



UEN 2019

Legislative Digest

June 17, 2019



About UEN Visit the UEN home page to find out more: www.uen-ia.org

The Urban Education Network of Iowa (UEN) is a consortium of Iowa's eight largest school districts and nine Associate Member districts. Combined, these seventeen districts enroll nearly forty percent of Iowa's total public school enrollment.

Although the UEN was formed to represent the unique characteristics of Iowa's more urban districts, most UEN initiatives also address issues related to all of Iowa public schools.

Maintaining partnerships is vitally important to the mission of the UEN as well as all Iowa public school districts. These partnerships include, but are not limited to: School Administrators of Iowa, Iowa Association of School Boards, Iowa State Education Association, Iowa PTA, and Child and Family Policy Center. Nationally, the UEN partners with the American Association of School Administrators, National School Boards Association and the Urban Superintendents Association of America.

UEN Leadership 2019-20 School Year

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UEN Legislative Priorities for 2019 Session



Invest in Iowa's Future: Public schools are the answer to Iowa's workforce challenge. Public schools educate a diverse workforce with the skills necessary to fuel our future. Adequate funding is required to:

- fulfill the goal of restoring Iowa's first in the nation education status,
- deliver world-class learning results for all students,
- develop a world-class workforce to secure Iowa's economic future, and
- recruit, retain and reward Iowa's excellent educators of today and the future.

The cost per pupil must be sufficient to fuel school districts and AEAs, but adequacy is not enough. Equity requires our formula to meet student need as poverty in Iowa has nearly doubled in the last two decades. Iowa's school formula must recognize the needs of students from low-income or non-English speaking families, or at-risk of dropping out, to fund programs for student success. Early investment increases access to quality preschool programs which prevent higher costs later.



A strong school finance system requires commitment to the principles of primacy, adequacy, equity, and flexibility. Iowa's investment in public education should mirror economic growth and make up for shortfalls when the economy is robust. New state resources must supplement, not supplant existing resources.



Iowa's future depends on stable and balanced tax policy that generates enough money to fund Iowa's priorities, including the education of Iowa's children.



Extend State Penny Sales Tax: Eliminate the sunset permanently, allowing districts to maintain facilities and technology without needlessly increasing property taxes. Future state penny revenues should remain dedicated to schools and property tax equity/relief.



2019 Session set 2.06% SSA within 30 days of the Governor's budget and Gov. Reynolds signed it on Feb. 19.

Strong progress on transportation and formula equity sets the stage for focus on another inequity, such as poverty. The USA average weighting for low-income students is an additional 29%, or about \$2,000 per Iowa low income student. Iowa falls well short of that mark. The ELL bill, [SF 445](#), introduced in the Senate, approved by Education Committee, is now in Appropriations Committee. What should policy be in the future? Choices include increased weighting, more years of eligibility, adding ELL weighting to PK students, or mirroring special education tiered weightings with levels of ELL services based on an IEP.

SSA exceeded REC revenue estimate for FY 2020 Revenue Growth of 1.5% (although revenues are low mostly due to tax cuts from 2018 session). Exceeding REC estimate is a good measure of priority. Ask for same benchmark in setting the FY 2021 and future rates.

Tax cuts enacted in 2018 are still impacting the state's general fund. Proposals in 2019 session (elimination of inheritance tax, for example) are still alive for next session. UEN typically opposes tax cuts at the state level that will negatively impact the state's ability to pay for adequate school funding.

Similar issue with property tax relief through the formula. As that expands, the cost of SSA to the state gets bigger and bigger. A mix of resources, like a diversified investment portfolio, insulates the state general fund from economic downturns.

HF 546 signed by the Governor on May 24. Extends through 2051. Phases up to 30% property tax relief. Policy changes on public input for bonding or athletic facilities. Still have to put RPS to voters, RPS is approved by simple majority vote (50% +1)



Resolve Formula and Transportation

Inequalities: Eliminate the \$170 difference in the district cost per pupil in the school foundation formula and close the expenditure gap in school transportation costs.



Teacher and Administrator Shortage: Iowa has an educator shortage. Adequate funding is essential for public schools to compete with the private sector for employees. Flexibility in certification requirements, elimination of licensure barriers, acceptance of alternate evidence to demonstrate mastery, loan-forgiveness and creation of a public service track within Iowa’s CTE plan will help schools meet the challenge of attracting and retaining tomorrow’s educators.



Student Mental Health Services: Students with mental health challenges need Iowa to fund services, eliminate barriers, and clarify funding sources and responsibilities, which must include critical partners and wrap-around services. Medicaid and private insurance must pay for telehealth counseling provided virtually to students while at school.



School Safety: Urban schools need the resources, training and support necessary for Iowa school, student and staff safety at school including: 1) resources for technology and facilities through extension of the state penny, and 2) state funding for security personnel and training to protect against active shooter and other emergency situations presenting harm.

HF 307 Transportation equity in the formula. \$5 toward formula equity, closing the gap to \$165. Continue to work on formula equity. With transportation solution in place, shift gears to needs of students from low-income families and ELL students.

Online learning flexibility, change to preservice/PRAXIS tests, and Concurrent Enrollment/STEM course to meet offer and teach. All detailed below under flexibility.

MH system structure for children created in [HF 690](#). \$2.1 million to AEAs for MH training for educators. [SSB 1240](#) in Senate Human Resources Committee: telehealth screening and treatment in school setting. Alive for 2020 Session. [SF 376](#) adds mental health awareness and suicide prevention to grades 9-12 health curriculum. Alive for 2020 Session.

State penny extension allows use for safety equipment & technology, but no progress on alternative funding for SROs or security personnel. [SF 284](#), in the Senate Appropriations Committee, would have added an SRO as a position to operational sharing options, but no UEN districts use operational sharing.



Financial Literacy: It is essential for students in today’s world to master financial literacy, but implementation of the 2018 mandate is impossible for urban schools. An intelligent phase-in of the requirements would first apply to incoming freshman July 1, 2019, include local flexibility in content delivery, and remove the explicit standards from Iowa Code as they would be better set by the Iowa State Board of Education.

[SF 139](#) is a 1-year extension of requirement that Iowa high school graduates complete ½ unit of financial literacy course. This applies to the class of 2020-21. Fall 2019 juniors will have two years to complete the requirement.



District Authority: School boards are responsible to make decisions on behalf of their students, staff and communities to meet the goals of their district.

[SF 394](#) Online Learning Flexibility creates different ways for school to offer courses on line.

[SF 438](#) District Flexibility: Impacts health screenings and many other less controversial provisions. Educational effort is needed to bring staff, parents and stakeholders on board. Approved in Senate but sits in House Education Committee.

[SF 603](#) Concurrent Enrollment Flexibility: allows use of either one math or science course to meet offer and teach.

[SF 159](#) Praxis requires DE to set score and creates conditional license for new teacher with a job offer.

Key:



Mission Accomplished



Some Action, but More is Needed



No Progress Made

Legislative Session Approval and Veto Process

The 2019 Legislative Session closed on Saturday, April 27, 2019. Although 2,067 bills were introduced in the Iowa Legislature this Session, 169 pieces of legislation made it to the Governor.

This Digest details legislation enacted by the 2019 Legislature and signed or vetoed by the Governor. In preparation for next year, we include a listing and explanation of some of the significant education and tax policy bills that moved through the process but ultimately did not pass. This Session is the first of a two-year biennium of the 88th General Assembly, meaning bills introduced remain alive for consideration in committees next Session. The information section of this digest includes links to Issue Briefs on issues of key interest to Iowa schools that guided UEN advocates during the Session.

Process for Signature: The Governor has 30 days to review all legislation passed by the Legislature in the closing days of the Session:

- Bills received by the Governor during the last three calendar days of session must be signed or vetoed within 30 calendar days. This year’s deadline was Monday May 28.

- The Governor may exercise three types of vetoes: the veto, item veto, and pocket veto.
 - **Veto** indicates the Governor's disapproval of an entire bill.
 - **Item veto** strikes a specific item of an appropriations bill.
 - **Pocket veto** occurs when the Governor fails to take action within 30 calendar days on a bill received within the last three calendar days of session (except Sundays). The entire bill fails to become law in this situation. This rule is in contrast to the process during the Session prior to the last three days, wherein lack of action within three days means the bill becomes law.
- The Legislature may petition to convene a special session, which requires signatures of 2/3rds of the legislators. Additionally, the Iowa Constitution requires a 2/3rds majority vote in both chambers to override a veto.

Executive Summary - 2019 Session in Review

This was an exciting year of advocacy for the Urban Education Network of Iowa, as several UEN priorities saw substantial progress! UEN members were effective in building urgency and making progress through state penny extension, online learning flexibility, transportation/formula equity, delaying the financial literacy graduation mandate, and mental health training funding. Many proposals that could have negatively impacted public schools, such as vouchers, charter schools, diversity plans/open enrollment, expenditure limitations, election limitations and several unfunded mandates were effectively held at bay. Much work remains in key areas of quality teaching/teacher shortages Iowa, funding and flexibility for Iowa school districts, a formula that recognizes student needs such as poverty and ELL, and we will likely have to continue to ward off private school choice expansion.

State Revenues and the Economy: State General Fund Revenue Estimates for the FY 2020 budget year were lackluster, with projected growth set at 1.6%. With the FY 2019 estimate of 4.6% and nearly full employment in Iowa, it's not the economy that is primarily responsible for a lower FY 2020 revenue pie. The impact of tax reform enacted in the 2018 session is felt in the lower income tax revenue projections despite some increasing sales tax revenue projections. The REC members set the FY 2021 projection of 2.6% net revenue growth which will form the starting point for the 2020 Session budget discussions. The REC typically meets quarterly, next in October, then in December, when they will set the revenue estimate for FY 2021 that will bind the Legislature's and Governor's budget limitations for the next year.

State Penny Extension: HF 546 was signed by the Governor on May 24, extending the state penny for school infrastructure and property tax relief through Dec. 31, 2051. Several years of advocacy conversations and collaborative work across many organizations got this bill to the finish line. There were compromises and those are provided in the bill detail later in this digest.

Education Policy Focus on Equity: HF 306, Transportation and Formula Equality, built on last year's efforts to address these two issues, tolling transportation equity into the formula as a supplement and further closing the formula gap from \$170 to \$165 per pupil. The Standings Appropriations bill, SF 638, included \$19 million for school transportation, which was an increase of \$8 million compared to the current year.

Education Policy Focus on Flexibility: 2019 is the third year of legislative granting of additional flexibility, this year, in the areas of Online learning, CTE courses for offer and teach requirements,

waiver from Praxis test requirements, and delay of the financial literacy mandate implementation. This granting of flexibility was not without bumps in the road, as SF 438 made it through the Senate but rests in the House Education Committee for conversation next year. This bill would have taken school districts out of the health screening data collection business and set up streamlined process for vision, dental, and lead screenings, and included several other areas of flexibility. More education of stakeholders and school leaders will be necessary for this bill to move forward next year. UEN has continued to prioritize local control and supported these efforts.

Relative Context of PK-12 as a Priority: The increase in the state cost per pupil, known as State Supplemental Assistance, SSA, (formerly known as Allowable Growth) was set at 2.06% and signed by the Governor on Feb. 19, very close to the 30-day requirement for enacting SSA. This amount is the third highest increase in a decade and exceeded the REC revenue growth estimate of 1.6% for the 2020 Fiscal Year. With additional investments in transportation, formula equity, mental health training for educators, extension of the state penny, and flexibility for on-line learning and other policies, this was a good year for public schools.

Revenue Projection History: The Legislative Services Agency, which is the nonpartisan budget staff of the Legislature, provided an explanation of the changing revenue projection impact on state budgets for FY 2017, FY 2018 and FY 2019. See their thorough analysis [here](#), but in short, a summary follows:

FY 2017 State Budget and Revenue Adjustments:

- FY 2017 General Fund budget, first enacted during the 2016 Legislative Session, was balanced with an estimated surplus of \$80.0 million.
- Revenue Estimating Conference (REC) later lowered the revenue estimate three times, which caused the budget to have a projected shortfall of \$130.4 million by March 2017.
- In response, the General Assembly passed legislation that transferred \$131.1 million from the Cash Reserve Fund to the General Fund to balance the budget late in the 2017 Session, with a new estimated surplus of \$1.6 million.
- After the 2017 Session adjourned, revenue collections continued lag projections. At the close of the FY17, the General Fund budget had a deficit of \$13.0 million.
- In response, the Governor transferred \$13.0 million from the Economic Emergency Fund in October 2017 to balance the budget. The FY 2017 General Fund budget ended the fiscal year with a zero balance.

FISCAL UPDATE Article

Fiscal Services Division

April 30, 2019



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

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END OF SESSION — BUDGET RECAP FOR 2019 LEGISLATIVE SESSION

The following analysis and charts come from the above Fiscal Update Article from LSA. *UEN comments, if any, are in italics.* The LSA Fiscal Update Article from which we gathered this information can be found in its entirety on the Fiscal Publications Web Site here: <https://www.legis.iowa.gov/docs/publications/BL/1046272.pdf>

The 2019 General Assembly passed a balanced budget for FY 2020 and revised the FY 2019 General Fund budget. The information below provides a summary of General Fund budgets for year-end FY 2018, revised FY 2019, and FY 2020.

Fiscal Year 2018. The FY 2018 General Fund budget was first enacted during the 2017 Legislative Session. The initial budget was based on total available resources of \$7.371 billion and net appropriations (after projected reversions) of \$7.263 billion, resulting in an estimated ending balance of \$107.3 million. As the fiscal year progressed, the FY 2018 budget went through numerous changes. The Revenue Estimating Conference (REC) met in October and December 2017 and lowered the FY 2018 revenue estimate by \$133.0 million (1.8%). The FY 2018 revenue estimate was also increased by \$28.4 million due to federal tax law changes signed into law on December 22, 2017.

