**RSAI Weekly Legislative Update Jan. 16, 2015**

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Plan to attend the Joint Education Coalition Reception on Jan. 26th at Embassy Suites on the River in Des Moines, following the IASB Legislative Conference. RSAI has joined the Education Coalition, comprised of the members of SAI, ISEA, IASB, AEAs, UEN and now RSAI, too. This is our first opportunity to fully participate with the group. With the release of the Governor’s budget setting a very low bar for education funding for FY 2016, there’s no better time to connect with legislators. We hope to see a strong contingent of RSAI school leaders there. Please let Margaret know who from your district is coming. We will provide talking point brochures at the reception.

The following provides analysis of this week’s activities at the Capitol. Thanks for all you do to advocate for Iowa’s children! margaret.buckton@isfis.net

**Governor’s Budget Recommendation for FY 2016 and FY 2017**

**School Funding:** RSAI’s Jan. 13, 2015 “Call to Action on State Foundation Aid” is posted on the RSAI legislative web page above, which includes details of the Budget Recommendation for state aid plus talking points. **Timing is critical:**  During the 2014 Legislative Session, the Senate affirmed a 6% increase in the cost per pupil for FY 2016 multiple times, but no action was taken in the House. [Iowa Code 257.8](https://www.legis.iowa.gov/docs/code/257.8.pdf) requires action within 30 days of the release of the Governor’s budget. The Legislature is out of compliance with Iowa law to prioritize education by setting the rate nearly 18 months in advance of the budget year (FY 2016 deadline was Feb. 12, 2014) and now has four weeks to set the FY 2017 rate. For a complete history of Iowa’s per pupil increases, see the Education Coalition Fact of the Week is posted on the RSAI legislative web page here: <http://www.rsaia.org/legislative.html>

Neither the Governor’s Condition of the State Address today nor his *Program and Budget* document mention a specific rate of increase. However, the LSA Preliminary Summary [Governor’s FY 2016 Budget Recommendations](https://www.legis.iowa.gov/docs/publications/LAGRP/620691.pdf) provides the following information on page 6:

**“State Aid to Schools:** The Governor is recommending a General Fund appropriation of $2,950.3 million for State Aid to schools in FY 2016. No State percent growth rate is specified by the Governor, but this amount reflects an estimated State percent of growth rate of 1.25%. The recommendation represents a net increase of $84.8 million (3.0%) compared to the FY 2015 funding level. The increase includes: $50.2 million for the Teacher Leadership and Compensation System, $5.5 million to extend the Property Tax Replacement Payment (PTRP), and a reduction of $15.0 million in State Aid to Area Education Agencies (AEAs). The recommended AEA reduction maintains the State aid reduction applied in FY 2015 and previous years.” The LSA estimate of the FY 2017 recommendation is 2.45% increase in the state cost per pupil.

**Governor’s Condition of the State:** Governor Branstad delivered his annual Condition of the State address on Tuesday, Jan. 13. The following details were highlighted in his budget documents:

Iowa’s Economy ranks 9th in the nation in reserve funds on hand, has the 12th highest growth rate in gross domestic product nationally, and ranks 9th in growth of per capita personal income nationwide. Additionally, the Governor champions in his budget book, “in the last four years:

* 168,700 jobs have been created
* Iowa’s unemployment rate has been slashed by nearly 30%
* Over $9 billion in private capital investment has located in Iowa
* We passed the largest tax cut in our state’s history, which through a close collaboration between the Iowa Department of Revenue and county government, is being implemented throughout the state, and
* We invested historically in our children’s future through transformational education reform.”

The following details of the Governor’s budget are found in the LSA’s analysis, along with much more detail, posted here: <https://www.legis.iowa.gov/docs/publications/LAGRP/620691.pdf>

**Reserve Funds:** the Governor’s budget recommendation continues to fill the Economic Emergency Fund and the Cash Reserve Fund to their statutory minimums, over a combined $740 million in FY 2017 (shown in the chart on the right.)

**State Appropriations:** The Governor’s budget recommends FY 2016 State General Fund appropriations of $7.341 billion (increase of 5.0%) compared to estimated FY 2015. The recommendation includes total General Fund resources of $7.586 billion. This includes the Dec. 12, 2014 REC estimate of $7.195 billion, revenue adjustments of $17.2 million, and a surplus carryforward of $374.2 million, leaving an estimated surplus of $250 million. The recommendation for FY 2017 leaves an estimated General Fund surplus of $192.6 million.

**Doing the math:** Why are the reserve funds and estimated surpluses so important? [LSA analysis](https://www.legis.iowa.gov/docs/publications/K12AE/402462.pdf) of the cost of state foundation aid, at 6% increase in the cost per pupil for FY 2016, including restoration of AEA’s $15 million cut, totals a cost to the state is $265.9 million. This number includes $50 million to continue the TLC grants in year two for first year implementers. If the Legislators and Governor agreed on 6%, it would cost the state an additional $181.1 million above the Governor’s Recommendation, still leaving a surplus of $68.9 million.

