

JAN 20 2006  
Place On Calendar

HOUSE FILE 2095  
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HSB 516)

Passed House, Date 1-25-06  
Vote: Ayes 99 Nays 0

Passed Senate, Date 5-2-05  
Vote: Ayes 50 Nays 0

Approved \_\_\_\_\_

A BILL FOR

1 An Act providing for the establishment of the state percent of  
2 growth for purposes of the state school foundation program and  
3 providing an applicability date.

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

5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22

HF 2095

1 Section 1. Section 257.8, subsection 1, Code Supplement  
2 2005, is amended to read as follows:

3 1. STATE PERCENT OF GROWTH. ~~The state percent of growth~~  
4 ~~for the budget year beginning July 1, 2005, is four percent.~~  
5 The state percent of growth for the budget year beginning July  
6 1, 2006, is four percent. The state percent of growth for the  
7 budget year beginning July 1, 2007, is four percent. The  
8 state percent of growth for each subsequent budget year shall  
9 be established by statute which shall be enacted within thirty  
10 days of the submission in the year preceding the base year of  
11 the governor's budget under section 8.21. The establishment  
12 of the state percent of growth for a budget year shall be the  
13 only subject matter of the bill which enacts the state percent  
14 of growth for a budget year.

15 Sec. 2. APPLICABILITY. This Act is applicable for  
16 computing state aid under the state school foundation program  
17 for the school budget year beginning July 1, 2007.

18 EXPLANATION

19 This bill establishes a state percent of growth of 4  
20 percent for purposes of the state school foundation program  
21 for the school budget year beginning July 1, 2007. The bill  
22 is applicable for state aid computation under the school  
23 foundation program for the school budget year beginning July  
24 1, 2007.

25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

**EIGHTY-FIRST GENERAL ASSEMBLY  
2006 REGULAR SESSION  
DAILY  
HOUSE CLIP SHEET**

JANUARY 25, 2006

**HOUSE FILE 2095**

**H-8003**

- 1 Amend House File 2095 as follows:
- 2 1. Page 1, line 7, by striking the word "four"
- 3 and inserting the following: "six".

**By** WENDT of Woodbury  
BERRY of Black Hawk  
BUKTA of Clinton  
COHOON of Des Moines  
DAVITT of Warren  
FOEGE of Linn  
FORD of Polk  
FREVERT of Palo Alto  
GASKILL of Wapello  
HEDDENS of Story  
HOGG of Linn  
HUNTER of Polk  
JACOBY of Johnson  
JOCHUM of Dubuque  
KRESSIG of Black Hawk  
KUHN of Floyd  
LENSING of Johnson  
LYKAM of Scott  
McCARTHY of Polk  
MILLER of Webster  
MURPHY of Dubuque

OLDSON of Polk  
D. OLSON of Boone  
R. OLSON of Polk  
PETERSEN of Polk  
PETTENGILL of Benton  
QUIRK of Chickasaw  
REASONER of Union  
REICHERT of Muscatine  
SCHUELLER of Jackson  
SHOMSHOR of Pottawattamie  
SMITH of Marshall  
SWAIM of Davis  
D. TAYLOR of Linn  
T. TAYLOR of Linn  
THOMAS of Clayton  
WESSEL-KROESCHELL of Story  
WHITAKER of Van Buren  
WHITEAD of Woodbury  
WINCKLER of Scott  
WISE of Lee

**H-8003 FILED JANUARY 24, 2006**

**HOUSE FILE 2095**

**S-5005**

- 1 Amend House File 2095, as passed by the House, as
- 2 follows:
- 3 1. Page 1, line 7, by striking the word "four"
- 4 and inserting the following: "six".

**By** MIKE CONNOLLY  
DARYL BEALL  
DENNIS H. BLACK  
JOE BOLKCOM  
THOMAS G. COURTNEY  
JEFF DANIELSON  
DICK L. DEARDEN  
WILLIAM A. DOTZLER, Jr.  
ROBERT E. DVORSKY  
GENE FRAISE  
MICHAEL E. GRONSTAL  
TOM HANCOCK  
JACK HATCH

WALLY E. HORN  
JOHN P. KIBBIE  
KEITH KREIMAN  
MATT McCOY  
HERMAN QUIRMBACH  
AMANDA RAGAN  
THOMAS RIELLY  
BRIAN SCHOENJAHN  
DR. JOE M. SENG  
ROGER STEWART  
STEVE H. WARNSTADT  
FRANK B. WOOD