From January to March 2018, various General Fund budget shortfalls were projected that ranged from \$3.6 million to \$34.7 million. In order to bring the FY 2018 budget into balance, the General Assembly passed, and the Governor signed into law, [SF 2117](#) (FY 2018 Budget Adjustment Act). The Bill reduced appropriations by a net total of \$23.3 million and transferred \$10.0 million in revenue from the Skilled Worker and Job Creation Fund to the General Fund. *There were no mid-year budget cuts directly impacting schools in SF 2117.* As a result of these actions, the FY 2018 General Fund surplus was estimated to be \$31.7 million at the close of the 2018 Legislative Session. The FY 2018 General Fund budget ended the fiscal year with a surplus of \$127.3 million. This was \$95.6 million more than the previous estimate of \$31.7 million. For additional information on the FY 2018 General Fund budget, see the following report: [State of Iowa FY 2018 Year-End Report on General Fund Revenues and Appropriations](#).

Fiscal Year 2019. In May 2018, the initial FY 2019 General Fund budget was enacted and was based on total available resources of \$7.641 billion. This included the March 2018 REC revenue estimate of \$7.546 billion, net revenue adjustments of \$94.9 million, and an estimated surplus carryforward of \$0.8 million. The FY 2019 revenue adjustments included net General Fund reductions totaling \$93.4 million passed by the General Assembly and an increase of \$188.3 million associated with the impact on the Iowa federal deductibility statute of federal tax law changes signed into law in December 2017. The revenue reductions were driven largely by the passage of [SF 2417](#) (Income and Sales Tax Modernization Bill). This Bill reduced revenues by an estimated \$100.1 million for FY 2019 and by an estimated \$1.527 billion over the next five years. General Fund appropriations totaling \$7.480 billion were enacted for FY 2019, resulting in an estimated ending balance of \$166.2 million.

The REC's final General Fund revenue estimate for FY 2019 (\$7.734 billion) resulted in an increase of \$93.0 million compared to the adjusted estimate from the 2018 Legislative Session. In addition, the revised surplus carryforward estimate is \$71.0 million, an increase of \$70.2 million compared to the previous estimate of \$0.8 million.

During the 2019 Legislative Session the General Fund passed supplemental appropriations totaling \$168.6 million for FY 2019 (Table 1). There was also an adjustment of \$-5.4 million to various standing unlimited appropriations during FY 2019. As a result of these actions, the current General Fund surplus for FY 2019 is estimated to remain at \$166.2 million.

Fiscal Year 2020. The FY 2020 General Fund budget passed by the 2019 General Assembly was based on total available resources of \$7.916 billion. This includes the March 2018 REC revenue estimate of \$7.868 billion, revenue adjustments of \$-9.2 million, and a surplus carryforward of \$76.8 million (Table 2).

Table 1	
FY 2019 Supplemental Appropriations	
(In Millions)	
	<u>FY 2019</u>
Human Services – Medical Assistance	\$ 150.3
Homeland Security and Emergency Mgmt – Flood Recovery	15.0
State Public Defender – Indigent Defense	2.5
Administrative Services – Utilities	0.5
Iowa Law Enforcement Academy – Relocation Expenses	0.3
Iowa Public Television – Operations	0.1
Total	<u><u>\$ 168.6</u></u>
*Numbers may not equal totals due to rounding.	

LSA Fiscal Update, END OF SESSION, April 20, 2019: <https://www.legis.iowa.gov/docs/publications/BL/1046272.pdf>

The General Assembly appropriated \$7.644 billion from the General Fund for FY 2020, which is \$193.8 million below the expenditure limitation of \$7.838 billion. The FY 2020 appropriations represent a net increase of \$0.3 million (rounded 0.0%) compared to estimated FY 2019, after the addition of \$168.6 million for the supplemental appropriations.

The General Fund ending balance for FY 2020 is estimated to be \$277.3 million.

The following Table 2, from the LSA Fiscal Update, shows the ending balance circled.

Table 2
State of Iowa
Projected Condition of the General Fund
(In Millions)

	Actual FY 2018	Revised FY 2019	Legislative Action FY 2020
Resources			
Receipts (Dec 2018 Est)	\$ 7,383.9	\$ 7,728.6	\$ 7,868.4
March REC Adjustment	0.0	5.0	- 20.0
Net Receipts	7,383.9	7,733.6	7,848.4
Revenue Adjustments	0.0	- 0.2	- 9.2
Subtotal Receipts	7,383.9	7,733.4	7,839.2
Surplus Carryforward	0.0	71.0	76.8
Total Available Resources	\$ 7,383.9	\$ 7,804.4	\$ 7,916.0
Expenditure Limitation			\$ 7,837.5
Estimated Appropriations and Expenditures:			
Appropriations	\$ 7,268.6	\$ 7,480.2	\$ 7,643.7
Adjustments to Standing Appropriations	15.8	- 5.4	0.0
Supplemental/Deappropriations	- 23.3	168.6	0.0
Total Appropriations	\$ 7,261.1	\$ 7,643.4	\$ 7,643.7
Reversions	- 4.5	- 5.2	- 5.0
Net Appropriations	\$ 7,256.6	\$ 7,638.2	\$ 7,638.7
Ending Balance - Surplus	\$ 127.3	\$ 166.2	\$ 277.3
Under (Over) Expenditure Limitation			\$ 193.8

Note the estimated ending balance of \$277.3 million, showing their budget came in at \$193.8 million BELOW the expenditure limitation.

Revenue Adjustments

The table from the LSA Issue Review shows the total net revenue adjustments (tax cuts) of \$9.2 million for FY 2020. Several bills were proposed to eliminate remaining inheritance tax and make other tax cuts, but in the end, the 2019 Session tax reductions were relatively modest compared to prior years. The tax cuts enacted in the 2018 Session are still phasing in based on growth triggers. Had they made additional significant cuts, those triggers would have been harder to meet, making the promised tax relief of 2018 less significant.

Table 3
General Fund Revenue Adjustments by Bill
Legislative Action
(In Millions)

Bill No.	Description	FY 2019	FY 2020
SF 220	Corporation Section 179	\$ - 0.6	\$ - 0.4
HF 778	Beginning Farmer Tax Credit	0.0	- 0.4
HF 772	Broadband and Housing Incentives	0.0	- 2.2
SF 617	Sports Wagering	0.0	0.9
SF 597	Blood Processing Sales Tax Exemption	0.0	- 0.7
HF 779	Tax Code Changes Act	0.4	- 6.4
Total Revenue Adjustments		\$ - 0.2	\$ - 9.2

While the total net appropriations passed for FY 2020 were status quo compared to the estimated net appropriations for FY 2019, there were numerous increases and decreases for State agencies and programs (Table 4 below). There were eight programs that received increases totaling \$147.3 million. **The largest increase in funding went to State Foundation School Aid, which received an increase of \$83.4 million (2.6%).**

(Note: Do not confuse this number with the percentage increase in the per pupil increase, SSA, which is 2.06%.)

These increases were offset by appropriations reductions. The three largest reductions included two one-time appropriations made in FY 2019 that included \$113.1 million to the Cash Reserve Fund and \$15.0 million for 2019 Flood Recovery Assistance. The appropriation for Medicaid was reduced by \$60.7 million for FY 2020; however, the FY 2020 appropriation does not yet include the funding for the capitation rates that have yet to be negotiated with the managed care providers (MCOs). All other agencies and programs received a net increase of \$41.7 million (2.1%).

Table 4
Significant Changes to General Fund Appropriations
(In Millions)

Programs/Appropriations	Est Net FY 2019	Final Action FY 2020	Change	Percent Change
State Foundation School Aid	\$ 3,207.6	\$ 3,291.0	\$ 83.4	2.6%
Regents Institutions	562.9	576.4	13.5	2.4%
College Aid - FRI Last-Dollar Scholarship	0.0	13.0	13.0	-
DHS – State Children’s Health Insurance	7.1	19.4	12.3	173.2%
Education – Transportation Equity Fund	11.2	19.0	7.8	69.6%
DHS – Field Operations	49.1	55.4	6.3	12.8%
Community Colleges	202.7	208.7	6.0	3.0%
OCIO Broadband Grants	0.0	5.0	5.0	-
Flood Recovery Assistance	15.0	0.0	- 15.0	-100.0%
Medical Assistance (Medicaid)	1,488.1	1,427.4	- 60.7	-4.1%
Cash Reserve Fund Appropriation	113.1	0.0	- 113.1	-100.0%
Subtotal	\$ 5,656.8	\$ 5,615.3	\$ - 41.5	-0.7%
All Other Net Appropriations	\$ 1,986.7	\$ 2,028.4	\$ 41.7	2.1%
Total	\$ 7,643.5	\$ 7,643.7	\$ 0.2	0.0%

OCIO = Office of the Chief Information Officer
FRI = Future Ready Iowa
DHS = Department of Human Services

Reserve Funds Balances: The combined balances in the State’s reserve funds are estimated to total \$783.9 million for FY 2020, which fills the reserves to the statutory maximum of 10.0% of the adjusted revenue estimate. In addition, this is an increase of \$21.8 million compared to the FY 2019 reserve balance (Table 5).

There has been a long stretch of solid economic growth and recessions tend to be cyclical. The surplus and full reserve funds appear to be sufficient to position Iowa well to weather a typical economic slowdown, at least at this point.

Table 5
State of Iowa Reserve Funds
(In Millions)

Reserve Fund Balances	Actual	Est Net	Legislative
	FY 2018	FY 2019	Action FY 2020
Cash Reserve Fund	\$ 442.4	\$ 571.6	\$ 587.9
Economic Emergency Fund	177.9	190.5	196.0
Total	\$ 620.3	\$ 762.1	\$ 783.9

Reserve Fund Statutory Maximums	FY 2018	FY 2019	FY 2020
Cash Reserve Fund	\$ 552.8	\$ 571.6	\$ 587.9
Economic Emergency Fund	184.3	190.5	196.0
Total	\$ 737.1	\$ 762.1	\$ 783.9

Taxpayer Relief Fund: The Fund is estimated to have a balance totaling \$73.4 million in FY 2020 (Table 6). The Fund received an allocation of \$13.4 million from the FY 2019 General Fund surplus and is estimated to receive an additional \$60.0 million from the FY 2020 General Fund surplus. The moneys in the Taxpayer Relief Fund can only be spent pursuant to an appropriation by the General Assembly for purposes of providing tax relief to lowans.

	<u>Actual</u> <u>FY 2018</u>	<u>Estimated</u> <u>FY 2019</u>	<u>Estimated</u> <u>FY 2020</u>
Funds Available			
Balance Brought Forward	\$ 8.3	\$ 8.4	\$ 13.4
General Fund Surplus Transfer	0.0	13.4	60.0
Interest	0.1	0.0	0.0
Total Funds Available	<u>\$ 8.4</u>	<u>\$ 21.8</u>	<u>\$ 73.4</u>
Expenditures			
Transfer to the General Fund	\$ 0.0	\$ - 8.4	\$ 0.0
Ending Balance	<u>\$ 8.4</u>	<u>\$ 13.4</u>	<u>\$ 73.4</u>

LSA Fiscal Update, END OF SESSION, April 20, 2019: <https://www.legis.iowa.gov/docs/publications/BL/1046272.pdf>

This fund provides money for future tax relief, but should be treated as one-time money, since it's not a predictable ongoing funding stream, especially as the tax cuts of 2018 are implemented over several years based on economic growth triggers.

Final note on tax cuts: *School funding in Iowa is about 40-42% of the state General Fund budget. If revenues are suppressed by \$100 million, UEN's first concern is too little revenue growth left to provide adequate funds to education. Additionally, PK-12's proportional share of any \$100 million reduction would be about \$42 million. For the legislature to protect education against reductions, the rest of the budget will have to endure another \$42 million cut for each \$100 million tax revenue decline.*

AEAs, universities, community colleges, human services, law enforcement and other state government services that support lowans will be further unable to assist the families and communities that comprise our school districts. UEN encourages school leaders to ask candidates running for the House, Senate and Governor's office and at the Federal level, too, how they intend to balance the budget and provide sufficient revenue growth to ensure adequate funding for education in the coming years as this tax reduction is phased in.

The LSA Fiscal Update Article from which we gathered this information can be found in its entirety on the Fiscal Publications Web Site here: <https://www.legis.iowa.gov/docs/publications/BL/1046272.pdf>

This last chart from the Fiscal Update details other funds appropriations, which provide context to the prior note. PK-12 funding is 42% of the state general fund, but the state general fund isn't the totality of resources available to the Legislature to fund services and programs for Iowans.

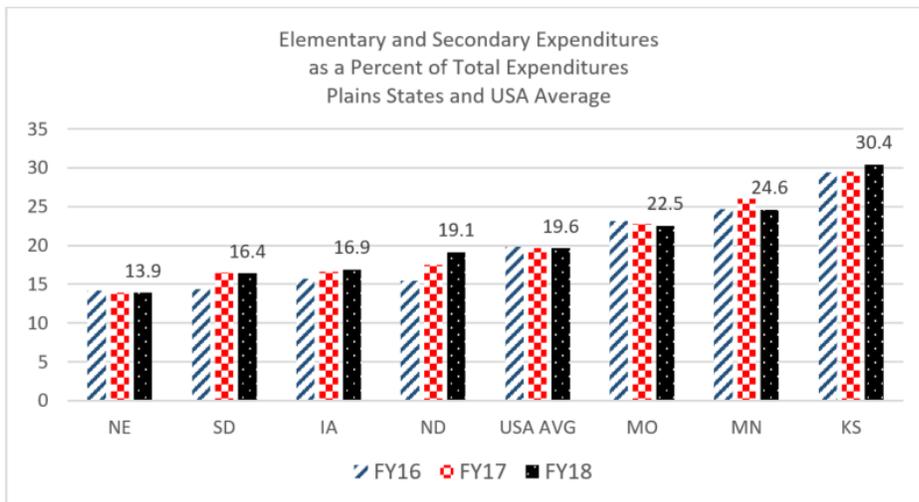
Table 8 summarizes the Other Funds appropriations by fund source.