**Relative Increases:** Legislators have promised to fund both Education Reform and Commercial and Industrial Property Tax Reform enacted in the 2013 Session. For comparison purposes, Teacher Leadership and Compensation grants, when fully funded by FY 2017, will cost the state $150 million (and being categorical, are no substitute for adequate state aid to schools.) The property tax reform includes $162.1 million in FY 2015 for claims reimbursement plus $50 million for Business Property Tax Credits (which grows to $125 million in FY 2017, or almost $300 million combined.) Also important to note, the federal Medicaid match rate for Iowa has been lowered, requiring an increase in state contribution to Medicaid. The match rate is determined based on relative health of the state’s economy; as Iowa’s per capita personal income and other economic indicators have improved, the federal formula assumes an ability to pay more for Medicaid.

**Governor’s Education Policy Initiatives:**

* An increase of $1.2 million early warning system for early literacy.
* A decrease of $2.3 million in student achievement teacher quality, including decreases of $802K for mentoring and $1.6 million for implementation of TLC to reflect a declining number of participating districts.
* An increase of $1.5 million for the Reading Research Center for continued implementation and to create a system for summer interventions.
* A new appropriation of $10 million for High Needs Schools Grant Program.
* A new appropriation of $1.0 million for Iowa Reading Corps to support additional interventions and tutoring.
* A new appropriation of $600K for new K-12 career planning system to replace IHAPI.
* A new appropriation of $1.5 million for the Iowa Academic Standards Program.
* A new appropriation of $100K for a Principal Leadership Institute to recruit and retain highly effective principals.
* A new appropriation of $69K for Organization for Economic Cooperation and Development (OECD) to conduct an international benchmarking pilot program (funds 6 pilot schools).
* A new appropriation of $200K for Bullying Prevention Program for FY 2016. The Governor’s study bill, [HSB 39](http://coolice.legis.iowa.gov/Cool-ICE/default.asp?Category=billinfo&Service=Billbook&ga=86&hbill=HSB39), has been assigned to the House Education Committee, including the following:
	+ Address cyberbullying by including social networking sites and other electronic means in the definition of electronic communication and giving schools discretionary authority to address bullying off school grounds.
	+ Provide parental notification (but includes the authority to not tell a parent if the administrator or student thinks it could lead to rejection, neglect or abuse.)
	+ Provide investigator training contingent on state appropriation (includes appropriation of $150,000.)
	+ Allows students who were subjects of a founded bullying investigation to open enroll to another district and participate in immediately in a varsity interscholastic sport if both the resident and receiving district agree.
	+ Creates a student mentoring program (initially in 2 middle schools and 2 High Schools) including an appropriation of $50,000.
* The Governor is also recommending Broadband Internet Connection across the state.

**Start Date Waiver Changes:** The legislative conversation is already unfolding. [HF 13](http://coolice.legis.iowa.gov/Cool-ICE/default.asp?Category=billinfo&Service=Billbook&ga=86&hbill=HF13), sponsored by the following House members (bi-partisan sponsorship) Jorgensen, Stanerson, Koester, Sheets, R. Taylor, Winckler, Steckman, Ourth, Hall, Landon, Forristall, Ruff and Highfill, has been assigned to the House Education Committee. The bill strikes the start date provisions in current law and replaces with a requirement that *the school board in a public school and the authorities in charge of an accredited nonpublic school shall determine the school start date for the school calendar.*

**This week’s Advocacy Plan: Continue contacts from grassroots networks, staff and school leaders. Request that the Legislature set the state cost per pupil for FY 2016 ASAP in the 2015 Session. Target contacts to local legislators, legislative leadership, and the Governor and Lt. Governor.** Find resources on the RSAI web site, including the Jan. 13 call to action, the weekly Education Fact from the Education Coalition, contact information and talking points. <http://www.rsaia.org/legislative.html>. These weekly updates are also posted on this page. Consider a letter to the editor of your local paper on what 1.25% increase in the cost per pupil would do to your district’s ability to continue offering programs for students.

**School Finance Interim Committee:** The chairs had originally scheduled a follow-up meeting for Jan. 20 to dig into the information they received in December and refine their recommendations. The meeting was subsequently cancelled. See the Dec. 23, 2014 pre-legislative session report for details of the Interim Committee recommendations, including transportation equity and setting the state cost per pupil timely. The Interim Committee documents are found here: <https://www.legis.iowa.gov/committees/committee?ga=85&groupID=21383>

Let me know how we can help with your advocacy efforts.

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