

School Transportation Equity Bill

Senate File 2164

Last Action:
Senate Appropriations
Committee
February 5, 2020

An Act relating to public school funding by modifying provisions relating to the regular program State cost per pupil and to appropriations to the transportation equity fund and including effective date provisions.

Fiscal Services Division
Legislative Services Agency

NOTES ON BILLS AND AMENDMENTS (NOBA)

Available online at www.legis.iowa.gov/publications/information/appropriationBillAnalysis

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FUNDING SUMMARY

Appropriates a total of \$31.5 million from the General Fund for FY 2021. The funding includes:

- Under current law, an estimated increase in State school aid of \$5.3 million and a decrease to property taxes of \$3.6 million due to an increase to the State cost per pupil of \$10 per pupil.
- Under current law, a General Fund standing appropriation of \$26.3 million to the Transportation Equity Fund beginning FY 2021. This represents an increase of \$7.3 million compared to FY 2020.

SIGNIFICANT CODE CHANGES

The Bill decreases the variance between the State cost per pupil and the school district cost per pupil within the State aid formula. Under current law, this is estimated to increase the State school aid General Fund appropriation by \$5.3 million in FY 2021 and decrease property taxes by \$3.6 million.

Page 1, Line 18

Specifies that the standing appropriation to the Transportation Equity Fund in Section 2 of this Bill may grow at the same rate as a categorical under the categorical State percent of growth beginning in FY 2022.

Page 2, Line 3

EFFECTIVE DATE

Specifies that this Bill takes effect upon enactment.

Page 2, Line 26

Senate File 2164 provides for the following changes to the Code of Iowa.

Page #	Line #	Bill Section	Action	Code Section
1	1	1	Amend	257.9.2
1	27	2	Amend	257.16C.3.d.(2)
2	10	3	Add	257.16C.3.d.(3)

1 1 Section 1. Section 257.9, subsection 2, Code 2020, is
1 2 amended to read as follows:

1 3 2. REGULAR PROGRAM STATE COST PER PUPIL FOR 1992-1993 AND
1 4 SUCCEEDING YEARS.

1 5 a. For the budget year beginning July 1, 1992, and
1 6 succeeding budget years beginning before July 1, 2018, the
1 7 regular program state cost per pupil for a budget year is the
1 8 regular program state cost per pupil for the base year plus the
1 9 regular program supplemental state aid for the budget year.

1 10 b. For the budget year beginning July 1, 2018, the regular
1 11 program state cost per pupil is the regular program state
1 12 cost per pupil for the base year plus the regular program
1 13 supplemental state aid for the budget year, plus five dollars.

1 14 c. For the budget year beginning July 1, 2019, the regular
1 15 program state cost per pupil is the regular program state
1 16 cost per pupil for the base year plus the regular program
1 17 supplemental state aid for the budget year, plus five dollars.

1 18 d. For the budget year beginning July 1, 2020, the regular
1 19 program state cost per pupil is the regular program state
1 20 cost per pupil for the base year plus the regular program
1 21 supplemental state aid for the budget year, plus ten dollars.

1 22 ~~d. e.~~ For the budget year beginning July 1, ~~2020~~ 2021, and
1 23 succeeding budget years, the regular program state cost per
1 24 pupil for a budget year is the regular program state cost per
1 25 pupil for the base year plus the regular program supplemental
1 26 state aid for the budget year.

1 27 Sec. 2. Section 257.16C, subsection 3, paragraph d,
1 28 subparagraph (2), Code 2020, is amended to read as follows:

1 29 (2) For ~~each the~~ fiscal year beginning ~~on or after~~ July
1 30 1, 2020, there is appropriated from the general fund of the
1 31 state to the department of management for deposit in the
1 32 transportation equity fund the sum of the following, or so much
1 33 thereof as is necessary, to be used for the purposes of this
1 34 section:

1 35 (a) The amount appropriated to the transportation equity
2 1 fund under this paragraph for the immediately preceding fiscal
2 2 year.

2 3 (b) The product of the amount determined under subparagraph
2 4 division (a) multiplied by the categorical percent of growth
2 5 under section 257.8, subsection 2, for the budget year
2 6 beginning on the same date of the fiscal year for which the
2 7 appropriation is made.

CODE: Specifies that the regular program State cost per pupil for FY 2021 is the amount calculated using the State supplemental aid (SSA) rate, plus an additional \$10 per pupil.

DETAIL: The adjustment in this Section reduces the maximum difference between the State cost per pupil and the maximum district cost per pupil to \$155. Districts that have a higher district cost per pupil will receive State aid replacement for funds that would have been generated through property taxes. Districts whose district cost per pupil is the same as the State cost per pupil will receive additional spending authority.