	Actual	Est Net	Final Action	FY 2020 vs
	FY 2018	FY 2019	FY 2020	FY 2019
Primary Road Fund	\$ 335.5	\$ 338.5	\$ 353.2	\$ 14.7
Health Care Trust Fund (Medicaid)	221.9	209.7	208.5	-1.2
Rebuild Iowa Infrastructure Fund	127.4	137.3	138.8	1.5
Temporary Assistance for Needy Families	136.2	130.8	130.5	-0.3
Iowa Skilled Worker and Jobs Creation Fund	56.0	63.8	63.8	0.0
Quality Assurance Trust Fund (Medicaid)	36.7	36.7	58.6	21.9
Road Use Tax Fund	53.8	53.7	54.1	0.4
Fish and Wildlife Trust Fund	43.8	44.0	44.0	0.0
Environment First Fund	42.0	42.0	42.0	0.0
Hospital Health Care Access Trust (Medicaid)	33.9	33.9	33.9	0.0
Commerce Revolving Fund	30.7	30.7	30.9	0.2
Technology Reinvestment Fund	10.1	14.4	18.1	3.7
Other	86.3	71.4	65.0	-6.4
Grand Total	\$ 1,214.3	\$ 1,206.9	\$ 1,241.4	\$ 34.6

*Numbers may not equal totals due to rounding.

LSA Fiscal Update, END OF SESSION, April 20, 2019: <https://www.legis.iowa.gov/docs/publications/BL/1046272.pdf>

This chart shows the comparison percentages of the plains states and the USA average:



In an apples-to-apples comparison of state expenditures by NASBO (the National Association of State Budget Officers), Iowa spends relatively less of total resources on education than many states in our region and below the USA average.

Iowa ranks third from the bottom of the Plains States ranking only ahead of Nebraska and South Dakota and well below the national average. This chart which ISFIS compiled from data in the NASBO Report shows Iowa's public education expenditures as a percentage of all total funds, for FY2016-FY2018. Find the report issued in November of 2018 here: <https://www.nasbo.org/mainsite/reports-data/state-expenditure-report>.

Tax Credits: With estimated low revenue growth over the last few years, legislators and advocates for state appropriations have been looking more closely at tax credits. Tax credits reduce revenues that would otherwise be collected by the state. Significant growth in tax credits over several years has outpaced state revenue growth and state general fund spending growth. A predictable and substantial state revenue base is necessary for adequate funding in public schools, and all state government services. The balancing of the budget will take increased taxes, decreased expenditures or increased revenues by lowering the level of tax credits.

State Tax Credit Expected Claims Projection: With continued revenue estimate adjustments as revenues have lagged expectations, attention has been directed to tax credits. This chart from the LSA’s analysis of the state budget recommendations in 2019 provides some context. <https://www.legis.iowa.gov/docs/publications/LAGRP/1033690.pdf> Although the total amount of tax credits has grown faster than either state general fund revenues or appropriations, this estimate indicates some leveling off of the growth. (Note: FY2017 Tax Credit Program Total was \$332 million. The FY 2021 estimate is 28% higher than FY 2017, which is an average annual growth rate of 7%, compared to the state cost per pupil increase that has averaged 1.6% over the last four years.)

Tax Credit Program	Actual FY 2018	Est. FY 2019	Est. FY 2020	Est. FY 2021
Capped Programs				
Historic Preservation/Cultural/Entertainment Tax Credit	\$ 60.5	\$ 60.9	\$ 64.1	\$ 48.5
High Quality Jobs Program	37.5	53.4	47.0	50.7
Workforce Housing Tax Incentive Program	9.0	17.9	18.7	17.5
School Tuition Organization Tax Credit	11.4	11.5	12.2	12.4
Enterprise Zone Program – Housing Component	8.0	10.0	3.7	1.7
All Other Programs	35.0	45.6	42.1	45.3
Total Capped Programs	\$ 161.3	\$ 199.2	\$ 187.9	\$ 176.2
Uncapped Programs				
Earned Income Tax Credit	\$ 69.6	\$ 70.3	\$ 71.6	\$ 72.8
Research Activities Tax Credit	68.1	61.9	61.6	63.8
Iowa Industrial New Jobs Training Program (260E)	37.1	43.7	42.8	43.5
Biodiesel Blended Fuel Tax Credit	17.4	19.6	22.2	22.6
Tuition and Textbook Tax Credit	14.9	14.8	14.9	15.0
All Other Programs	22.7	29.8	25.7	30.7
Total Uncapped Programs	\$ 229.9	\$ 240.2	\$ 238.9	\$ 248.4
Tax Credit Program Total	\$ 391.2	\$ 439.4	\$ 426.8	\$ 424.6
Notes:				
These estimates are based on the Tax Credit Expected Claims Projection published by the Department of Revenue in December 2018 in the Tax Credits Contingent Liabilities Report. The table above reflects the tax credits that are likely to be claimed in a given fiscal year based on the previous year.				
The numbers may not equal totals due to rounding.				

The Iowa Department of Revenue does a Tax Credit Contingent Liabilities Report three times yearly. Find those reports (the most recent is March of 2019) on their website here: <https://tax.iowa.gov/report/Contingent-Liabilities>

Funding Formula History: The LSA published an Issue Review, State School Aid — Historical Context and Trends, 1967-1982, which is a good reminder of how far the formula has come over several decades. The Issue Review provides an overview of the early history of the Iowa school aid formula, beginning with the precursor funding available until the mid-20th century, the creation of the formula in the late 1960s and early 1970s, and a brief review of the considerations taken into account through 1982. One clear observation is the increasingly important role the state has undertaken in lowering property taxes and increasing the state contribution, which has continued since. Find the Issue Review here: <https://www.legis.iowa.gov/docs/publications/IR/865393.pdf>

Funding Formula Changes: The June 11, 2014 edition of the LSA's Fiscal update also includes a reference to historical changes in school finance funding provisions. The LSA document reflects legislative action through the 2014 Legislative Session. The document provides a brief summary of the provisions from 1971 to present and is available on the LSA website at: https://www.legis.iowa.gov/docs/LSAReports/k12Education/PublicSchlFunding_LawChanges_1971_to_Present.pdf

Enrolled Bills: The following bills impacting Education have been signed by the Governor unless there is a note detailing veto action. The Enrolled bills explained below are organized into Appropriations and Policy Acts.

A list of bills that received action but were not enacted follows under the Near Misses & Pending Issues section of this Digest. For access to the complete text and effective dates of all legislation approved or vetoed by the Governor, check the [enrolled bills](#) link on the legislative website.

Legislative Digest Bills Enacted in the 2019 Session

Tax Bills Impacting State or Local Revenues

[HF 546 SAVE Extension:](#) After several years of advocacy, the extension of the state penny for school infrastructure and property tax relief is signed into law, May 24, 2019. The bill extends the current sunset from 12/31/2029 to 1/1/2051. Other significant actions in the legislation:

- Invalidates all Revenue Purpose Statements (RPS) effective 1/1/31 or expiration in RPS, whichever is earlier. Changes RPS notice language but not ballot language. New RPS must be approved or existing RPS extended to bond against funds beyond 2031. If there is no approved RPS, current law applies, meaning the district must buy down infrastructure related property taxes (debt levy, voted PPEL, board PPEL, PERL) before any remaining funds may be spent on infrastructure purposes.
- Sets a higher standard for public input for two actions. Processes are the same; public notice 10-20 days prior to public hearing, public hearing, 14-day waiting period for petition (trigger is the greater of 100 voters or 30% voting in last regular election). If petition surfaces, school board may take it to a 50% + 1 vote (regular or special election) or withdraw the question. If no petition surfaces in 14 days, the board may proceed.
 - Athletic facilities are defined as a "...building or structure, or portion thereof, that is not physically attached to a student attendance center." Athletic Facility Infrastructure Project

- is: "...school infrastructure project that includes in whole or in part the construction of an athletic facility." Does not include repair or maintenance of existing facilities.
- Borrowing/Bonding: Changes include public notice, public hearing noted above as well as petition process.
 - Diverts funds to property tax relief and career academies based on growth triggers.
 - 2.0% Sales Tax Revenue Growth: A maximum of 1% (Note: of the percentage GROWTH rate, not 1% of the growth - so revenues grow by 2%, property tax relief gets 1% and schools get 1%. Revenues grow by 4%, property tax gets 1%, schools get 3%). The property tax relief portion grows annually, if trigger is met, until it reaches 30% of SAVE annual revenues. This is a financially significant diversion that impacts borrowing capacity. Beginning in FY 2021, one-half of the increase in funds each year will flow into a newly created Foundation Base Supplement Fund (FBSF) within the PTER Fund, which will function to increase the State cost per pupil foundation level. The current foundation level is set in Iowa Code section 257.1(2)(b) as 87.5% of the State cost per pupil. The other half goes to PTER fund original purpose – to lower additional levies above the state average to the average (aid to tax payers in property poor/kid rich districts through the school aid formula.) **NOTE:** Future school sales tax revenues will not grow as fast as historical growth due to more money for property tax relief absent significant economic growth or change in tax policy, however, the expanded sales tax base as part of income tax reform in 2018 will offset some of the property tax relief. School district formula property tax rates will be gradually reduced over time compared to current law.
 - 2.5% Sales Tax Revenue Growth: A maximum of one-half of 1% toward Career Academy Grants. Ratchets upward until it hits \$5 million annually if triggers are met. Summary: Minor financial impact compared to property tax relief but funds available for schools for Career Academies. DE will write rules setting criteria for recipients of the grants. Grants are limited to no more than \$1 million per district and may be spent on new construction or new equipment. The legislation requires priority for grants be first given to applications to establish new career academies that are organized as regional centers pursuant to chapter 258. Subsequent priority shall be given to applications for expanding existing career academies.
 - Changes criteria but not the threshold for certificate of need. Current law requires that districts with certified enrollment less than 100 served in a high school or fewer than 250 certified total enrollment served in the district must obtain a certificate of need from the Department of Education. (An earlier version of the bill last year would have increased both of those thresholds.) Section 13 changes the criteria DE uses to grant the Certificate of Need. The bill removes the criteria to consider the infeasibility of remodeling, reconstruction or repairing existing buildings and instead requires a cost-benefit analysis. A new criterion was added in Section 14, for DE to consider in awarding Certificate of Need to districts: *j. Benefits and effects of the new construction on student learning.*
 - Clarifies that SAVE funds may be used for school safety and security infrastructure.
 - Current law requires 2.1% of revenues diverted to the PTER fund and also, a \$24 million standing appropriation provides revenues for the PTER Fund. This bill does not change the standing appropriation.
 - The Fiscal Note shows the impact of the property tax diversions over time as growth in revenue occurs and growth in diversions to the PTER fund occurs. That chart follows on the next page.

Chart below from Fiscal Note HF 546 found here:

<https://www.legis.iowa.gov/docs/publications/FN/1045984.pdf>

Table 4 — HF 546

Projected SAVE Fund Distributions (in millions)

Fiscal Year	Est. SAVE Fund Growth Rate	SAVE Fund	SAVE Allocation to School Districts	Career Academies Distribution	Percent Allocated to PTER	Est. SAVE Allocated to PTER	Est. PTER Distribution			Est. Total Adjust Additional Levy
							Adj. Additional Levy Allocation from SAVE	Funding Allocated to FBSF	PTER Standing Appropriation	
FY 2018		\$ 481.5	\$ 471.4	\$ 0.0	2.1%	\$ 10.0	\$ 10.0	\$ 0.0	\$ 24.0	\$ 34.0
FY 2019	6.24%	511.5	530.7	0.0	2.1%	10.7	10.7	0.0	24.0	34.7
FY 2020	7.28%	548.8	530.7	1.0	3.1%	17.0	17.0	0.0	24.0	41.0
FY 2021	3.32%	567.0	540.0	3.7	4.1%	23.2	20.4	2.8	24.0	44.4
FY 2022	1.93%	577.9	543.4	5.0	5.1%	29.5	23.7	5.8	24.0	47.7
FY 2023	3.48%	598.0	562.5	5.0	5.1%	30.5	24.5	6.0	24.0	48.5
FY 2024	3.72%	620.2	577.4	5.0	6.1%	37.8	28.5	9.3	24.0	52.5
FY 2025	2.24%	634.1	584.1	5.0	7.1%	45.0	32.3	12.7	24.0	56.3
FY 2026	2.29%	648.7	591.1	5.0	8.1%	52.5	36.3	16.2	24.0	60.3
FY 2027	2.43%	664.4	598.9	5.0	9.1%	60.5	40.5	19.9	24.0	64.5
FY 2028	2.56%	681.4	607.6	5.0	10.1%	68.8	45.0	23.8	24.0	69.0
FY 2029	2.56%	698.8	616.3	5.0	11.1%	77.6	49.6	28.0	24.0	73.6
FY 2030	2.62%	717.1	625.4	5.0	12.1%	86.8	54.5	32.3	24.0	78.5
FY 2031	2.45%	734.7	633.5	5.0	13.1%	96.2	59.5	36.7	24.0	83.5
FY 2032	2.45%	752.7	641.6	5.0	14.1%	106.1	64.7	41.4	24.0	88.7
FY 2033	2.45%	771.2	649.7	5.0	15.1%	116.4	70.2	46.3	24.0	94.2
FY 2034	2.45%	790.1	657.9	5.0	16.1%	127.2	75.8	51.4	24.0	99.8
FY 2035	2.45%	809.4	666.0	5.0	17.1%	138.4	81.8	56.7	24.0	105.8
FY 2036	2.45%	829.2	674.1	5.0	18.1%	150.1	87.9	62.2	24.0	111.9
FY 2037	2.45%	849.6	682.3	5.0	19.1%	162.3	94.3	68.0	24.0	118.3
FY 2038	2.45%	870.4	690.4	5.0	20.1%	174.9	101.0	74.0	24.0	125.0
FY 2039	2.45%	891.7	698.5	5.0	21.1%	188.1	107.9	80.3	24.0	131.9
FY 2040	2.45%	913.5	706.6	5.0	22.1%	201.9	115.1	86.8	24.0	139.1
FY 2041	2.45%	935.9	714.7	5.0	23.1%	216.2	122.6	93.6	24.0	146.6
FY 2042	2.45%	958.9	722.8	5.0	24.1%	231.1	130.4	100.7	24.0	154.4
FY 2043	2.45%	982.3	730.8	5.0	25.1%	246.6	138.5	108.1	24.0	162.5
FY 2044	2.45%	1,006.4	738.7	5.0	26.1%	262.7	146.9	115.7	24.0	170.9
FY 2045	2.45%	1,031.1	746.7	5.0	27.1%	279.4	155.7	123.7	24.0	179.7
FY 2046	2.45%	1,056.3	754.5	5.0	28.1%	296.8	164.8	132.0	24.0	188.8
FY 2047	2.45%	1,082.2	762.3	5.0	29.1%	314.9	174.2	140.7	24.0	198.2
FY 2048	2.45%	1,108.7	771.1	5.0	30.0%	332.6	183.5	149.1	24.0	207.5
FY 2049	2.45%	1,135.9	790.1	5.0	30.0%	340.8	188.0	152.8	24.0	212.0
FY 2050	2.45%	1,163.7	809.6	5.0	30.0%	349.1	192.6	156.5	24.0	216.6
FY 2051	2.45%	596.1	412.3	5.0	30.0%	178.8	98.7	80.2	24.0	122.7

See the Fiscal Note in its entirety here:

<https://www.legis.iowa.gov/docs/publications/FN/1045984.pdf>

The full Senate passed the bill, 48:2, with Sens. Chapman and Zaun voting no. The House concurred with the Senate Amendment, with 95 in favor, 4 voting no (Isenhardt, Running-Marquardt, Shipley and Wheeler). UEN supported this as a priority.

