moneys to be distributed to different recipients and the operation of this section reduces the total amount to be distributed under the applicable section, the moneys shall be prorated among the recipients. As used in this section, "applicable sections" means the following sections: 53.50, 98.7, 229.35, 230.8, 230.11, 411.20, 425.1, 425.39, 426A.1, 663.44, and 663A.5.

Sec. 10. Section 18.75, subsection 8, Code Supplement 1991, is amended to read as follows:

8. By November 1 of each year supply a report which contains the name, gender, county or city of residence when possible, official title, salary received during the previous fiscal year, base salary as computed on July 1 of the current fiscal year, and traveling and subsistence expense of the personnel of each of the departments, boards, and commissions of the state government except personnel who receive an annual salary of less than one thousand dollars. The number of the personnel and the total amount received by them shall be shown for each department in the report. All employees who have drawn salaries, fees, or expense allowances from more than one department or subdivision shall be listed separately under the proper departmental heading. On the request of the superintendent, the head of each department, board, or commission shall furnish the data covering that agency. ~~The report shall be paid for out of moneys in the general fund not otherwise appropriated. A~~ The report shall be distributed upon request without charge to each member caucus of the general assembly, and the state law library the legislative service bureau, the legislative fiscal bureau, the chief clerk of the house of representatives, and the secretary of the senate. Six copies shall be distributed without charge to the state library and one copy shall be distributed without charge to each library which is designated as a documents depository by the state library. Other persons may purchase a copy for a fee not less than the amount required to print the copy. Copies of the report shall be made available to other persons in both print or electronic medium upon payment of a fee, which shall not exceed the cost of providing the copy of the report. Sections 22.2 through 22.6 apply to the report. All funds from the sale of the report shall be deposited in the general fund.

Sec. 11. Section 20.17, subsection 11, Code Supplement 1991, as amended by Senate File 2216,* section 1, is amended to read as follows:

11. a. In the absence of an impasse agreement negotiated pursuant to section 20.19 which provides for a different completion date, public employees represented by a certified employee organization who are teachers licensed under chapter 260 and who are employed by a public employer which is a school district or area education agency shall complete the negotiation of a proposed collective bargaining agreement not later than ~~April 15~~ May 31 of the year when the agreement is to become effective. The board shall provide, by rule, a date on which impasse items in such cases must be submitted to binding arbitration and for such other procedures as deemed necessary to provide for the completion of negotiations of proposed collective bargaining agreements not later than ~~April 15~~ May 31. The date selected for the mandatory submission of impasse items to binding arbitration in such cases shall be sufficiently in advance of ~~April 15~~ May 31 to ensure that the arbitrators' decision can be reasonably made before ~~April 15~~ May 31.

b. If the public employer is a community college, the following apply:

(1) The negotiation of a proposed collective bargaining agreement shall be complete not later than ~~June 1~~ May 31 of the year when the agreement is to become effective, absent the existence of an impasse agreement negotiated pursuant to section 20.19 which provides for a different completion date. The board shall adopt rules providing for a date on which impasse items in such cases must be submitted to binding arbitration and for procedures for the completion of negotiations of proposed collective bargaining agreements not later than ~~June 1~~ May 31. The date selected for the mandatory submission of impasse items to binding arbitration in such cases shall be sufficiently in advance of ~~June 1~~ May 31 to ensure that the arbitrators' decision can be reasonably made by ~~June 1~~ May 31.

(2) Notwithstanding the provisions of paragraph "a", the ~~June 1~~ May 31 deadline may be waived by mutual agreement of the parties to the collective bargaining agreement negotiations.

