**RSAI Legislative Update
April 21, 2017**

**Highlights of this week’s action:** Action is completed on the Education Budget as HF 642 gets sent to the Governor. The rest of the budget gets attention, with the Standings Appropriations bill approved in the Senate on Thursday. Operational Sharing Incentives HF 633, is unlikely to get Senate attention before adjournment. Both school flexibility bills, amended in the Senate, are agreed to in the House and sent to the Governor. The Home Rule bill, HF 573, is amended in the Senate and the House concurs, sending it to the Governor.

**Future Planning:** As the session adjourns, your RSAI Leadership Group is getting ready to organize regional meetings this summer, to discuss issues of importance to rural school districts, plan a strategy for continued advocacy, and engage school leaders and others in the community in advocating for students in Iowa’s rural communities. We will have a full Legislative Summary of 2017 Actions Impacting RSAI members and look forward to seeing you there.

Please reserve Wed., Oct. 25, 2017, 5:00 PM and join us for the RSAI annual meeting at the FFA Enrichment Center, on the DMACC Ankeny Campus. RSAI membership will discuss and determine priorities for the 2018 Legislative Session.

**Advocacy Opportunities when Session Concludes:**

* Email or send a note to your Representatives and thank them for approving HF 633 Operational Sharing Incentives. Senate leaders have told us this bill will be considered next year, so use the House action as a good starting point for conversation with Senators, too. Ask Senators for their commitment to support HF 633 Operational Sharing Incentives in 2018. If we wait a year, this bill will require retroactive applicability to avert an otherwise significant reduction of $18 million to rural schools in FY 2019.
* Thanks goes to both House and Senate members for repealing the 3rd grade retention and summer school mandate in the Education Budget HF 642, for keeping the commitment to fund early literacy at $7.8 million to continue the work at improving literacy skills for our youngest students. Thanks also for maintaining SSA at the 1.11% increase for FY 2018, despite the REC downward revenue adjustment.
* Thanks all around for the flexibility bills (HF 564 and HF 565) and for the Home Rule bill (HF 573.) These bill demonstrate their faith in school leaders to make good decisions for their students and communities.
* Several Key RSAI priorities remain unsolved: Advocate with all legislators to get SF 455 Transportation and Formula Equality and HF 230 SAVE Fund Extension done (more information below). RSAI is also concerned about a looming teacher shortage and ready to engage in conversations about addressing this issue of equity for rural students.
* Talk about revenue policy – how will the state be better positioned to be able to fund essential state services, such as education, in the future?
* Thank every one of them for their service. Welcome them home and nurture the relationship necessary for ongoing advocacy success in the long run.

**RSAI Website:** Legislative tab contains weekly reports, position papers, and other information to assist your advocacy efforts. [**http://www.rsaia.org/**](http://www.rsaia.org/)

**The Education Budget - HF 642 Education Appropriations:** Here’s the link to the annotated Notes on Bills and Amendments, [NOBA](https://www.legis.iowa.gov/docs/publications/NOBA/857483.pdf), which reports:

* “FY 2018: Appropriates a total of $908.4 million from the General Fund and 12,287.3 FTE positions for FY 2018 to the Department for the Blind, the College Student Aid Commission, the DE, and the Board of Regents. This is a decrease of $70.1 million and 452.9 FTE positions compared to estimated net FY 2017.”

Of the $70.1 million decrease, $52 million is due to elimination of Teacher Leadership and Compensation grants, which shows as a decrease here, but is truly a wash to the budget since TLC is funded in the formula (standings appropriations bill) beginning in FY 2018. Additionally, about $4.0 million of that reduction comes from elimination of the Mentoring and Induction allocation out of SATQ. Just under $10 million is decrease to regents’ institutions (universities). The bill cuts $3.0 million from the College Student Aid Commission, $2.0 million decrease to AEAs which previously supported school districts in Teacher Leadership and Compensation and Iowa Core Curriculum implementation. (This bill does not make any reductions to the professional development supplement, of which a portion is used by school districts to implement the Iowa Core.)

**New Programs:** A new appropriation of $250,000 for FY 2019 to DE for the Computer Science PD incentive Fund.

**Eliminated Programs:** Regional Telecommunications Councils, Administrator Mentoring and Coaching, English Language Literacy Grant Program, AEA TLC Support System and Core Implementation, Competency-Based Education pilots, Teacher Mentoring and Induction, Summer school and 3rd grade retention mandate, and Community College Salary Support.