Post Session Advocacy Action:

Send a thank you to your representative(s) and senator(s) for their action to get this bill to the Governor. Send the Governor a thank you as well.

HF 779 Tax Changes including STO Tax Credits: this bill relates to the administration of the tax and related laws by the Iowa Department of Revenue, including the administration and modification of certain tax credits and refunds, the individual and corporate income taxes, franchise taxes, moneys and credits taxes, sales and use taxes, and automobile rental excise taxes, the assessment of property owned by certain long distance telephone companies, establishes a taxation and exemption of computers task force, extends the utility replacement task force, and provides for other properly related matters.

According to the Fiscal Note, Division VII of the bill: Increases the annual aggregate award cap for the School Tuition Organization (STO) Tax Credit from the current \$13.0 million to \$15.0 million, effective beginning CY 2020. The following facts, assumptions, and sources were used in developing the fiscal impact estimate for this provision:

- The tax credit is equal to 65.0% of a qualified contribution to an STO. Therefore, an increase in the STO cap of \$4.0 million translates to \$6.15 million in increased STO contributions.
- Contributions to STOs that earn the taxpayer a 65.0% tax credit are not allowed to also be used as an itemized deduction for Iowa tax purposes. Some taxpayers making qualified contributions to STOs may make that contribution instead of a contribution to another charity or organization that would earn the taxpayer an itemized deduction. It is assumed that 50.0% of the additional \$6.15 million displaces contributions that would earn the taxpayer a usable itemized deduction.
- The average marginal State income tax rate for taxpayers utilizing itemized deductions is assumed to be 6.9% through TY 2022 and 6.5% for TY 2023 and after. This calculation will offset the annual tax credit cost by \$0.2 million.
- STO Tax Credits are not refundable or transferable, but unused credits may be carried forward for up to five additional tax years. Based on historical STO Tax Credit claims, 94.0% of awarded credits are redeemed and 6.0% expire unredeemed. The assumed redemption pattern is:
 - Year 1 = 60.0% of the amount awarded
 - Year 2 = 20.0%
 - Year 3 = 8.0%
 - Years 4 through 6 = 2.0% per year

- The STO credit is not refundable, so it impacts the calculation of the local option income surtax for schools. The impact on the surtax is assumed to be an amount equal to 2.9% of the General Fund impact.
- The LSA estimates that 10.0% of each tax year’s tax reduction will impact the fiscal year in which the tax year begins, and 90.0% will impact the next fiscal year.

This table from the fiscal note <https://www.legis.iowa.gov/docs/publications/FN/1050187.pdf> explains the total extent of state and local revenue changes due to HF 779.

Projected State General Fund Revenue Change by Provision							
In Millions							
Division/Section	Provision	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Div. I, Sec. 9	ECD Nonresident	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Div. I, Sec. 11	Like-Kind Exchanges	-0.2	-0.7	0.0	0.0	0.0	0.0
Div. III, Sec. 21	Carpentry	0.0	0.8	0.9	0.9	0.9	0.9
Div. III, Sec. 22	Grain Bins	0.0	-5.2	-5.3	-5.5	-5.6	-5.8
Div. III, Sec. 23	M & E Exemption	0.6	1.5	0.6	0.6	0.7	0.7
Div. III, Sec. 25-27	Seller 200 Nexus	0.0	-0.9	-1.0	-1.1	-1.3	-1.4
Div. VI	Targeted Jobs	0.0	-0.6	-1.2	-1.2	-1.2	-1.2
Div. VII	STO Tax Credit	0.0	-0.1	-1.1	-1.5	-1.7	-1.7
Div. X	Manufacturer Def.	0.0	-0.2	-0.2	-0.2	-0.2	-0.2
Div. XIV	Franchise Tax AMT	0.0	0.0	-0.6	-0.9	-0.6	-0.6
Div. XV	Geothermal Tax Credit	0.0	-1.0	-1.0	-1.0	-1.0	-1.0
	Total	\$ 0.4	\$ -6.4	\$ -8.9	\$ -9.9	\$ -10.0	\$ -10.3

Projected State General Fund Appropriation Change by Provision							
In Millions							
Division/Section	Provision	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Div. V	School Aid Approp.	\$ 0.0	\$ 0.0	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3

Projected Local Revenue Change by Revenue Type							
In Millions							
Local Revenue Type	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
School Infrastructure	\$ 0.1	\$ -0.9	\$ -1.0	\$ -1.0	\$ -1.1	\$ -1.2	
Local Option Sales Tax	0.1	-0.9	-0.8	-0.9	-0.9	-0.9	
School Income Surtax	0.0	0.0	0.0	0.0	0.0	0.0	
Property Tax	0.0	0.0	-1.2	-1.3	-1.3	-1.3	
Total	\$ 0.2	\$ -1.8	\$ -3.0	\$ -3.2	\$ -3.3	\$ -3.4	

ECD = Early Childhood Development Tax Credit	STO = School Tuition Organization
CDC = Child and Dependent Care Tax Credit	AMT = Alternative Minimum Tax
M & E = Machinery and Equipment	RAC = Research Activities Credit

UEN registered opposed to Div. VII in both this House File and SF 631 which was discussed in the Senate. The Senate’s original bill increased the cap by \$4 million, to \$17 million total, so this increase of \$2 million is a compromise. The bill was approved 90:8 in the House and 44:4 in the Senate. The Governor signed it.

For context, the STO increase is a 15% increase in state funding for nonpublic school scholarships in a year in which the per pupil increase was set at 2.06%. UEN is opposed.

SF 634 Local Government Property Taxation: UEN did not register on this bill as it did not impact school budgets. The bill did impact cities and counties, but some advocacy message about impacting IPERS circulated at the time the bill was moving, so this is included to help put those fears to rest. The bill:

- in its original form, would have required cities and counties to pay for pension benefits (IPERS) from their general fund (current law allows increased benefits costs to be paid from another fund outside of the \$8.10 general fund levy limit for cities or the county’s

general fund). That stirred up some advocacy around the state suggesting that the bill negatively impacted IPERS. This bill never impacted school or AEA employees and never excused cities and counties from paying for the employers' share of IPERS. The bill would have had city and county budgeting operate as school budgets operate. A later amendment in the House removed the controversial provision from impacting funds that pay for pension benefits.

- The [fiscal note](#) on April 23rd explains that the pension and other funds are not impacted by this bill:
 - “For cities, funding for employee retirement and pension costs, debt service, and capital projects are excluded from the revenue limit calculation and may be funded separately through property tax revenue. In addition, several additional levies currently authorized under Iowa Code section 384.12 are allowed but not included in the revenue limit.
 - For counties, funding for employee retirement and pension costs, mental health and disability services, cemetery care, emergency services, debt service, and capital projects are excluded from the revenue limit calculation and may be funded separately through property tax revenue.”
- The bill was even more significantly amended during final action to enact less onerous property tax limit provisions; it allows cities and counties to approve budget up to 2% increase, requires a public hearing if the budget will exceed that growth limit, and allows counties and cities to approve additional growth on 2/3 vote of city council or county supervisors. Makes definitions and changes to certification/budget protest deadlines. Includes requirements for the calculation of a maximum property tax rate. Requires assessor to use the most recent state appraisal manual. Allows the DOR to grant an exception on the showing of substantial hardship.
- The Senate passed the bill as amended 33-17; the House agreed 53:47, sending it to the Governor. Gov. Reynolds signed the bill on May 23, and stated in her message:

“This bill creates an additional public hearing prior to the approval of a city or county’s budget, allowing more public input and helping increase awareness and transparency to the budgeting process and Iowa taxpayers.”

UEN did not register a position on this bill as it never impacted schools.

Significant Appropriations/Funding Legislation Impacting School Budgets

[HF 306 State School Aid:](#) The House voted on Feb. 11, 53:47 and Senate voted on Feb. 13, 35:13, approving HF 306 within the deadline in Iowa Code requiring enactment of the per pupil increase within 30 days of the release of the Governor’s budget being Feb. 14. The Governor signed the bill on February 19. The bill sets the per pupil rate increase of **2.06%**, slightly below the Governor’s recommendation of 2.30% increase. UEN supported HF 306 since the per pupil increase exceeded the REC revenue growth estimate for FY 2020 and it was the third highest increase in 10 years. Also, with significant resources invested in HF 307 Equity below, and extension of the state penny, this package was acceptable to schools.

Details of HF 306:

- State cost per pupil of \$6,875, which is an increase of \$139 per pupil for FY 2020. (This does not include \$5 per pupil from the formula equity bill, which is noted below, which will bring the SCPP up to \$6,880.)
- Total cost to the state of this 2.06% increase is \$81.8 million, slightly below the Governor’s \$89.6 million. (The difference is seen in the Transportation/Formula equity bill below)
- The 2.06% is above the REC estimate of state general fund revenue growth of 1.9% for FY 2020. (This would be a great benchmark for them to use going forward, that exceeding the revenue estimate is a reflection of priority.)
- In the current fiscal year, 178 school districts were on the Budget Guarantee (SSA was 1.0%). With the 2.06% increase, 116 school districts will be on the Budget Guarantee.
- The bill also sets a 2.06% increase in the per pupil categorical funds within the formula (Teacher Salary Supplement, Professional Development, Early Intervention/Class size and Teacher Leadership and Compensation TLC.)
- The bill also 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 2020. The Bill requires the additional levy portion of the FY 2020 State cost per pupil amount to be frozen at \$750 per pupil, regardless of the per pupil increase for FY 2020. Without enactment of this provision, the increase in the FY 2020 State cost per pupil due to the State percent of growth would include a per pupil property tax increase equivalent to one-eighth (12.5%) of the total per pupil increase, or approximately \$109 per pupil.

Table 3 — HF 306

FY 2020 Property Tax Replacement Payment Calculation

	FY 2019	Increase Due To Supplemental State Aid Rate	FY 2020
Regular Program	\$ 6,736	\$ 139	\$ 6,875
87.5% Foundation Level	842	17	859
PTRP Amount	92	17	109
Fixed Additional Levy Portion	750		750

This chart on property tax replacement calculation and the following additional information come from the fiscal note found here:

<https://www.legis.iowa.gov/docs/publications/FN/1045598.pdf>

This table shows the state cost per pupil calculations for regular program, special education and AEA services.

Table 1 — HF 306

FY 2020 State Cost Per Pupil Calculations

	FY 2019 State Cost Per Pupil	FY 2020 State Percent of Growth	FY 2020 Supplemental State Aid	FY 2020 State Cost Per Pupil
Regular Program	\$ 6,736	2.06%	\$ 139	\$ 6,875
Special Education Program	6,736	2.06%	139	6,875
AEA Special Education Services	295.53	2.06%	6.09	301.62
AEA Media Services	55.10	2.06%	1.14	56.24
AEA Education Services	60.80	2.06%	1.25	62.05

The per pupil categorical supplements also grow by 2.06%. The state cost per pupil supplement is used to calculate the dollar value per pupil of each supplement which is added to the district's supplemental cost per pupil. The TLC per pupil amount is consistent across the state but the other per pupil supplements vary based on what the total amount generated was prior to 2009 when they were rolled into the formula. This chart from the fiscal note shows the per pupil increases for FY 2020:

Table 2 — HF 306

FY 2020 State Categorical Cost Per Pupil Calculations

	FY 2019 State Cost Per Pupil	FY 2020 State Percent of Growth	FY 2020 Supplemental State Aid	FY 2020 State Cost Per Pupil
Teacher Salary - Districts	\$ 580.01	2.06%	\$ 11.95	\$ 591.96
Professional Development - Districts	65.69	2.06%	1.35	67.04
Early Intervention	71.56	2.06%	1.47	73.03
Teacher Leadership and Compensation	326.50	2.06%	6.73	333.23
Teacher Salary - AEAs	30.35	2.06%	0.63	30.98
Professional Development - AEAs	3.51	2.06%	0.07	3.58

Use the ISFIS New Authority Calculator to determine what 2.06% will mean for your district. There is now a specific dropdown choice of 2.06%. Access the New Authority Calculator on the ISFIS home page [here](#).

The table on the following page, also from the Fiscal Note, shows the various components of the school foundation formula with state, property tax and per pupil impacts.

Please note: This table includes a \$15 million restoration to AEAs, which the Standings Bills, SF 638, detailed below, reinstates. With the \$15 million cut continued, the total increase in state funds is 2.6% rather than 2.92% shown in this table.