Sec. 12. Section 20.19, Code Supplement 1991, as amended by Senate File 2216,* section 2, is amended to read as follows:

20.19 IMPASSE PROCEDURES — AGREEMENT OF PARTIES.

As the first step in the performance of their duty to bargain, the public employer and the employee organization shall endeavor to agree upon impasse procedures. Such agreement shall

*Chapter 1011 herein

provide for implementation of these impasse procedures not later than one hundred twenty days prior to the certified budget submission date of the public employer. However, if public employees represented by the employee organization are teachers licensed under chapter 260, and the public employer is a school district or area education agency, the agreement shall provide for implementation of impasse procedures not later than one hundred twenty days prior to ~~April 15~~ May 31 of the year when the collective bargaining agreement is to become effective. If the public employer is a community college, the agreement shall provide for implementation of impasse procedures not later than one hundred twenty days prior to ~~June 1~~ May 31 of the year when the collective bargaining agreement is to become effective. If the parties fail to agree upon impasse procedures under the provisions of this section, the impasse procedures provided in sections 20.20 to 20.22 shall apply.

Sec. 13. Section 20.20, Code Supplement 1991, as amended by Senate File 2216,* section 3, is amended to read as follows:

20.20 MEDIATION.

In the absence of an impasse agreement negotiated pursuant to section 20.19 or the failure of either party to utilize its procedures, one hundred twenty days prior to the certified budget submission date, or one hundred twenty days prior to ~~April 15~~ May 31 of the year when the collective bargaining agreement is to become effective if public employees represented by the employee organization are teachers licensed under chapter 260 and the public employer is a school district or area education agency, the board shall, upon the request of either party, appoint an impartial and disinterested person to act as mediator. If the public employer is a community college, and in the absence of an impasse agreement negotiated pursuant to section 20.19 or the failure of either party to utilize its procedures, one hundred twenty days prior to ~~June 1~~ May 31 of the year when the collective bargaining agreement is to become effective, the board, upon the request of either party, shall appoint an impartial and disinterested person to act as mediator. It shall be the function of the mediator to bring the parties together to effectuate a settlement of the dispute, but the mediator may not compel the parties to agree.

Sec. 14. Section 24.17, unnumbered paragraph 1, Code 1991, is amended to read as follows:

The local budgets of the various political subdivisions shall be certified by the chairperson of the certifying board or levying board, as the case may be, in duplicate to the county auditor not later than March 15 of each year ~~unless a city or county holds a special levy election, in which case certification shall not be later than fourteen days following the special levy election~~, on blanks prescribed by the state board, and according to the rules and instruction which shall be furnished all certifying and levying boards in printed form by the state board or city finance committee in the case of cities. ~~However, if a city or county holds a special levy election, the certification shall be not later than fourteen days following the special levy election, and if the political subdivision is a school district, as defined in section 257.2, its budget shall be certified not later than April 15 of each year.~~

Sec. 15. Section 257.8, Code 1991, is amended by striking the section and inserting in lieu thereof the following:

257.8 STATE PERCENT OF GROWTH — ALLOWABLE GROWTH.

1. STATE PERCENT OF GROWTH. The state percent of growth for a budget year shall be established by statute which shall be enacted within thirty days of the submission in the base year of the governor's budget under section 8.21. The establishment of the state percent of growth for a budget year shall be the only subject matter of the bill which enacts the state percent of growth for a budget year.

2. ALLOWABLE GROWTH CALCULATION. The department of management shall calculate the regular program allowable growth for a budget year by multiplying the state percent of growth for the budget year by the regular program state cost per pupil for the base year and shall calculate the special education support services allowable growth for the budget year by multiplying the state percent of growth for the budget year by the special education support services state cost per pupil for the base year.

*Chapter 1011 herein

3. COMBINED ALLOWABLE GROWTH. The combined allowable growth per pupil for each school district is the sum of the regular program allowable growth per pupil and the special education support services allowable growth per pupil for the budget year, which may be modified as follows:

- a. By the school budget review committee under section 257.31.
- b. By the department of management under section 257.36.

Sec. 16. Section 257.20, Code Supplement 1991, is amended to read as follows:
257.20 INSTRUCTIONAL SUPPORT STATE AID APPROPRIATION.