**Delayed Program:** $10 million for High Needs School grants is delayed until FY 2019.

There are both significant funding and policy changes included in this bill. Those of interest to PK-12 school leaders include:

* Early Childhood:
	+ Changes to Early Childhood Iowa (ECI) funding, which includes an increase of $17.0 million for the Early Childhood Iowa (ECI) general aid and elimination of the individual appropriations for the ECI Preschool Tuition Assistance and ECI Family Support and Parent Education, combining all three into a single appropriation. Total funding change for FY 2018 is a **decrease of $143,000**.
	+ A **decrease of $26,000** for Early Head Start Projects.
	+ A **decrease of $1.4 million** for the Child Development Program (funds Shared Visions Preschool and Shared Visions Parent Support).
* A **decrease of $52.0 million** in the appropriation for Student Achievement/Teacher Quality. Beginning in FY 2018, the TLC program is funded entirely through the school aid formula. TQ Allocations changes also include:
	+ A new allocation of $25,000 for Fine Arts mentoring program (eliminates the line-item appropriation of $25,000 for the program)
	+ Allocates of up to $774,316 funding level for career development and evaluator training. This is a decrease of $12,500 from the previous allocation.
	+ Allocates up to $1,123,910 for Teacher Development Academies. This is a decrease of $12,500 from the previous allocation.
	+ Delays the allocation of $10,000,000 to high needs schools until FY 2019.
	+ Elimination of the Mentoring and Induction allocation is a reduction of $4.0 million.
* A decrease of $175,000for Early Literacy - Successful Progression for Early Readers.
* An **increase of $1.7 million** for Community Colleges General Aid (although this seems like a large increase when other items are reduced, it does not fully restore the FY 2017 deappropriations impacting Community Colleges earlier in the session.)

The following policy changes are included in the bill:

* **Teacher Shortage Loan Forgiveness Program:** Specifies that, beginning in FY 2018, the Program will not accept new applications but may continue renewing loan forgiveness for previous recipients who remain eligible. Funding is lowered from $392,452 to $200,000 for FY 2018. (Note: Teach Iowa Scholars loan payment program is funded at $400,000, same as FY 2017)
* **3rd Grade Retention and Summer School:** Rescinds statutory requirements regarding summer reading programs and the requirements for 3rd grade retention. Also rescinds the requirement that districts with 15% of more of students not proficient in reading by the end of 3rd grade include strategies in their CSIP to address the problem. Requires that school districts continue interventions for students not proficient in 3rd grade until they are proficient, in grades beyond 3rd grade.
* **New Voluntary Teacher Mentoring and Induction:** Rescinds statutory requirements for teacher mentoring and induction programs and creates a voluntary teacher mentoring and induction option, which may be paid for by professional development funds at the school district level. (May also be funded with TLC funds if included in the district’s application for TLC.) Removes code sections requiring completion of mentoring in order to receive a career teacher license (career licensure will be based on successfully completing two comprehensive evaluations.

[**SF 516**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=SF516) **Standings Appropriations:** The LSA’s Notes on Bills and Amendments, [NOBA](https://www.legis.iowa.gov/docs/publications/NOBA/857698.pdf), provided this information. This Bill as passed by the Senate makes adjustments to various General Fund standing appropriations and results in a net decrease in appropriations of $12.5 million for FY18 and $2.4 million for FY19. The Bill also transfers $131.1 million from the Cash Reserve Fund to the General Fund for FY17. Changes impacting education include:

* Limits the FY18 and FY19 General Fund appropriations to DE for nonpublic school transportation to $8.2 million.
* Limits the FY18 and FY19 General Fund standing appropriations to DE for the Sac and Fox Indian Settlement to $96,000.
* Suspends the General Fund standing appropriation of $14.8 million to DE for the Instructional Support Program for FY18.
* Reduces the FY18 State school aid funding to AEAs by $15.0 million.
* Transfers $131.1 million from the Cash Reserve Fund to the General Fund for FY17. FISCAL IMPACT: The transfer is necessary to bring the FY 2017 General Fund budget into balance. The current balance in the Cash Reserve Fund, prior to this transfer, is $553.5 million. This transfer will reduce the balance to $422.4 million.
* Appropriates $20.0 million from the General Fund to the Cash Reserve Fund for FY18.