Chart below from the Fiscal Note on HF 306 found here:
<https://www.legis.iowa.gov/docs/publications/FN/1045598.pdf>

Table 4 — HF 306

Legislative Services Agency: FY 2020 School Aid Estimates (Statewide Dollars in Millions)

Program Funding:	FY 2019	Est. FY 2020	Est. Change	% Change
Regular Program District Cost	\$ 3,285.5	\$ 3,362.6	\$ 77.1	2.35%
Regular Program Budget Adjustment	25.5	10.2	-15.4	-60.16%
Supplementary Weighting (District)	98.7	103.8	5.1	5.14%
Special Education Instruction (District)	440.9	460.1	19.2	4.35%
Teacher Salary Supplement (District)	282.9	288.6	5.7	2.01%
Professional Development Supplement (District)	32.1	32.7	0.6	1.99%
Early Intervention Supplement (District)	34.9	35.6	0.7	1.95%
Teacher Leadership Supplement (District)	159.5	162.7	3.3	2.05%
AEA Special Ed Support District Cost	162.5	164.9	2.4	1.49%
AEA Special Ed Support Adjustment	1.8	1.4	-0.3	-18.92%
AEA Media Services	28.7	29.4	0.7	2.34%
AEA Ed Services	31.7	32.4	0.7	2.32%
AEA Teacher Salary Supplement	16.0	16.4	0.4	2.39%
AEA Professional Development Supplement	1.9	1.9	0.0	2.35%
Dropout and Dropout Prevention	124.3	124.3	0.0	0.00%
Combined District Cost	\$ 4,704.3	\$ 4,821.9	\$ 117.6	2.50%
Statewide Voluntary Preschool Program	\$ 82.2	\$ 85.9	\$ 3.7	4.49%
State Aid:	FY 2019	Est. FY 2020	Est. Change	% Change
Regular Program	\$ 1,937.8	\$ 1,967.2	\$ 29.4	1.52%
Supplementary Weighting	86.0	90.5	4.5	5.17%
Special Education Weighting	384.5	401.3	16.8	4.37%
Property Tax Adjustment Aid (1992)	8.1	7.7	-0.4	-4.40%
Property Tax Replacement Payment (PTRP)	52.1	62.1	10.0	19.17%
Adjusted Additional Property Tax - General Fund	24.0	24.0	0.0	0.00%
Statewide Voluntary Preschool Program	82.2	85.9	3.7	4.49%
Minimum State Aid	0.0	0.0	0.0	
State Aid from General Fund	\$ 3,207.6	\$ 3,301.1	\$ 93.6	2.92%
*Excess from SAVE Fund	9.7	10.1	0.4	3.76%
Total State Aid (Includes Non-General Fund)	\$ 3,217.3	\$ 3,311.2	\$ 93.9	2.92%
Local Property Tax:	FY 2019	Est. FY 2020	Est. Change	% Change
Uniform Levy Amount	\$ 905.4	\$ 944.9	\$ 39.5	4.36%
Additional Levy	624.9	614.8	-10.1	-1.61%
Total Levy to Fund Combined District Cost	\$ 1,530.3	\$ 1,559.7	\$ 29.4	1.92%
Comm/Ind - Uniform Levy Replacement	22.9	21.6	-1.4	-5.92%
Comm/Ind - Additional Levy Replacement	16.2	15.2	-1.0	-6.03%
Miscellaneous Information:	FY 2019	Est. FY 2020	Est. Change	% Change
Budget Enrollment	486,264	487,652	1,387	0.29%
State Cost Per Pupil	\$ 6,736	\$ 6,875	\$ 139	2.06%
Number of Districts with Budget Adjustment	178	117	-61	-34.27%
Percent of Districts with Budget Adjustment	53.94%	35.45%		
Property Tax Relief Payment per student	92.0	109.0	17.00	18.48%
AEA Funding	\$ 220.7	\$ 241.3	\$ 20.7	9.37%

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.

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

[HF 307](#) Transportation and Formula Equity: The House and Senate worked on this bill quickly, following the same timelines as the work on HF 306 SSA, with final legislative action by February 13. The House vote was 99:1 (Rep. Shipley was the only no vote) and the Senate approved it 48:0 with two absent. UEN registered in favor of this bill, as both transportation and formula equity are priorities of UEN.

Transportation Equity: The bill sets a standing limited appropriation of \$19 million for transportation, which is an increase of \$8 million compared to the FY 2019 grants. The SSA rate will be applied to the standing limited appropriation beginning in FY 2020 and future years. The \$19 million is estimated to benefit 190 districts and buy all districts with expenditures per pupil enrolled exceeding \$381 down to that amount. The average transportation expenditure per pupil enrolled in the state for the 2017-18 school year was \$330 per pupil (DE Annual Transportation Report.) The bill also requires the Department of Education to submit a report by December 1, 2020, and every five years thereafter, on the efficacy of the transportation equity payments under the Transportation Equity Program. Two UEN Districts, Waterloo and College Community will receive transportation equity funding in the 2019-20 school year.

Formula Equality: The bill also increases the state cost per pupil by \$5 to further reduce the gap between state and district cost per pupil. An estimated increase in State school aid of \$2.9 million and a decrease to property taxes of \$1.7 million due to an increase to the State cost per pupil by \$5 per student. The \$5 added in FY 2020 will close the gap to \$165. At this pace (\$5 per pupil per year) it would take 33 more years to get to full equity. The [Notes on Bills and Amendments](#) (NOBA) explains the difference in the state and district cost per pupil:

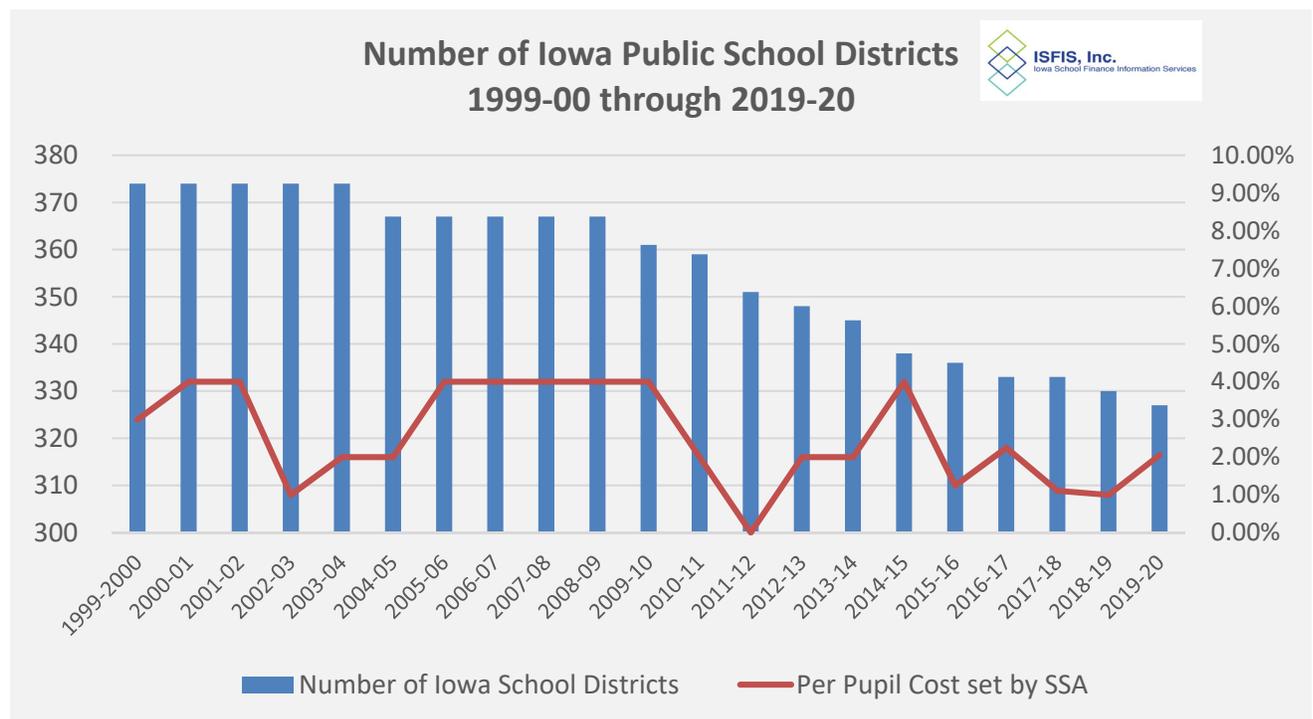
“The rest of the State cost per pupil, after the PTRP, is raised through property taxes, often referred to as “the second effort.” Districts with a higher district cost per pupil have the taxing authority to levy up to an additional \$170 per student, depending on each district’s district cost per pupil. This inconsistency is a relic of the origination of the school aid formula, when the State cost per pupil was set at the statewide average of spending per student, bringing all districts that were below that level up to the statewide average but not requiring districts spending more to reduce spending per student.”

12 UEN Districts receive \$5 per pupil spending authority increase and the remaining five UEN Districts receive property tax relief. UEN was registered in support.

[HF 596](#) WGS and Reorg Incentives Extension: this bill extends the whole grade sharing (WGS) and reorganization incentives for another five years. Currently, school districts that participate in WGS and joint employment which jointly adopt a resolution to study reorganization are eligible to receive supplementary weighting of up to 0.1 per student for three years (0.1 per student is \$674 in FY 2019). Additionally, if the school districts reorganize, they may be eligible to receive the supplementary weighting for a total of six years, so it continues for the first three years of the newly reorganized district. In addition to supplementary weighting, school districts that reorganize may be eligible for a uniform levy rate reduction for three years. The provisions in HF 596 extend these reorganization provisions authorized on or before July 1, 2019, to reorganizations authorized as effective on or before July 1, 2024.

The fiscal note includes the following chart which shows the impact of state foundation aid based on all three weightings, which is estimated to total \$4.1 million.

UEN was registered as undecided on this bill. However, UEN is aware of the impact of low funding on rural school districts as seen in the following chart, which shows the patterns of low increases in the state cost per pupil and district decisions to reorganize. Recent history of low funding from the state, in combination with transportation and formula equity in HF 307 which removes a transportation disincentive to reorganize, might exacerbate this trend.



HF 758 Education Appropriations: this bill contains many appropriations outside of the school aid formula, which impact schools directly or indirectly. Much of the line-items in this budget continue from year to year with no change or slight inflationary increases. The bill did not appropriate any funds to the DE for Iowa Learning Online. The following new appropriations to the DE were included:

- \$2.1 million for children's mental health to be used by AEAs to provide school-based training and support. Specifies use of these funds:
 - \$1.2 million for mental health awareness training for educators and schools.
 - \$750,000 for identifying approaches to meet mental health needs of schools and strengthen community support for students.
 - \$150,000 to create a clearinghouse of mental health resources for use by schools and community providers.

- \$25,000 for Best Buddies Iowa to be used by school districts to create opportunities for students with intellectual and developmental disabilities.
- \$1.0 million to the community colleges to offset the cost of providing concurrent enrollment courses to accredited nonpublic schools. The funding implements a portion of SF 603 (Concurrent Enrollment Functions and Funding Bill)

This tracking document from the LSA's Notes on Bills and Amendments (NOBA) shows every item in HF 758, with highlights for those of interest or significant change:

<https://www.legis.iowa.gov/docs/publications/NOBA/1046437.pdf>

Education General Fund

	Actual FY 2018 (1)	Estimated FY 2019 (2)	Supp-Final Action FY 2019 (3)	FY 2019 Estimated Net (4)	Gov Rec FY 2020 (5)	Final Action FY 2020 (6)	Final Action 2020 vs Est Net FY 19 (7)	Page and Line # (8)
Blind, Department for the								
Department for the Blind								
Department for the Blind	\$ 2,167,622	\$ 2,167,622	\$ 0	\$ 2,167,622	\$ 2,247,499	\$ 2,247,499	\$ 79,877	PG 2 LN 4
Total Blind, Department for the	\$ 2,167,622	\$ 2,167,622	\$ 0	\$ 2,167,622	\$ 2,247,499	\$ 2,247,499	\$ 79,877	
College Student Aid Commission								
College Student Aid Comm.								
College Aid Commission	\$ 429,279	\$ 429,279	\$ 0	\$ 429,279	\$ 429,279	\$ 429,279	\$ 0	PG 3 LN 15
Future Ready Iowa Administration	0	0	0	0	130,254	130,254	130,254	PG 3 LN 21
DMU Health Care Prof Recruitment	400,973	400,973	0	400,973	400,973	400,973	0	PG 3 LN 27
National Guard Educational Assistance	3,400,000	4,700,000	0	4,700,000	4,700,000	4,700,000	0	PG 3 LN 31
All Iowa Opportunity Scholarships	2,840,854	2,840,854	0	2,840,854	2,840,854	3,000,000	159,146	PG 4 LN 8
Teacher Shortage Loan Forgiveness	105,828	105,828	0	105,828	0	0	-105,828	
Teach Iowa Scholars	400,000	400,000	0	400,000	400,000	400,000	0	PG 4 LN 19
Rural Primary Care Loan Repayment	1,124,502	1,124,502	0	1,124,502	1,124,502	1,424,502	300,000	PG 4 LN 23
Health Care Loan Repayment Program	200,000	200,000	0	200,000	200,000	250,000	50,000	PG 4 LN 27
Future Ready Iowa Last-Dollar Scholarship Program	0	0	0	0	17,200,000	13,004,744	13,004,744	PG 4 LN 31
Future Ready Iowa Grant Program	0	0	0	0	1,000,000	0	0	
Tuition Grant Program - Standing	46,630,951	46,630,951	0	46,630,951	47,703,463	47,703,463	1,072,512	PG 24 LN 10
Tuition Grant - For-Profit	1,375,086	376,220	0	376,220	384,873	426,220	50,000	PG 24 LN 16
Vocational Technical Tuition Grant	1,750,185	1,750,185	0	1,750,185	1,750,185	1,750,185	0	Standing
Total College Student Aid Commission	\$ 58,357,658	\$ 58,958,792	\$ 0	\$ 58,958,792	\$ 78,264,383	\$ 73,619,620	\$ 14,660,828	
Education, Department of								
Education, Dept. of								
Administration	\$ 5,949,047	\$ 5,949,047	\$ 0	\$ 5,949,047	\$ 5,949,047	\$ 5,949,047	\$ 0	PG 5 LN 20
Career Technical Education Administration	598,197	598,197	0	598,197	598,197	598,197	0	PG 5 LN 31
State Library	2,510,063	2,530,063	0	2,530,063	2,530,063	2,530,063	0	PG 6 LN 28
State Library - Enrich Iowa	2,464,823	2,464,823	0	2,464,823	2,464,823	2,464,823	0	PG 6 LN 34
Career Technical Education Secondary	2,630,134	2,630,134	0	2,630,134	2,630,134	2,952,459	322,325	PG 7 LN 8
Food Service	2,176,797	2,176,797	0	2,176,797	2,176,797	2,176,797	0	PG 7 LN 13
ECI General Aid (SRG)	22,108,996	22,162,799	0	22,162,799	22,162,799	22,662,799	500,000	PG 7 LN 20
Special Ed. Services Birth to 3	1,721,400	1,721,400	0	1,721,400	1,721,400	1,721,400	0	PG 8 LN 26
Early Head Start Projects	574,500	574,500	0	574,500	574,500	574,500	0	PG 9 LN 3
Nonpublic Textbook Services	648,636	652,000	0	652,000	652,000	652,000	0	PG 9 LN 17
Student Achievement/Teacher Quality	2,915,467	2,965,467	0	2,965,467	2,965,467	2,965,467	0	PG 9 LN 25
Statewide Assessment	0	2,700,000	0	2,700,000	3,000,000	3,000,000	300,000	PG 9 LN 31
Work-Based Learning Clearinghouse	0	250,000	0	250,000	300,000	300,000	50,000	PG 10 LN 8
Summer Joint Enrollment Program	0	600,000	0	600,000	600,000	600,000	0	PG 10 LN 13
Jobs for America's Grads	666,188	1,666,188	0	1,666,188	1,666,188	2,666,188	1,000,000	PG 10 LN 29
Attendance Center/Website & Data System	249,392	250,000	0	250,000	250,000	250,000	0	PG 10 LN 35
Online State Job Posting System	229,175	230,000	0	230,000	230,000	230,000	0	PG 11 LN 11