1. In order to determine the amount of instructional support state aid and the amount of local funding for the instructional support program for a district, the department of management shall divide the total assessed valuation in the state by the total budget enrollment for the budget year in the state to determine a state assessed valuation per pupil and shall divide the assessed valuation in each district by the district's budget enrollment for the budget year to determine the district assessed valuation per pupil. The department of management shall multiply the ratio of the state's valuation per pupil to the district's valuation per pupil by twenty-five hundredths and subtract that result from one to determine the portion of the instructional support program budget that is local funding. The remaining portion of the budget shall be funded by instructional support state aid.

2. There is appropriated for each fiscal year from the general fund of the state to the department of education, an amount necessary to pay instructional support state aid as ~~provided in this section~~ determined under subsection 1.

a. However, moneys appropriated under this subsection shall not exceed the amount of moneys appropriated as instructional support state aid for the budget year which commenced on July 1, 1992.

b. If the amount appropriated under this subsection is insufficient to pay the amount of instructional support state aid determined under subsection 1, the department of education shall prorate the amount of the instructional support state aid provided to each district.

3. If the general assembly makes an appropriation for instructional support state aid in lieu of the standing appropriation provided under subsection 2, the appropriation for instructional support state aid shall include in the appropriation the allocation of the instructional support state aid to the school districts applicable for that appropriation and subsections 1 and 2 do not apply to the appropriation.

4. Instructional support state aid shall be paid at the same time and in the same manner as foundation aid is paid under section 257.16.

Sec. 17. Section 273.3, subsection 12, Code 1991, is amended to read as follows:

12. Prepare an annual budget estimating income and expenditures for programs and services as provided in sections 273.1 to 273.9 and chapter 281 within the limits of funds provided under section 281.9 and chapter 257. The board shall give notice of a public hearing on the proposed budget by publication in an official county newspaper in each county in the territory of the area education agency in which the principal place of business of a school district that is a part of the area education agency is located. The notice shall specify the date, which shall be not later than ~~February~~ March 1 of each year, the time, and the location of the public hearing. The proposed budget as approved by the board shall then be submitted to the state board of education, on forms provided by the department, no later than ~~February~~ March 15 preceding the next fiscal year for approval. The state board shall review the proposed budget of each area education agency and shall before ~~March~~ April 1, either grant approval or return the budget without approval with comments of the state board included. An unapproved budget shall be resubmitted to the state board for final approval not later than April 15.

Sec. 18. Section 279.15, subsection 1, Code Supplement 1991, is amended to read as follows:

1. The superintendent or the superintendent's designee shall notify the teacher not later than ~~April 15~~ April 30 that the superintendent will recommend in writing to the board at a regular or special meeting of the board, held not later than ~~April 30~~ May 15, that the teacher's

continuing contract be terminated effective at the end of the current school year. However, if the district is subject to reorganization under chapter 275, the notification shall not occur until after the first organizational meeting of the board of the newly formed district.

Sec. 19. Section 279.16, unnumbered paragraph 6, Code 1991, as amended by House File 2235,* section 1, is amended to read as follows:

If the teacher fails to timely request a private hearing or does not appear at the private hearing, the board may proceed and make a determination upon the superintendent's recommendation, ~~which~~. If the teacher fails to timely file a request for a private hearing, the determination in that case shall be not later than May 10, or 31. If the teacher fails to appear at the private hearing, the determination shall be not later than five days after the scheduled date for the private hearing, whichever is applicable. The board shall convene in open session and by roll call vote determine the termination or continuance of the teacher's contract.

Sec. 20. Section 279.24, unnumbered paragraphs 3, 5, and 7, Code 1991, as amended by House File 2245,** section 1, are amended to read as follows:

Administrators employed in a school district for less than two consecutive years are probationary administrators. However, a school board may waive the probationary period for any administrator who has previously served a probationary period in another school district and the school board may extend the probationary period for an additional year with the consent of the administrator. If a school board determines that it should terminate a probationary administrator's contract, the school board shall notify the administrator not later than ~~April 30~~ May 15 that the contract will not be renewed beyond the current year. The notice shall be in writing by letter, personally delivered, or mailed by certified mail. The notification shall be complete when received by the administrator. Within ten days after receiving the notice, the administrator may request a private conference with the school board to discuss the reasons for termination. The school board's decision to terminate a probationary administrator's contract shall be final unless the termination was based upon an alleged violation of a constitutionally guaranteed right of the administrator.