RSAI is registered as undecided on the bill, opposed to the continued reductions to the AEAs and Instructional Support, but in favor of using cash reserve to balance the FY17 budget without further reductions.

**This Week’s Legislative Policy Action:**

[**HF 564**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=HF%20564) **Categorical Flexibility**, as amended in the Senate, was agreed to in the House. The amendment:

* Allows districts to offer PK to a younger or older child, if space and funding are available, including funding from another school district account or fund from which PK program expenditures are authorized by law, but the student isn’t counted for state funding purposes.
* Adds safety equipment as an allowable expense for PK program
* Strikes the division of the bill that expanded PPEL flexibility for transportation equipment repair (House version had repealed the $2,500 threshold for use of PPEL to repair transportation equipment)

The House approved, 98:0, sending the bill to the Governor. RSAI is registered in favor of the bill.

[**HF 565**](https://www.legis.iowa.gov/legislation/BillBook?ba=HF565&ga=87) **Education Super Flex Account**, as amended in the Senate, was agreed to in the House. The amendment sets standards to prove that needs of the categorical fund were met:

* For PK: must have provided PK in the year in which a balance is carried forward to all eligible students for whom a timely application for enrollment was submitted
* For PD: states that all PD requirements of Chapter 284 are met
* For HSAP: must meet the statutory requirements for HSAP funding, including funding all purposes listed in subsections 2 and 3 and funding all requests for services and materials from parents of HSAP students

The bill requires a school board resolution and public hearing: Resolution must state the original source and use of funds, the amount of the proposed expenditures, the fiscal year from which the transfer of such funds is to occur. Must also include a certification that the statutory requirements of the original purpose have been met or are no longer required. DE is required to prescribe the form for public notices. A copy of the resolution must be sent to DE and made available for any audit.

The House approved, 98:0, sending it to the Governor. RSAI is registered in favor of the bill.

* [**HF 573**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=hf573) **Home Rule**: The bill grants school districts/school board any broad and implied powers not inconsistent with the laws of the general assembly, or inconsistent with Administrative Rules, related to the operation, control and supervision of their public schools. The bill specifically excludes the power to levy any tax unless expressly authorized by the Legislature. It states that this chapter (274), 257, 257B, 274-301 and other statutes relating to the boards of directors of school districts and to school district shall be liberally construed to effectuate the purposes of this bill.
* The Senate amended the bill to limit district ability to charge fees, or adopt a policy that would unreasonably interfere with the duties of a local, state or federal law enforcement agency, and states that, if the power or authority of a school district conflicts with the power and authority of a municipal corporation, county, or joint county-municipal corporation government, the power and authority exercised by a municipal corporation, county, or joint county-municipal corporation government shall prevail within its jurisdiction. The House concurred with the Senate amendment, sending this bill to the governor. RSAI is registered in support of this bill.
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[HF 648](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=hf648) **Technical and Career Education**: this bill restores a deleted reference to the CTE Opportunities and Partnerships program. The bill allows income received by schools to be coded as Miscellaneous Income. Allows a partnership to purchase certain consumable school supplies. Allows funding to be given to the partnerships in advance rather than as a reimbursement for expenditures already made. The House passed the bill, 98-0. It is now in the Senate Appropriations Committee. RSAI is registered in support. This bill will likely stay in Committee, on the agenda for 2018.

[HF 652](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=hf652) **Tax Credit Cap/Tax Expenditure Limitation Fund:** This bill caps the growth in some tax credits, requires deposits of FY 2019 revenue into the Cash Reserve Fund, then requires future deposits into a new Tax Expenditure Limitation Fund.

The tax credits impacted include those in the table below, with the largest contributor to the fund being the Research Activities Tax Credit. The Earned Income Tax Credit which benefits lower income Iowans is not impacted by this bill. The bill is not expected to improve the condition of the state’s general fund since the savings are not kept in the general fund. It may or may not benefit schools in the future based on a future legislature’s determination of what to do with the fund’s resources. RSAI has yet not declared a lobbying registration on this bill.