Highlights above include the various teacher loan forgiveness programs administered by the College Student Aid Commission and appropriations to the DE, with biggest increases in the areas of CTE, Early Childhood Iowa, Statewide Assessment (\$300,000 for nonpublic schools administering the test), and an increase of \$1.0 million for JAG.

Education
General Fund

	Actual FY 2018 (1)	Estimated FY 2019 (2)	Supp-Final Action FY 2019 (3)	FY 2019 Estimated Net (4)	Gov Rec FY 2020 (5)	Final Action FY 2020 (6)	Final Action 2020 vs Est Net FY 19 (7)	Page and Line # (8)
Early Lit - Successful Progression	7,824,782	7,824,782	0	7,824,782	7,824,782	7,824,782	0	PG 11 LN 15
Early Lit - Early Warning System	1,910,351	1,915,000	0	1,915,000	1,915,000	1,915,000	0	PG 11 LN 20
Early Lit - Iowa Reading Research Center	955,176	1,300,176	0	1,300,176	1,300,176	1,300,176	0	PG 12 LN 6
Computer Science PD Incentive Fund	0	500,000	0	500,000	500,000	500,000	0	PG 12 LN 17
Iowa Learning Online Initiative	0	0	0	0	500,000	0	0	
Children's Mental Health Training	0	0	0	0	3,000,000	2,100,000	2,100,000	PG 12 LN 22
Best Buddies	0	0	0	0	0	25,000	25,000	PG 13 LN 3
Adult Literacy and Workforce - GF	0	0	0	0	0	500,000	500,000	PG 13 LN 15
Midwestern Higher Education Compact	115,000	115,000	0	115,000	115,000	115,000	0	PG 13 LN 27
Nonpublic School Concurrent Enrollment	0	0	0	0	0	1,000,000	1,000,000	PG 14 LN 2
Community Colleges General Aid	200,690,889	202,690,889	0	202,690,889	207,352,779	208,690,889	6,000,000	PG 14 LN 9
Child Development	10,524,389	10,524,389	0	10,524,389	10,524,389	10,524,389	0	PG 15 LN 11
Statewide Education Data Warehouse - GF	0	0	0	0	600,000	0	0	
ICN Part III Leases & Maintenance Network - GF	0	0	0	0	2,727,000	0	0	
Education, Dept. of	\$ 267,463,402	\$ 274,991,651	\$ 0	\$ 274,991,651	\$ 286,830,541	\$ 286,788,976	\$ 11,797,325	
Vocational Rehabilitation								
Vocational Rehabilitation	\$ 5,571,203	\$ 5,677,908	\$ 0	\$ 5,677,908	\$ 5,677,908	\$ 5,677,908	\$ 0	PG 6 LN 2
Independent Living	84,823	84,823	0	84,823	84,823	84,823	0	PG 6 LN 16
Entrepreneurs with Disabilities Program	138,506	138,506	0	138,506	138,506	138,506	0	PG 6 LN 22
Independent Living Center Grant	86,457	86,457	0	86,457	86,457	86,457	0	PG 6 LN 25
Vocational Rehabilitation Maint. of Effort	106,705	0	0	0	0	0	0	
Vocational Rehabilitation	\$ 5,987,694	\$ 5,987,694	\$ 0	\$ 5,987,694	\$ 5,987,694	\$ 5,987,694	\$ 0	
Iowa Public Television								
Iowa Public Television	\$ 7,520,994	\$ 7,589,415	\$ 100,000	\$ 7,689,415	\$ 7,739,415	\$ 7,739,415	\$ 50,000	PG 7 LN 2
Total Education, Department of	\$ 280,972,090	\$ 288,568,760	\$ 100,000	\$ 288,668,760	\$ 300,557,650	\$ 300,516,085	\$ 11,847,325	

Highlights above include more appropriations to the DE, with biggest increases in the areas of Children’s Mental Health, Best Buddies, Adult Literacy, Nonpublic School Concurrent Enrollment, and Community College General Aid.

UEN was registered as undecided on HF 758, supportive of some provisions but concerned about others.

SF 638 Standings Appropriations: this bill is the vehicle for appropriating state school foundation aid and other appropriations that continue, or “stand” unless the legislature takes an action to limit or deappropriate a line item. The bill continues the \$15 million reduction to the AEA’s, making the state total investment in the formula at \$3,286,100,000, which is an increase of \$80,528,399 compared to estimated FY 2019. The bill also adds \$2,909,400 to pay for the increase of \$5 per pupil to implement HF 307 formula equality (which closes the gap to \$165 per pupil in FY 2020). The bill continues to limit nonpublic school transportation reimbursement to \$8,197,091, which is the same amount appropriated in FY 2019. The bill also continues the action of notwithstanding the

instructional support levy state match, which otherwise would provide \$14,800,000 in state funds to support instructional support. That action has been taken every year since 2010, when the Legislature used State Fiscal Stabilization (federal) Funds to provide the match, which eliminated the funding from the state's base budget going into FY 2011.

UEN was registered as undecided on SF 638, in opposition to the cut to AEAs and in support for the formula equity funding and the \$80.5 million increase to fund SSA and the categorical supplement increases set in HF 306.

Bills Impacting School Flexibility

SF 139 Financial Literacy Implementation Delay: this bill postpones the financial literacy ½-unit graduation requirement which was originally effective July 1, 2019. The bill states,

“All students, beginning with the students in the 2020-2021 school year graduating class, shall complete at least one-half unit of personal finance literacy as a condition of graduation.”

Despite unanimous approval in the Senate and in the House Education Committee with 22 in favor, 1 opposed, House Leadership remained unconvinced that schools needed relief from the timeline of this mandate. Instead of a full four-year implementation time frame as approved in the Senate, they compromised on a shorter time frame. UEN supported this bill in its original form and the compromise as extension of the timeline was a UEN priority.

SF 159 Praxis Test Scores: this bill authorizes the DE to set a minimum passing score for the tests required for completion of a teacher preparation program to receive an initial teaching license. The bill requires DE to consider passing scores in neighboring states and supply and demand imbalance of teachers in the content area in setting the minimum score. The bill allows a one-year waiver for a new teacher with an Iowa school district job offer to complete the test if the teacher did not get a passing score. The bill requires school districts to show they made a good faith effort to hire a licensed teacher, but were not able to find a qualified licensed applicant that met their expectations. The bill was approved 48:0 in the Senate. It was approved by the House 71:28 and signed by the Governor. It is effective July 1, 2019. UEN supported this bill.

SF 394 Online Learning Flexibility: this bill allows school districts and nonpublic schools flexibility to meet accreditation requirements four ways in addition to teaching courses at the high school;

- offer Iowa Learning Online courses,
- develop online courses by the school district,
- develop online courses in partnership with other schools or
- through private provider approved by DE.

Such courses to meet offer and teach requirements and other courses provided online must be taught by an Iowa-licensed teacher with on-line teaching experience and must be aligned to Iowa standards. The bill is effective July 1, 2019. UEN supported this bill.

Note: ILO funding through the DE budget was eliminated by the Legislature, not included in HF 758 Education Appropriations, making ILO courses likely unavailable in the distant future. Fall registration is currently open at the ILO web page, and ILO staff indicate courses will be available for the 2019-20 school year. UEN did not support elimination of the ILO funding in the Education Appropriations bill HF 758 and would encourage members to contact legislators to reinstate the funding during the 2020 Legislative Session.

SF 603 Concurrent Enrollment Offer and Teach: this bill Increases the supplementary weighting for liberal arts concurrent enrollment courses from .46 to .50. The bill also allows a district with an agreement with a community college that provides a course or teacher employed by the community college for a math or a science course, to use that course to meet Offer and Teach Requirements. There are some conditions for receiving the supplementary weighting:

If at least 5 students are in the course and the school district enrolls fewer than 600 students, the district may still receive supplementary weighting for the students in the course. Three other conditions must be met:

- Districts must make a good faith effort to employ a teacher
- Courses must be offered during the school day
- The unit is made accessible by the district to all eligible students

Districts not meeting the above enrollment requirements but meeting the other requirements may still use the course to meet offer and teach requirements but would not qualify for supplementary weighting for the students in the course.

The bill was approved in the House, 57:38, and the Senate concurred, 48:0, and the Governor signed it. UEN supported this bill.

HF 499 Vans and Pickups: this bill allows vans and pickups to be used to transport students to activities or home in emergency situations. Current law in two Code sections limits to use of vans to either 8 or 9 passengers. This bill increases capacity to 10 including the driver and requires DE to write appropriate Rules. The bill prohibits having more passengers in the vehicle than there are seatbelts. The bill is effective July 1, 2019. UEN supported this bill.

HF 598 Sibling Classroom Assignments: this bill allows the parent of siblings to make the request at the time of registration or if the students begin school later in the year, within 14 days of attendance, for student placement in the same or separate classrooms. The bill requires the principal to defer to parents' request for assignment of siblings to the same or different classroom teacher with a few exceptions: 1) If the request would require

the school to add another section or 2) Allows the principal to reassign siblings to different classrooms following the first grading period if the assignment to the same classroom is disruptive of other students' academic learning environment. The bill allows the parent to appeal the principal's denial of their request to the school board. It is effective July 1, 2019. UEN opposed this bill.

Other Policy Bills Impacting Schools

[HF 418 CDL Licenses](#): this bill impacts CDL licenses (including school bus drivers) by requiring the Iowa DOT to implement new federal law. This is provided for information only. UEN did not register to lobby this bill. The regulations include the following:

- ELDT (Entry Level Driver Training) will impact all CDL drivers, regardless of what they drive (bus, truck, etc.,) but only impacts new drivers or current drivers wishing to upgrade their license. It's just another step in the licensing process. This Federal regulation is scheduled to go into effect on February 7, 2020.
- *Note: according to DE, larger national training companies will be offering this training, and likely some of the larger school districts will be offering it for their new drivers and also to new drivers from smaller districts too (for a fee), and several community colleges are also talking about offering the ELDT.*
- Requires a licensure check to review the Drug and Alcohol Clearing House, a Federal Regulation that kicks in on January 6, 2020. Currently, when a school (or any CDL employer) hires a new driver, they must contact that person's previous employers over the past three years and ask for all D&A testing results. This is done via a paper form. With the new clearing house, the school should be able to go to the electronic website, put in the driver's license number and/or social security number, and pull up the information. *Note: It is anticipated this will be much quicker and less hassle in the long run. However, during the transition, schools may have to use both systems simultaneously since schools (and all other CDL employers) will have to do both the paper form and the electronic search for the first three years until the clearing house becomes fully functional due to a 3-year reporting cycle.*

UEN will watch for and share more information as these federal regulations get implemented.

[HF 609 ISL Legalizing Act](#): this bill is a legalizing act making the Instructional Support Levy in Bennett CSD effective as if the timeline for the petition waiting period had been sufficient to include the ISL in the 2019-20 budget. No petition came forward to challenge the board's resolution. *Note: this serves as a good reminder to check levy expirations and allow extra time given new November school board elections and fewer special election options.* This bill is effective on enactment 4/26/2019. UEN supported this bill.

HF 637 Employee Misconduct Reporting: this bill requires reporting of employee misconduct to the BOEE with 30 days of a date action was taken which necessitated the report, including disciplinary action taken, nonrenewal or termination of a contract for reasons of alleged or actual misconduct, or resignation of a person following an incident or allegation of misconduct; or awareness of alleged misconduct. The requirement applies to licensed employees regarding the following misconduct from Iowa Code 272.15:

- (a) Soliciting, encouraging, or consummating a romantic or otherwise inappropriate relationship with a student.
- (b) Falsifying student grades, test scores, or other official information or material.
- (c) Converting public property or funds to the personal use of the school employee.
- (d) Being on school premises or at a school-sponsored activity involving students while under the influence of, possessing, using, or consuming illegal drugs, unauthorized drugs, or alcohol

The bill is effective July 1, 2019 and UEN registered as undecided on this bill.

HF 690 Child Behavioral Health System: this bill establishes a children’s behavioral health system, including a child behavioral health system state board, and requires provision of certain core services. The bill does not require mental health screenings of all students, as the child mental health task force had originally recommended. There is no mandate on schools included in this legislation. There are some outcomes metrics that child mental health providers are to strive to meet, including improved attendance at school and improved academic performance. There will be recommendations and hopefully funding in future years that will improve access for children to needed mental health and behavioral health services. The bill is effective 7.1.2019. UEN registered as undecided.

