



## BILL SUMMARY

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# State Supplemental Aid (SSA) and Categorical Funding, HF 136, SF 166

Status of Bill: On House and Senate Floors  
Committee: Senate: Education, House: Appropriations (14-9)  
Lead Democrats: Representative Winckler  
Floor Manager: Representative Rogers  
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February 1, 2017

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### Bill Summary HF 136 and SF 166, FY 2018, School Funding at 1.11%

The Legislature has still not set State Supplemental Aid (SSA) for FY 2018 which is nearly a year late. Current Iowa law requires that school funding for FY 2019 be set within 30 days after the Governor's FY 2018 budget was introduced. HF 136 and SF 166 set State Supplemental Aid (SSA) for PreK-12 schools at 1.11% for FY 2018. It does not address FY 2019. It also matches this level of 1.11% for FY 2018 for the Categorical funding.

The bill also makes the following policy changes in setting school aid:

1. Sets SSA at 1.11% for FY 2018.
2. Sets the Categorical Funding at 1.11% for FY 2018.
3. The current law that requires the Legislature to set SSA to be set 1 ½ years in advance (for example, this session should currently be setting SSA for FY 2019) within thirty days of the submission of the Governor's budget. Under the bill, SSA would be set SSA for next fiscal year within thirty days of the Governor's transmission of their budget (which is required by February 1).
4. Currently bills setting SSA can ONLY be one subject. Historically, the Legislature passes an SSA bill and then a categorical bill. The bill eliminates the requirement that the establishment of the state percent of growth be the only subject matter of the bill which enacts the school aid growth. Thus, in the future, several other subjects besides school aid could be addresses in one bill. This also allows the current legislation to address changes to several subject matters.
5. The Property Tax Replacement Payment (PTRP), is also included in the legislation. The state will pick up the increase in property taxes coming from 1.11% increase. This amounts to a total of \$46.74 million, or a \$5.34 million increase from FY 2017.

The bill provides a total in state school funding in FY 2018 of \$3.199 billion<sup>1</sup>, an increase of approximately \$108.90 million compared to FY 2017. This is a level of 1.11%, and the state cost per pupil would increase from \$6,591 to \$6,664 (or \$73). Since Teacher Leadership Compensation (TLC) received its last installment of \$53 million last session, it is now built into the school aid formula. Like the Governor's budget, the House Republicans overall general fund budget for Education funding is claiming \$53 million less than last year due to TLC. The statewide amount also includes a standing appropriation reduction to AEA's of \$7.5 million. AEA funding would currently total \$232.17 million or an increase of \$22.77 million compared to FY 2017. This amount could change in a later bill with greater reductions, but only the \$7.5 million reduction is calculated for this bill.

Other amounts include preschool aid would be set at \$78.05 million, an increase of \$1.67 million. The total foundation property tax amount would equal \$1.477 billion, an increase of \$55.36 million. The combined dis-

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<sup>1</sup> Total includes categorical funding at 1.11%.

trict costs are \$4.64 billion, an increase of \$163 million compared to FY 2017. The budget guarantee represents \$23.64 million of the local property taxes to reach the 101% funding level provided by the guarantee. There would be 179 districts (54%) on the budget guarantee, or an increase of 69 districts compared to FY 2017.

## **Categorical Funding, FY 2018, at 1.11%**

HF 136 and SF 166 provides categorical funding for FY 2018. The category and total funding compared to FY 2017 are provided below<sup>2</sup>:

### **HF 136 and SF 166 at 1.11%**

**Teacher Salary Supplement:  
\$279.4 million, or a \$4.5 million increase**

**Professional Development:  
\$31.7 million, or a \$510,000 increase**

**Class Size Reduction, Early Intervention:  
\$34.5 million, or a \$560,000 increase**

**Teacher Leadership Compensation (TLC):  
\$157.4 million, a \$54 million increase**

**TOTAL Categorical Funding including AEA's:  
\$520.53 million or a \$59.85 million increase**

The bills take effect upon enactment, and apply to the 2017-18 School year.

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<sup>2</sup> The categorical costs are included in the overall estimates.