**S-5005 FILED FEBRUARY 14, 2006**

S-5210

1 Amend House File 2095, as passed by the House, as  
 2 follows:  
 3 1. Page 1, by inserting before line 1 the  
 4 following:  
 5 "Section 1. Section 257.1, subsection 2, Code  
 6 2005, is amended to read as follows:  
 7 2. STATE SCHOOL FOUNDATION AID -- FOUNDATION BASE.  
 8 a. For a budget year, each school district in the  
 9 state is entitled to receive foundation aid, in an  
 10 amount per pupil equal to the difference between the  
 11 amount per pupil of foundation property tax in the  
 12 district, and the combined foundation base per pupil  
 13 or the combined district cost per pupil, whichever is  
 14 less. However, if the amount of foundation aid  
 15 received by a school district under this chapter is  
 16 less than three hundred dollars per pupil, the  
 17 district is entitled to receive three hundred dollars  
 18 per pupil unless the receipt of three hundred dollars  
 19 per pupil plus the per pupil amount raised by the  
 20 foundation property tax exceeds the combined district  
 21 cost per pupil of the district for the budget year.  
 22 In that case, the district is entitled to receive an  
 23 amount per pupil equal to the difference between the  
 24 per pupil amount raised by the foundation property tax  
 25 for the budget year and the combined district cost per  
 26 pupil for the budget year.  
 27 b. (1) For the budget year commencing July 1,  
 28 ~~1999, and for each succeeding budget year 2006, the~~  
 29 regular program foundation base per pupil is eighty-  
 30 seven and five-tenths percent of the regular program  
 31 state cost per pupil. For the budget year beginning  
 32 July 1, 2007, the regular program foundation base per  
 33 pupil is eighty-seven and five-tenths percent of the  
 34 regular program state cost per pupil, increased by an  
 35 amount corresponding to the regular program allowable  
 36 growth for that budget year multiplied by the  
 37 percentage difference between the regular program  
 38 foundation base for the base year and one hundred  
 39 percent. For the budget year beginning July 1, 2008,  
 40 and succeeding budget years, the regular program  
 41 foundation base per pupil for the budget year shall  
 42 equal the regular program foundation base per pupil  
 43 for the base year, increased by an amount  
 44 corresponding to the regular program allowable growth  
 45 for the budget year multiplied by the percentage  
 46 difference between the regular program foundation base  
 47 for the base year and one hundred percent. The  
 48 maximum regular program foundation base per pupil  
 49 calculated pursuant to this subparagraph shall be one  
 50 hundred percent of the regular program state cost per

S-5210

1 pupil. The department of management shall annually  
2 determine the regular program foundation base amount  
3 to reflect the increases pursuant to this  
4 subparagraph.

5 (2) For the budget year commencing July 1, 1991,  
6 and for each succeeding budget year 2006, the special  
7 education support services foundation base is seventy-  
8 nine percent of the special education support services  
9 state cost per pupil. For the budget year beginning  
10 July 1, 2007, the special education support services  
11 foundation base is seventy-nine percent of the special  
12 education support services state cost per pupil,  
13 increased by an amount corresponding to the special  
14 education support services allowable growth for that  
15 budget year multiplied by the percentage difference  
16 between the special education support services  
17 foundation base for the base year and one hundred  
18 percent, and increased by the media services allowable  
19 growth, and the education services allowable growth  
20 for that budget year. For the budget year beginning  
21 July 1, 2008, and succeeding budget years, the special  
22 education support services foundation base per pupil  
23 for the budget year shall equal the special education  
24 support services foundation base per pupil for the  
25 base year, increased by an amount corresponding to the  
26 special education support services allowable growth  
27 for that budget year multiplied by the percentage  
28 difference between the special education support  
29 services foundation base for the base year and one  
30 hundred percent, and increased by the media services  
31 allowable growth, and the education services allowable  
32 growth for that budget year. The department of  
33 management shall annually determine the special  
34 education support services foundation base amount  
35 reflecting the increases pursuant to this  
36 subparagraph.

37 (3) The combined foundation base is the sum of the  
38 regular program foundation base and the special  
39 education support services foundation base.

40 c. For the budget year commencing July 1, 1999,  
41 the department of management shall add the amount of  
42 the additional budget adjustment computed in section  
43 257.14, subsection 1, to the combined foundation  
44 base."

45 2. Page 1, by striking lines 15 through 17 and  
46 inserting the following:

47 "Sec. \_\_\_\_ ENACTMENT. The section of this Act  
48 providing for an increase in the regular program  
49 foundation base is enacted, notwithstanding the  
50 subject matter restrictions of section 257.8,

**S-5210**

Page 3

1 subsection 1.

2 Sec. \_\_\_\_ . APPLICABILITY. The section of this Act  
3 establishing a state percent of growth for the budget  
4 year beginning July 1, 2007, is applicable for  
5 computing state aid under the state school foundation  
6 program for the school budget year beginning July 1,  
7 2007."

8 3. Title page, by striking lines 1 and 2 and  
9 inserting the following: "An Act relating to the  
10 state school foundation program by establishing the  
11 state percent of growth, and increasing the regular  
12 program foundation base, and".

13 4. By renumbering as necessary.