HF 692 State and Local Elections: this bill changed special election dates for cities, counties and schools. The bill includes transition language that current board members’ terms expire after the organizational meeting of the next board (following the November school board election). School special elections changes follow:

School election changes in odd-numbered year:

- First Tuesday in March (was February)
- Second Tuesday in September (was June)
- First Tuesday after First Monday in November (was September)

School changes in even-numbered year:

- First Tuesday in March (was February)
- Second Tuesday in September (no change)
- Eliminates second Tuesday in December with no other date option provided.

HF 731 Mandatory Reporter Training: this bill Changes mandatory child abuse reporter training requirements from every 5 years to every 3 years, the first training is still required for 2 hours, but subsequent trainings for one-hour to meet the requirement. The bill requires DHS to develop and provide the child abuse core training curriculum and sets transitional requirements that a certificate in effect before July 1, 2019 is good for the full five years. The bill is effective July 1, 2019. UEN monitored this bill.

SF 140 Nonpublic School Drivers' License: this bill increases the distance a nonpublic school student with a special minor's driver's license may drive from 25 to 50 miles, one way, in order to attend school or extracurricular activities. It is effective July 1, 2019. UEN monitored this bill.

SF 245 Skilled Workforce Shortage Tuition Grant Program: this bill adds "high-demand" jobs identified by community colleges as areas of eligibility for the Skilled Workforce Shortage Tuition Grant Program. Although this doesn't impact school directly, it is good information for high school counselors to have in working with students' career planning. It is effective July 1, 2019. UEN did not register on this bill.

SF 283 Conflict of Interest Threshold: this bill increases the conflict of interest threshold for school board members from \$2,500 to \$6,000. Any compensation to a school board member above that amount is a conflict of interest unless competitively bid and publicly opened bid process is used. The bill is effective July 1, 2019. UEN supported this bill.

SF 304 Licensing Sanctions for Student Loan Repayment: this bill requires the Board of Educational Examiners (BOEE) to adopt rules prohibiting the suspension or revocation of a license to a person in default or delinquent on repayment or a service obligation under federal or state postsecondary educational loans or public or private services-conditional postsecondary tuition assistance solely on the basis of such default or delinquency. The bill is effective July 1, 2019. UEN monitored this bill.

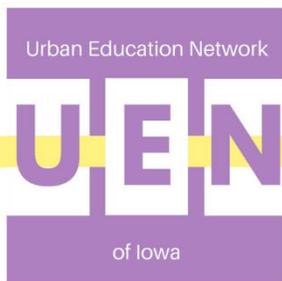
SF 367 Elimination of ETC and RTC: this bill eliminates the Education Telecommunications Council and the Regional Telecommunications Councils established under the Iowa Communications Network, ICN. The Councils are eliminated effective July 1, 2019. UEN did not register on this bill.

HF 502 Whistle-Blower Protections: this bill adds the human resources director position to other positions of state and local authority who must protect whistle-blower employees who in good faith provided information to the human resources director. The bill limits total compensation for damages to three times annual wages for the whistle-blowing employee. The bill requires political subdivisions (including schools) of this state subject to the requirements of this section to provide procedures for notifying new employees of the authority of the office of ombudsman to investigate complaints under chapter 2C and must provide information to all employees of the political subdivision, including the toll-free telephone number of the ombudsman. The bill is effective July 1, 2019. UEN monitored this bill.

SF 507 Definition of Personal Injury in Workers' Compensation: this bill adds a new exception to Workers' Compensation: "c. Personal injuries due to idiopathic or unexplained falls from a level surface onto the same level surface do not arise out of and in the course of employment and are not compensable under the Workers' Compensation statute." The bill is effective July 1, 2019. UEN did not register a lobbying position on this bill.

Near Misses and Concerns: Since the 2019 Session was the first year of the two-year biennium, the following bills which made some but insufficient progress to get to the Governor's desk have been reassigned to committees or are still in their committees of origin, alive for consideration in the 2019 Session.

- School Flexibility (SF 438 – health screenings, school nurse/librarian goal thresholds and elimination of other unfunded mandates in House Education)
- ELL Weighting Increase (SF 445 in Senate Appropriations Committee)
- School Radon Testing and Mitigation (HF 755 in House Appropriations Committee)
- 5-year olds counted for PK funding purposes (HF 783 in House Appropriations Committee)
- Telehealth mental health services at school for students billable to Medicaid ([SSB 1240](#) in Senate Human Resources)
- Civic Test Mandate for graduation (SF 209 in House Education Committee)
- School Expenditure Database (HF 268 in House Appropriations Committee)
- Diversity Plan Open Enrollment Regulation Repeal (SF 199 approved by the Senate Education Committee and HF 6 in House Education Committee)
- Tax Changes: Elimination of Inheritance Tax (SF 307 in Senate Ways and Means Committee)
- Open Meetings for Superintendent Committees (HF 715 in House Local Government Committee)
- Vouchers/Education Savings Accounts (SF 547 in Senate Appropriations Committee) **School Choice Advocacy Continues:** We don't expect the school choice movement to stop their advocacy push any time soon. With bills in both chambers alive for consideration in 2020, keep talking to legislators. The UEN Issue Brief follows to help UEN advocates share good information with their policy makers.



Issue Brief 2018
School Choice

Current Reality: Iowa has a wide range of school choice for parents and students, including:

- A neighborhood Public School or a Public School in another neighborhood within the school district (transfers regulated by local school board).
- Open enrollment to another school district (with application filed by the March 1 deadline the year prior to enrollment) in 328 school districts, with a total of 31,369 students exercising this option in the 2016-17 school year.
- Open enrollment to another school district if request meets the criteria set by the local school board in the remaining five districts with voluntary diversity plans (total of over 2,500 students open enrolled out of those five districts in the 2016-17 school year).
- Open enrollment in an Iowa public virtual academy (CAM/Anita & Clayton Ridge).
- Strong nonpublic schools, with 34,226 students enrolled in private schools in 2016-17. Private schools and parents are supported by millions of state tax dollars for school tuition organization scholarships, tuition and textbook tax credits, transportation and textbook funds to private schools, public school and AEA support for special education in private schools, and public/private partnerships for private preschool tuition in the statewide voluntary preschool program. Worthy of note: according to *State Tax Subsidies for Private K-12 Education* by the Institute for Taxation and Economic Policy, Oct. 2016, of the 17 states that have either private school scholarships or private school tuition/expenses tax credit, Iowa is one of only five that have both (AL, IA, IN, LA, SC).
- Home school assistance (competent private instruction) or independent private instruction.
- All told, over \$53 million in state tax dollars support the education of Iowa students in private and home school settings.

Vouchers or Education Savings Accounts Costs Outweigh Benefits: Further Iowa public investment in private education will not add the benefits often touted and will negatively impact public school students:

- Voucher proponents suggest that competition will improve outcomes for students. First, in Iowa, there is already enough competition to pressure schools to perform, if competition really does provide positive pressure. But according to the Economic Policy Institute Report, Feb. 28, 2017, School vouchers are not a proven strategy for improving student achievement. "Research does not show that vouchers significantly improve student achievement."

They also conclude that there are more effective ways than vouchers to increase graduation and college attendance rates, that vouchers programs have hidden costs, including shrinking the pipeline into teaching, and that supports for privatization detract from more proven methods of improving student learning.

- Iowa's current budget situation does not provide adequate resources for public schools. If an increasing part of a very small pie is carved out for vouchers, there will be less available for public schools. According to the Institute on Taxation and Economic Policy, *State Tax Subsidies for Private K-12 Education*, Oct. 2016, "30 neovouchers across 20 states are draining over \$1 billion in public revenues from state coffers every year. Every dollar of revenue diverted toward private schools is revenue that cannot be invested in the public education system. Allowing certain taxpayers to opt out of funding an institution as fundamentally important as the nation's public school system erodes the public's level of investment in that institution – both literally and figuratively."
- Statewide complications occur: the survival of rural schools depends on adequate state funding, yet there are few private schools available for their parents to choose as an alternative. According to the National Rural Education Association, investing in vouchers reduces resources to rural schools and saves money for parents in urban centers. Meanwhile, student poverty and minority concentration in the inner cities is exacerbated when families with means are encouraged to leave the public school for a private program, increasing the challenge of urban districts while decreasing resources.
- The Institute also finds insufficient budgetary oversight of voucher programs. There is no publicly elected school board or Department of Education regulating and reporting allowable expenditures. The public does not have access to records or public meetings. Good stewardship of tax dollars requires transparency and clearly articulated expectations.
- Public schools are accountable to taxpayers, parents, communities, i.e., the public and serve all students. Public schools cannot jettison students that are not meeting expectations or refuse enrollment based on specific student needs, such as disabilities, or students who are non-English-speaking, minority or low income. If additional state dollars are used to fund vouchers, it is only fair that the private schools receiving those tax dollars also comply with testing, reporting, and service requirements.

The UEN calls on the Iowa Legislature to adequately fund public schools and oppose further expansion of state tax dollars for private schools either directly through school vouchers or indirectly through expansion of tax credits that will further reduce the resources available for Iowa's public school students.

Sources:

Economic Policy Institute, School vouchers are not a proven strategy for improving student achievement, Feb. 2017 <https://www.epi.org/publication/school-vouchers-are-not-a-proven-strategy-for-improving-student-achievement/>

Iowa Department of Education Certified Enrollment, <https://www.educateiowa.gov/data-reporting/data-reporting/certified-enrollment>

Institute on Taxation and Economic Policy, State Tax, *Subsidies for Private K-12 Education*, Oct. 2016, http://itep.org/itep_reports/2016/10/state-tax-subsidies-for-private-k-12-education.php#.WG-uxRsrJ3g

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UEN Issue Briefs: Priorities for the 2019 Legislative Session

The following issue briefs, also posted on the UEN website, supported advocacy work during the 2019 Legislative Session. Use these resources as conversation starters with legislative candidates or to discuss with parent or other stakeholder groups.

If the priorities remain a focus of UEN for the 2020 Session, new issue briefs will be provided with updated information. If new priorities are set, there will be new resources available soon. These issue briefs and other resources, including this Digest, are found on the UEN web site www.uen-ia.org/legislation

Click on a link below for the individual brief.

- [English Language Learner Supports 2019](#)
- [Home Rule District Authority 2019](#)
- [Financial Literacy Transition 2019](#)
- [Student Mental Health Student Services 2019](#)
- [State Penny Extension 2019](#)
- [Funding Adequacy 2019](#)
- [School Choice 2018](#)
- [Childhood Poverty/At Risk Students & School Funding 2018](#)
- [Formula Equality: State & District Cost Per Pupil 2018](#)
- [Quality Preschool For All Students 2018](#)

Advocacy and Other Legislative Resources

Iowa State Legislature <https://www.legis.iowa.gov/>

Iowa Department of Education Legislative Page including Bill Tracking, Legislative Reports and Guidance and Updates on Legislation

<https://www.educateiowa.gov/resources/legislative-information>

Iowa DE Letter to the Field re Conclusion of the 2019 Legislative Session

Posted on DE webpage here:

<http://nebula.wsimg.com/e31c73ee81b6fa67ab5c9249f48497ab?AccessKeyId=D081CCCA2DCE3941176&disposition=0&alloworigin=1>

UEN Legislative Page (includes weekly reports and Capitol Update Videos, Issue Briefs, Calls to Action, Advocacy Resources, Formula Equity Toolkit, and UEN legislative platform) <http://www.uen-ia/legislation>

UEN Final Capitol Update Video End of Session and Interim Advocacy

See ISFIS webinar [recording](#) and [PPT](#) posted on ISFIS webinar page here:

<https://www.iowaschoolfinance.com/webinars>

See UEN Legislative Priority Status at End of 2019 [Video Recording](#) and [PPT](#) posted on the UEN webinar page here:

https://www.uen-ia.org/legislation.htm#Links_and_Resources:

Parents for Great Iowa Schools

<http://parentsforgreatiowaschools.com/>

ISFIS Web Site: Virtual Conference Presentations

ISFIS Virtual conference webinars and PPTs will be available staggered throughout the summer with information about advocacy, school choice, understanding the school funding formula, property taxes, flexibility options available to schools, etc.

Contact Jen Albers at ISFIS jen@iowaschoolfinance.com for additional information.

Flexibility Fund process and sample resolutions are found at the end of this document.