On or before ~~April 30~~ May 15, the administrator shall be notified in writing by a letter personally delivered or mailed by certified mail that the school board has voted to consider termination of the contract. The notification shall be complete when received by the administrator.

Within five days after receipt of the written notice that the school board has voted to consider termination of the contract, the administrator may request in writing to the secretary of the school board that the notification be forwarded to the board of educational examiners along with a request that the board of educational examiners submit a list of five qualified administrative law judges to the parties. Within three days from receipt of the list the parties shall select an administrative law judge by alternately removing a name from the list until only one name remains. The person whose name remains shall be the administrative law judge. The parties shall determine by lot which party shall remove the first name from the list. The hearing shall be held no sooner than ten days and not later than thirty days following the administrator's request unless the parties otherwise agree. If the administrator does not request a hearing, the school board, not later than ~~May 15~~ 31, may determine the continuance or discontinuance of the contract. School board action shall be by majority roll call vote entered on the minutes of the meeting. Notice of school board action shall be personally delivered or mailed to the administrator.

Sec. 21. Section 279.51, subsection 1, unnumbered paragraph 1, Code Supplement 1991, is amended to read as follows:

There is appropriated from the general fund of the state to the department of education for the fiscal year beginning July 1, 1990, the sum of eight million seven hundred thousand dollars. For the fiscal year beginning July 1, 1991, and each succeeding fiscal year, there is appropriated the sum of eleven million two hundred thousand dollars plus an additional amount equal to the state percent of growth as calculated in section 257.8 multiplied by the amount appropriated the previous fiscal year. For each fiscal year beginning on or after July 1, 1993,

*Chapter 1008 herein

**Chapter 1009 herein

there is appropriated the sum which was appropriated for the fiscal year commencing July 1, 1992.

Sec. 22. Section 280A.50, unnumbered paragraph 1, Code 1991, is amended to read as follows:

The department of education shall provide for the establishment of a staff development account in the office of treasurer of state for purposes of providing moneys to community colleges for staff development. There is appropriated from the general fund of the state to the department of education on July 1 of each fiscal year beginning July 1, ~~1992~~ 1993, for crediting to the staff development account for each budget year an amount equal to an amount which is five-tenths of one percent of the total state general aid generated under chapter 286A for all community colleges during the base year. In the fiscal years succeeding June 30, 1993, an additional five-tenths of one percent shall be added to the percent multiplier, used to determine the appropriation in this section, until that percent multiplier reaches four percent. Once the percent multiplier has reached the four percent level, it shall remain at that level for purposes of calculating the amount to be appropriated in succeeding fiscal years the sum of six hundred thousand dollars. Moneys appropriated by the general assembly to the department of education for the purpose of the staff development program shall be paid to community colleges upon approval by the department of education of an application submitted by a community college. Funds shall be distributed to a community college based upon the proportion that a college's state general aid paid for the base year bears to the total state general aid paid that year to all community colleges.

Sec. 23. Section 294A.9, unnumbered paragraph 1, Code 1991, is amended to read as follows:

Phase II is established to improve the salaries of teachers. For each fiscal year ~~through the fiscal year beginning on or after July 1, 1990~~ 1992, the department of education shall allocate to each school district for the purpose of implementing phase II a per pupil amount upon which the phase II moneys are based is equal to seventy-five dollars and ninety-three cents multiplied by the district's certified enrollment and to each area education agency for the purpose of implementing phase II a per pupil amount equal to three dollars and fifty-five cents multiplied by the enrollment served in the area education agency. Notwithstanding the per pupil amount of the payments specified in this section, for the fiscal year beginning July 1, 1991, and each succeeding fiscal year, the per pupil amounts upon which the phase II moneys are based shall be increased by an amount equal to the product of the state percent of growth calculated under section 257.8 and the per pupil amount for the previous fiscal year the per pupil allocation plus supplemental allocations for the immediately preceding fiscal year.