**By DAVID MILLER**

**S-5210 FILED APRIL 19, 2006**

**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

---

HF 2095 - Allowable Growth (LSB 5590 HV)  
Analyst: Dwayne Ferguson (Phone: [515] 281-6561) ([dwayne.ferguson@legis.state.ia.us](mailto:dwayne.ferguson@legis.state.ia.us))  
Fiscal Note Version – HF 2095, as Amended by Senate Amendment S-5210  
Requested by Senator David Miller

---

**Description**

Senate Amendment S-5210 to HF 2095 changes the School Foundation Formula so that the increase in school funding due to setting the allowable growth rate is paid from the State General Fund as State Foundation Aid. The change takes effect beginning in FY 2008. The Foundation Level is increased in each subsequent year to accommodate the greater proportion of the school districts' budgets being paid from State Foundation Aid until both the school districts' and the Area Education Agencies' (AEAs) Foundation Levels reach 100.0%

**Background**

Currently the increase in school districts' budgets due to the allowable growth rate is divided between State Foundation Aid and Foundation property taxes.

**Assumptions**

1. The allowable growth rate is assumed to be 4.0% for all estimated years.
2. Fiscal Year 2007 property tax valuations are estimated by the Department of Revenue. The FY 2008 taxable valuations are assumed to increase by 1.0%, and the FY 2009 taxable valuations are assumed to increase by 2.0%.
3. There is no change projected for FY 2007 Special Education weightings, and FY 2008 and FY 2009 Special Education weightings are assumed to increase by 2.0%. English Language Learners and Shared weightings are projected to increase by 10.0% annually. At-risk and Reorganization Incentive weightings are assumed to remain constant.
4. The Foundation Level for both school districts and the AEAs will increase until reaching 100.0% at some point in the future. Increasing the Foundation Level shifts school districts' funding from property taxes to State Foundation Aid.

**Fiscal Impact**

Senate Amendment S-5210 will increase the cost to State Foundation Aid, funded by the State General Fund, approximately \$17.4 million in FY 2008 and \$33.2 million in FY 2009. School property taxes will decrease by the same amount. The school districts' Foundation Level is projected to increase from 87.5% in FY 2008 to 88.0% in FY 2009. The AEA Foundation Level is projected to increase from 79.0% in FY 2008 to 79.8% in FY 2009. The cost of State Foundation Aid will increase as the Foundation Level increases.

**Sources**

Department of Management –  
School Foundation Data Base

---

Dennis C Prouty

May 1, 2006

---

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

---

Tymeson, Ch.  
Kaufmann  
Wendt

Success made  
SF 02095

HSB 516  
EDUCATION

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
EDUCATION BILL BY  
CHAIRPERSON TYMESON)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act providing for the establishment of the state percent of  
2 growth for purposes of the state school foundation program and  
3 providing an applicability date.

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

- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22

1 Section 1. Section 257.8, subsection 1, Code Supplement  
2 2005, is amended to read as follows:

3 1. STATE PERCENT OF GROWTH. ~~The state percent of growth~~  
4 ~~for the budget year beginning July 1, 2005, is four percent.~~  
5 The state percent of growth for the budget year beginning July  
6 1, 2006, is four percent. The state percent of growth for the  
7 budget year beginning July 1, 2007, is four percent. The  
8 state percent of growth for each subsequent budget year shall  
9 be established by statute which shall be enacted within thirty  
10 days of the submission in the year preceding the base year of  
11 the governor's budget under section 8.21. The establishment  
12 of the state percent of growth for a budget year shall be the  
13 only subject matter of the bill which enacts the state percent  
14 of growth for a budget year.

15 Sec. 2. APPLICABILITY. This Act is applicable for  
16 computing state aid under the state school foundation program  
17 for the school budget year beginning July 1, 2007.

18 EXPLANATION

19 This bill establishes a state percent of growth of 4  
20 percent for purposes of the state school foundation program  
21 for the school budget year beginning July 1, 2007. The bill  
22 is applicable for state aid computation under the school  
23 foundation program for the school budget year beginning July  
24 1, 2007.

25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

Sec. 2. **APPLICABILITY.** This Act is applicable for computing state aid under the state school foundation program for the school budget year beginning July 1, 2007.

HOUSE FILE 2095

AN ACT

PROVIDING FOR THE ESTABLISHMENT OF THE STATE PERCENT OF GROWTH FOR PURPOSES OF THE STATE SCHOOL FOUNDATION PROGRAM AND PROVIDING AN APPLICABILITY DATE.

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

Section 1. Section 257.8, subsection 1, Code Supplement 2005, is amended to read as follows:

1. **STATE PERCENT OF GROWTH.** ~~The state percent of growth for the budget year beginning July 1, 2005, is four percent.~~ The state percent of growth for the budget year beginning July 1, 2006, is four percent. The state percent of growth for the budget year beginning July 1, 2007, is four 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 submission in the year preceding 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.

---

CHRISTOPHER C. RANTS  
Speaker of the House

---

JEFFREY M. LAMBERTI  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2095, Eighty-first General Assembly.

---

MARGARET THOMSON  
Chief Clerk of the House

Approved \_\_\_\_\_, 2006

---

THOMAS J. VILSACK  
Governor