Iowa Department of Education Reports to Legislature

2019

[Adult Education and Literacy in Iowa Fiscal Year 2018 Annual Report](#)

[Anti-bullying Programming and Projected Expenditures Legislative Report](#)

[Charter and Innovation Zone Schools in Iowa Legislative Report](#)

[Child Development Coordinating Council Annual Report](#)

[Commission on Educator Leadership and Compensation Annual Report](#)

[Community College Additional Information FY2018 Annual Report](#)

[Early ACCESS Legislative Report](#)

[Early Childhood Assessment Legislative Report](#)

[Equal Opportunity and Affirmative Action Report](#)

[Gap Tuition Assistance Program](#)

[High-Need Schools Legislative Report](#)

[Iowa Autism Council 2019 Priorities](#)

[Iowa Community Colleges 260G ACE](#)

[Infrastructure Funding Fiscal Year 2018](#)

[Iowa Department of Education Infrastructure Report 2018](#)

[Iowa Interstate Compact Commission for Military Children](#)

[Iowa Reading Research Legislative Report](#)

[Iowa Vocational Rehabilitation Legislative Report](#)

[Iowa Work-Based Learning Intermediary](#)

[Network Legislative Report FY2018](#)

[Pathways for Academic Career and Employment \(PACE\)](#)
[School Association Reporting FY2018](#)
[Secure an Advanced Vision for Education \(SAVE\) Annual Report FY2018](#)
[Senior Year Plus STEM](#)
[Special Education Federal Reports](#)
[Student Health Screening Work Group](#)
[The Annual Condition of Education Report: 2018](#)
[The Annual Condition of Iowa's Community Colleges Report: 2018](#)
[Virtual School in Iowa Annual Report](#)
[Workforce Training and Economic Development Fund Annual Progress Report 2018](#)

2018 DE Reports

[Anti-bullying Programming and Projected Expenditures Legislative Report](#)
[Charter and Innovation Zone Schools in Iowa](#)
[Child Development Coordinating Council Annual Report](#)
[Closing Achievement Gaps Legislative Report](#)
[Competency-Based Education Legislative Report](#)
[Early ACCESS Legislative Report](#)
[Early Childhood Assessment](#)
[English Language Learner Legislative Report](#)
[Equal Opportunity and Affirmative Action Report](#)
[High Need Schools Legislative Report](#)
[Iowa Autism Council 2018 Priorities](#)
[Iowa Early Intervention Block Grant Program \(Class Size\) - 2017-2018](#)
[Iowa Reading Research Legislative Report](#)
[Iowa Vocational Rehabilitation Legislative Report](#)
[School Association Reporting FY2017](#)
[Secure an Advanced Vision for Education \(SAVE\) Report FY2017](#)
[Senior Year Plus STEM Legislative Report](#)
[Special Education Federal Reports](#)
[Student Achievement, Accountability and Professional Development Annual Report](#)
[Virtual Schools in Iowa Annual Report](#)

2017 DE Reports

[Adult Education and Literacy Program Year 2017 Annual Report](#)
[Anti-bullying Programming and Projected Expenditures](#)
[Career and Technical Education Redesign Implementation Report](#)
[Child Development Coordinating Council Annual Report](#)
[Closing Achievement Gaps Legislative Report](#)
[Commission on Educator Development and Compensation 2017 Annual Report](#)
[Competency-based Education Report](#)
[Computer Science Education Work Group Report](#)
[Condition of Education Report](#)
[Early ACCESS Legislative Report](#)
[Early Childhood Assessment](#)
[Educational Programs for Children's Residential Facilities Rules Progress Report](#)
[English Language Learners Report](#)
[Enrich Iowa Report Fiscal Year 2017](#)
[Equal Opportunity and Affirmative Action Report](#)
[Gap Tuition Program Fiscal Year 2017 Report](#)
[Home Base Iowa Postsecondary Education Reporting](#)
[Iowa Autism Council 2017 Priorities](#)
[Iowa Community College Additional Information Report 2017](#)
[Iowa Community Colleges 260G ACE Infrastructure Funding Fiscal Year 2017](#)
[Iowa Department of Education Infrastructure Report Fiscal Year 2017](#)
[Iowa Early Intervention Block Grant Program \(Class Size\) 2016-2017](#)
[Iowa Interstate Compact Commission for Military Children Progress Report for Academic Year 2016-2017](#)
[Iowa Reading Research Center Report](#)
[Pathways for Academic Career and Employment \(PACE\) Program Fiscal Year 2017 Report](#)
[School Association Reporting FY2016](#)
[Secure an Advanced Vision for Education \(SAVE\) Report FY2016](#)
[Senior Year Plus and STEM Report](#)
[Special Education Federal Reports](#)
[Student Achievement, Accountability and Professional Development Annual Report](#)

[Supplemental Assistance for High-Need Schools Report](#)
[Teacher Leadership and Compensation Status Report](#)
[The Annual Condition of Iowa's Community Colleges](#)
[Virtual Schools in Iowa Annual Report](#)

[Work-Based Learning Intermediary Network Fiscal Year 2017 Report](#)
[Workforce Training and Economic Development 2017 Annual Progress Report and 2018 Plan](#)

2016 DE Reports

[Assessment Task Force Report - Science](#)
[Charter and Innovation Zone Schools in Iowa](#)
[Child Development Coordinating Council Shared Visions Annual Report](#)
[Closing Achievement Gaps Report](#)
[Early ACCESS Governor's Report](#)
[Iowa Autism Council 2016 Priorities](#)
[Iowa Core Annual Report](#)
[Iowa Early Intervention Block Grant Program \(Class Size\)](#)
[Iowa Reading Research Center Legislative Report](#)
[Kindergarten Literacy Assessment Preliminary Report](#)
[School Association Reporting](#)
[SAVE-SILO Legislative Report](#)
[Virtual Schools in Iowa Annual Report](#)

FLEXIBILITY: The 2017 and 2018 Legislative sessions netted some flexibility for use of what would otherwise be categorical funding. Accessing this flexibility is regulated, with all three requiring a school board resolution:

- [HF 564](#) Categorical Flexibility from 2017 allowed transfer from general fund to student activity fund for protective equipment retroactive to July 1, 2016.
- [HF 565](#) Flex Fund Account 2017 set up a flexibility fund to receive transfers from categorical fund balances in professional development, home school assistance, preschool and a discontinued fund. Although enacted in the 2017 Session, this ability to dedicate the funds to another purpose is effect July 1, 2017.
- [HF 2441](#) Flexibility 2018 allows student activity fund transfer for refurbished (in addition to new) athletic equipment and allows transfer of child care fund balance to general fund

This table lists the requirements for board action/resolution in the various bills passed over the last two years:

Flexibility	Legislation and Session	Effective Date	Required to Publish Notice Code 24.9	Public Hearing	Board directs Transfer	Board directs Expenditures	Other	Send Copy to DE	Make available to auditors
GF transfer to SAF to purchase equipment	HF 564/2017	7/1/2016	no, but list on board agenda for action	No	Yes	limited to costs for new safety equipment	none	No	No
GF transfer to SAF to refurbish equipment	HF 2441/2018	4/11/2018	"	No	Yes	Expanded to include payment to refurbish safety equipment	none	No	No
Child Care Fund transfer to GF	HF 2441/2018	4/11/2018	Yes	Yes (DE is to prescribe form for public hearing notice)	Yes	Yes, proposed use (any general fund purpose)	resolution must include method of setting fees for before and after school care, amount of transfer and proposed used	Yes	Yes
Categorical fund transfer to Flex Fund	HF 545/2017	7/1/2018	Yes	Yes (DE is to prescribe form for public hearing notice)	No	Yes: Resolution includes certification that original purpose needs have been met, the year the transfer occurred, and the expenditure purpose and amount.	May transfer from PK, PD, HSAP or a discontinued fund. Transfer does not require board authority but expenditure does.	Yes	Yes

Copies of sample resolutions for each purpose follow:

Date _____

A RESOLUTION DIRECTING EXPENDITURES OF THE SCHOOL FLEXIBILITY FUND

The Superintendent of the _____ Community School District presents the following Resolution for adoption:

WHEREAS, HF 565 School Flexibility Fund, was established in the 2017 Legislative Session to provide local control and flexibility regarding the use of ending balances in certain categorical funds effective July 1, 2018; and

WHEREAS, the _____ Community School Board of Directors conducted a public hearing on _____ as required by Iowa Code 298A.2(d), using the form of public hearing prescribed by the Iowa Department of Education, which was published in the same manner as required in Iowa Code 24.9, to provide adequate notice to stakeholders and transparency of intended board action; and

WHEREAS, the _____ Community School District has fulfilled the needs intended to be met by the following categorical funds, as hereby certified by the Board of Directors, and that the statutory requirements for the following original sources of funds have been met, have been repealed, or are no longer in effect as noted below (*check all that apply, enter fix year from which funds are transferred and delete those not being used*):

- Statewide four-year old Preschool Program under Iowa Code 256C was provided to students in the _____ fiscal year from which the ending balance is carried forward, and preschool programming was provided to all eligible students for whom a timely application for enrollment was submitted, and a balance remains unencumbered and unobligated at the close of FY _____
- Professional Development funds received under Iowa Code 257.10 (10) were used to meet all statutory requirements of Iowa Code 284 and a balance remains unencumbered and unobligated at the close of FY _____
- Home School Assistance Program under Iowa Code 299A.12 statutory requirements for all purposes listed in 299A.12 (2) have been met and funding for all lawful requests for services and materials from parents or guardians of students eligible to access the program has been provided and a balance remains unencumbered and unobligated at the close of FY _____
- _____ (*insert name of a fund that is discontinued for which the district still has an unobligated ending balance, such as the Market Factor Pay fund*) which is no longer required to be expended for those purposes as the fund has been discontinued, and a balance remains unencumbered and unobligated at the close of FY _____

WHEREAS, the _____ Community School District has transferred the following funds authorized pursuant to HF 565 into the School Flexibility Fund (*check all that apply and enter fund balance total, the amount that was transferred and the fiscal year from which the transfer of such funds to the flex account occurred and delete those not being used*):

- Statewide four-year old Preschool Program under Iowa Code 256C ending balance of \$ _____ of which \$ _____ was transferred to the Flexibility Fund from FY _____
- Professional Development funds received under Iowa Code 257.10 (10) ending balance of \$ _____ of which \$ _____ was transferred to the Flexibility Fund from FY _____
- Home School Assistance Program under Iowa Code 299A.12 ending balance of \$ _____ of which \$ _____ was transferred to the Flexibility Fund from FY _____
- _____ (insert name of a fund that is discontinued for which the district still has an unobligated ending balance, such as the Market Factor Pay fund) which is no longer required to be expended for those purposes as the fund has been discontinued ending balance of \$ _____ of which \$ _____ was transferred to the Flexibility Fund from FY _____

WHEREAS, the Board of Directors of the _____ Community School District has determined the needs of students would be better served by the flexible expenditure of these funds during the budget year beginning in or after the calendar year in which the transfer to the flexibility fund occurs, for the following purposes: *(select all that apply and designate amount for each purpose and delete those not being used)*

- Start-up costs for an approved local program under the statewide preschool program for four-year-old children under Iowa Code 256C \$ _____
- Professional development requirements under Iowa Code 284 \$ _____
- Home school assistance program under Iowa Code 299A.12 \$ _____
- At-risk pupils' programs, alternative programs and alternative school programs, and returning dropout and dropout prevention programs under Iowa Code 257.40 \$ _____
- Gifted and Talented children programs under Iowa Code 257.46 \$ _____
- Unpaid Student Meal account in the school nutrition fund under Iowa Code 283A.11(6) to pay individual student meal debt \$ _____
- Any school district general fund purpose (state general fund purpose for which the funds will be used, such as staff, programs, transportation, curriculum, utilities, or any other general fund purpose) \$ _____

Now, therefore be it **RESOLVED**, that the Board of Directors of the _____ Community School District, acknowledges the transfer of such funds to the Flexibility Fund within the General

Fund, and requires expenditures accordingly for those purposes stated above, total amount of \$_____ to be available for expenditure effective for the _____ Fiscal Year.

RESOLVED, that the Superintendent is directed to include the information concerning such expenditure in the budget certified in accordance with Iowa Code 24; and be it further

RESOLVED, that the Superintendent is directed to provide a copy of this Resolution to the Iowa Department of Education as they prescribe and make such Resolution available for any audit of the district performed under chapter 11.

Resolution approved, _____ (date) by the _____ board of directors:

(list school board members and aye or nay vote of each)

Signed,

Chair – Board of Directors
_____ Community School District

Superintendent
_____ Community School District

Date _____

RESOLUTION TO TRANSFER EXCESS CHILD CARE FUNDS TO THE GENERAL FUND

The Superintendent of the _____ Community School District presents the following Resolution for adoption:

WHEREAS, HF 2441 School Flexibility, effective April 11, 2018, provides flexibility for use of ending fund balances in the child care fund under 298A.12; and

WHEREAS, the _____ Community School Board of Directors conducted a public hearing on _____ as required by Iowa Code 298A.12(2), using the form prescribed by the Iowa Department of Education, published in the same manner as required in Iowa Code 24.9, to provide notice to stakeholders and transparency of intended board action; and

WHEREAS, the _____ Community School District has fulfilled the needs intended to be met by the collection of fees for provision of before and after school care and has a balance remaining and unexpended in the child care fund; and,

WHEREAS, the fee structure for parent payment for before and after school care is determined by _____ *(state any important details, such as, in collaboration with other providers in our community so as not to undercut their services and create a loss of capacity available for before and after school care for students.)* and

WHEREAS, the Board of Directors of the _____ Community School District has determined the needs of students would be better served by the flexible expenditure of these funds for the purpose of _____ *(state intended expenditure of transferred funds which could state any school district general fund purpose such for which the funds will be used, such as staff, programs, transportation, curriculum, utilities, or any other general fund purpose)*, Now, therefore be it

RESOLVED, the Board of Directors of the _____ Community School District authorizes the transfer of such remaining and unencumbered funds to the General Fund, and requires expenditures accordingly for those purposes stated above, total amount of \$_____ to be available for expenditure effective for the _____ Fiscal Year.

RESOLVED, that the Superintendent is directed to provide a copy of this Resolution to the Iowa Department of Education as they prescribe and make such Resolution available for any audit of the district performed under chapter 11.

Resolution approved, _____ (date) by the _____ board of directors:

(list school board members and aye or nay vote of each)

Signed, _____, Chair – Board of Directors
_____ Superintendent, _____ Community School District

RESOLUTION AUTHORIZING TRANSFER OF GENERAL FUND TO STUDENT ACTIVITIES FUND FOR PROTECTIVE GEAR

Whereas participation in athletic and other school extracurricular activities furthers the skills, development, character and growth of our students, and

Whereas safety of our student athletes is of paramount importance to the district, and

Whereas student activity funds are insufficient to cover the costs of refurbishing or purchasing protective and safety gear required by the Athletic Associations for students participating in those activities, and

Whereas the Iowa Legislature authorizes school boards to use school general funds for these purposes consistent with the enactment of HF 564 during the 2017 Legislative Session, effective for the school year beginning July 1, 2016, and subsequent school years,

BE IT THEREFORE RESOLVED:

That the Board of Directors of the _____ Community School District approves the transfer of \$_____ from the general fund to the student activity fund for expenditures that occurred between _____ (e.g., July 1, 2017 and June 30, 2018) for protective and safety gear required for athletic competition.

Resolution approved, _____ (date) by the _____ board of directors:

(list school board members and aye or nay vote of each)

Signed,

Chair – Board of Directors
_____ Community School District

Superintendent
_____ Community School District

NOTES