FISCAL IMPACT: Under current law, an increase of \$10 per pupil is estimated to increase the General Fund appropriation for State school aid by \$5,281,400 and decrease the additional levy by \$3,641,000 for FY 2021.

If a State supplemental aid Bill is enacted for FY 2021, and the Property Tax Replacement Payment (PTRP) is reauthorized, the estimated fiscal impact for both State aid and additional property taxes may change.

CODE: Adjusts future calculations of the State cost per pupil to include the \$10 adjustment made in Section 1 of this Bill.

CODE: Establishes that in FY 2021, the categorical State percent of growth may include the Transportation Equity Fund aid payments under the Transportation Equity Program.

DETAIL: The categorical State percent of growth is commonly established annually in the State supplemental aid Bill.

FISCAL IMPACT: Under current law the State percent of growth for FY 2021 is 0.00%, and there would be no change in FY 2021 from the estimated FY 2020 General Fund appropriation to the Transportation Equity Fund of \$19,000,000. The estimated fiscal impact for FY 2021 based on various State percents of growth would be:

- 1.00% — An estimated increase of \$190,000.
- 2.00% — An estimated increase of \$380,000.

- 3.00% — An estimated increase of \$570,000.

2 8 (c) Seven million two hundred fifty-three thousand
 2 9 eighty-eight dollars.

CODE: Increases the General Fund standing appropriation to the Transportation Equity Fund to \$26,253,088 in FY 2021. This is an increase of \$7,253,088 as compared to estimated FY 2020. This increase would be in addition to any other increase based on the categorical State percent of growth for FY 2021.

DETAIL: The Transportation Equity Program was established in FY 2019 to provide funding to school districts with high transportation costs. The Program focuses funding on the districts spending the most per student enrolled in the district. The Program established a methodology for calculating a statewide adjusted transportation cost per pupil that takes into account appropriations made to the Transportation Equity Fund.

2 10 Sec. 3. Section 257.16C, subsection 3, paragraph d, Code
 2 11 2020, is amended by adding the following new subparagraph:
 2 12 NEW SUBPARAGRAPH (3) For each fiscal year beginning on
 2 13 or after July 1, 2021, there is appropriated from the general
 2 14 fund of the state to the department of management for deposit
 2 15 in the transportation equity fund the sum of the following, or
 2 16 so much thereof as is necessary, to be used for the purposes of
 2 17 this section:
 2 18 (a) The amount appropriated to the transportation equity
 2 19 fund under this paragraph for the immediately preceding fiscal
 2 20 year.
 2 21 (b) The product of the amount determined under subparagraph
 2 22 division (a) multiplied by the categorical percent of growth
 2 23 under section 257.8, subsection 2, for the budget year
 2 24 beginning on the same date of the fiscal year for which the
 2 25 appropriation is made.

CODE: Establishes that in FY 2022 and subsequent fiscal years, the categorical State percent of growth may include the Transportation Equity Fund aid payments under the Transportation Equity Program.

DETAIL: The categorical State percent of growth is commonly established annually in the State supplemental aid Bill.

2 26 Sec. 4. EFFECTIVE DATE. This Act, being deemed of immediate
 2 27 importance, takes effect upon enactment.

CODE: Specifies that this Bill takes effect upon enactment.

Unassigned Standings

General Fund

	Actual FY 2019 (1)	Estimated FY 2020 (2)	Gov Rec FY 2021 (3)	Senate Approp FY 2021 (4)	Senate Appr vs. Est 2020 (5)	Page and Line # (6)
<u>Education, Department of</u>						
Education, Dept. of						
State Aid - Additional Per Pupil Increase	\$ 0	\$ 0	\$ 0	\$ 5,281,400	\$ 5,281,400	PG 1 LN 3
Total Education, Department of	\$ 0	\$ 0	\$ 0	\$ 5,281,400	\$ 5,281,400	
<u>Management, Department of</u>						
Management, Dept. of						
Transportation Equity Fund	\$ 11,200,000	\$ 19,000,000	\$ 24,475,000	\$ 26,253,088	\$ 7,253,088	PG 2 LN 8
Total Management, Department of	\$ 11,200,000	\$ 19,000,000	\$ 24,475,000	\$ 26,253,088	\$ 7,253,088	
Total Unassigned Standings	\$ 11,200,000	\$ 19,000,000	\$ 24,475,000	\$ 31,534,488	\$ 12,534,488	