Sec. 24. Section 294A.14, unnumbered paragraph 2, Code 1991, is amended by striking the unnumbered paragraph.

Sec. 25. Section 294A.14, unnumbered paragraph 13, Code 1991, is amended by striking the paragraph and inserting in lieu thereof the following:

For purposes of this section, "comprehensive school transformation" means activities which focus on the improvement of student achievement and the attainment of student achievement goals under sections 280.12 and 280.18. A comprehensive school transformation plan submitted by a school district shall demonstrate the manner in which the components of the plan are integrated with a school's student achievement goals. Components of the plan may include, but are not limited to, providing salary increases to teachers who implement site-based shared decision making, building-based goal-oriented compensation mechanism, or approved innovative educational programs; who focus on student outcomes; who direct accountability for student achievement or accountability for organizational success; and who work to foster relationships between a school and businesses or public agencies which provide health and social services.

Sec. 26. Section 294A.16, unnumbered paragraph 3, Code 1991, is amended to read as follows:

The department of education shall review each plan and its budget and notify the department of management of the names of school districts and area education agencies with approved

plans. In considering the approval of a plan submitted by a school district, the department shall give emphasis to plans which include a comprehensive school transformation plan or which include a component which is part of a statewide systemic school transformation initiative. In considering the approval of a plan submitted by an area education agency, the department shall give emphasis to plans which are integrated with and supportive of the comprehensive school transformation plans submitted by the school districts within the area education agency.

Sec. 27. Section 294A.25, subsection 1, Code 1991, is amended to read as follows:

1. For the fiscal year beginning July 1, 1990, there is appropriated from the general fund of the state to the department of education the amount of ninety-two million one hundred thousand eighty-five dollars to be used to improve teacher salaries. For each fiscal year ~~thereafter~~ in the fiscal period commencing July 1, 1991, and ending June 30, 1993, there is appropriated an amount equal to the amount appropriated for the fiscal year beginning July 1, 1990, plus an amount sufficient to pay the costs of the additional funding provided for school districts and area education agencies under sections 294A.9 and 294A.14. For each fiscal year beginning on or after July 1, 1993, there is appropriated the sum which was appropriated for the fiscal year commencing July 1, 1992, including supplemental payments. The moneys shall be distributed as provided in this section.

Sec. 28. Section 421.31, subsection 5, Code 1991, is amended to read as follows:

5. ACCOUNTS. To keep the central budget and proprietary control accounts of the state government in accordance with generally accepted accounting principles. Budget accounts are those accounts maintained to control the receipt and disposition of all funds, appropriations, and allotments. Proprietary accounts are those accounts relating to assets, liabilities, income, and expense. For each fiscal year, the financial position and results of operations of the state shall be reported in a comprehensive annual financial report prepared in accordance with generally accepted accounting principles, as established by the governmental accounting standards board.

Sec. 29. Section 422.69, subsection 3, Code Supplement 1991, is amended by striking the subsection.

Sec. 30. 1986 Iowa Acts, chapter 1245, section 2046, as amended by 1986 Iowa Acts, chapter 1238, section 59, is repealed.

Sec. 31. Section 427B.13, Code Supplement 1991, is repealed.

Sec. 32. The state percent of growth for the school budget year beginning July 1, 1993, computed by the department of management on or before September 15, 1991, is null and void.

Sec. 33. Sections 15, 16, and 32 of this Act take effect July 1, 1992, for purposes of computing state aid to school corporations, area education agencies, and merged area schools for school budget years beginning on or after July 1, 1993. This section and sections 28, 29, and 30 of this Act, being deemed of immediate importance, take effect upon enactment.

Approved June 2, 1992