The Fiscal Note provides the following detail:



[**SF 512**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=sf512) **Water Quality:** This bill establishes a long-term commitment to water quality improvements in Iowa. The bill does not scoop funds from a SAVE extension but does have a small impact on SAVE fund revenue estimates. Details follow:

* **Edge-of-field infrastructure program** and in-field infrastructure program for agricultural water quality with funding on a cost-share basis. Soil & Water Division manages it, including reporting requirements and confidentiality.
* **Wastewater Fund:** Allows drinking water programs to quality for IFA wastewater treatment program, adds annual reporting requirements and a new program review committee.
* **Creates a Water Quality Urban infrastructure program**. Cost-share basis.
* **Tax/Funding:** Exempts metered water sales to residential customers from sales tax and establishes a 6% excise tax. Sets up transfers and funding provisions through 2029 repeal. Transfers $15 million in watering tax revenues now going to Vision Iowa to the Water Quality fund after 2020.
* **Other:** Includes findings on the Iowa nutrient reduction strategy. Deems that ag storm water or irrigation return flows are not point sources.
* **Impact on SAVE:** The fiscal note estimates a reduction of almost $4 million to SAVE fund revenue beginning in FY 2018 with slightly increasing amounts annually thereafter as sales taxes grow. The impact is roughly $8 per pupil lower SAVE fund allocations.
* Senate passed it 31-19, then the House amended it and passed it 79:19. It goes back to the Senate. RSAI is not registered as lobbying on this bill.

**Remaining RSAI Priorities:** Although this week saw no action on the following bills, they are all alive/available for discussion in the 2018 Session, which is the second year of the biennium:

* [**SF 475**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=sSF475) **Education Omnibus Bill** is on the House Calendar. RSAI was registered as undecided, but is now registered in favor pending positive changes to the bill. RSAI requested the provisions to allow CTE concurrent enrollment/community college courses to meet the requirements in two areas of career and technical education to meet accreditation. The bill remains on the House Calendar for debate, but it’s future is not certain.
* [**HF 230**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=HF230) **SAVE Extension still holding in House Ways and Means:**  this bill extends the SAVE sunset from 2029 to Jan. 1, 2050. See the RSAI web site for a position statement regarding the priority of extending the sunset and talk to all legislators during the Interim about moving this bill forward. [Position paper found here](http://nebula.wsimg.com/c6f25fa52d9da14421dfe628662fe880?AccessKeyId=D081CCCCA2DCE3941176&disposition=0&alloworigin=1).
* [**SF 455**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=sf455) **Formula and Transportation Equity:** the bill includes a 10-year phase-in to eliminate the $175 difference in the district and state costs per pupil and 10-year phase in to fund school transportation supplementary weighting, also over 10 years. Formula Equality  [Position paper found here.](http://nebula.wsimg.com/24a0782c18a63aa6bad9f17f7d35ed4d?AccessKeyId=D081CCCCA2DCE3941176&disposition=0&alloworigin=1) Transportation  [Position paper found here.](http://nebula.wsimg.com/52c2d2006addab7f4b2beced93116fe5?AccessKeyId=D081CCCCA2DCE3941176&disposition=0&alloworigin=1)

This RSAI priority is still in the House Appropriations Committee, stalled by the REC estimate and budget constraints. Thank your Senators for their early session work on getting this bill to the House and continue to impress upon House members the urgency of beginning the work of closing these equity gaps in the formula and in transportation funding.

**Contacts** RSAI Professional Advocate, Margaret.buckton@isfis.net 515.201.3755

Senate Switchboard # 515.281.3371

House Switchboard # 515.281.3221

From links above or the legislative page <https://www.legis.iowa.gov/legislators> , find email addresses, home mailing address and home/work phone numbers for your legislators.

**RSAI Leadership Group;**

Robert Olson, Chair, Clarion-Goldfield/Dows, Superintendent, robert.olson@rsaia.org

Dennis McClain, Vice-Chair, Clay Central Everly, Superintendent, dmcclain@claycentraleverly.org

Kevin Fiene, Secretary/Treasurer, I-35, Superintendent, kevin.fiene@rsaia.org

Brad Breon, Moravia/Seymour, Superintendent, brad.breon@rsaia.org

Paul Croghan, East Mills, Superintendent, pcroghan@emschools.org,

Dan Smith, Harmony, Board President, dan.smith@rsaia.org

Lee Ann Grimley, Springville, Board President, leeann.grimley@rsaia.org