

RSAI Legislative Update Apr. 3, 2015

These updates are posted on the RSAI legislative web page at <http://www.rsaia.org/legislative.html>.

The following provides analysis of this week's happenings, including final action on the school start date, action on RSAI priorities and analysis of a communication from House Republicans to education leaders Thursday. Toward the end, you'll see the committee, floor and Governor's action of all bills impacting education this last week. Find suggested advocacy actions on school funding in the March 20 RSAI **CALL TO ACTION**. Thanks for all you do to advocate for Iowa's children! margaret.buckton@isfis.net

Three RSAI priority issues for conversations this week, in addition to adequate funding which ought to be in every conversation:

- **PPEL flexibility for bus repair: thanks to Senate for approving their bill 49:0 and encourage House members to support it.** House Ways and Means Subcommittee for HF 384, similar bill, unanimously approved it last Monday. Contact all Ways and Means committee [members](#) to support.
- **Dropout prevention flexibility: encourage support of DE proposal to blend uses of at-risk and dropout prevention funding, so we can locally determine how best to serve at-risk students.** HF 346 was approved 97:0 in the House and is assigned to the Senate Education Committee, where it did not survive today's funnel deadline, but could be resurrected as part of an appropriations bill, likely Standings Appropriations.
- **Extend the state penny sunset:** SF 477 was approved by the full Senate last week, 37:13. RSAI supports full repeal of the sunset but clearly supports the extension to Dec. 31, 2049 proposed in this bi-partisan bill, now assigned to the House Ways and Means Committee. Contact all Ways and Means committee [members](#) to support.

School Funding

[SF 171](#) & [SF 172](#) State Cost Per Pupil: Conference Committee 5th Meeting. No Compromise yet.

Committee members: Reps. Soderberg (co-chair), Paulsen, Upmeyer, Ruff, and Steckman and Sens. Quirnbach (co-chair), Sinclair, Gronstal, Dix, and Bowman. Met on Wednesday, April 1. Senator Quirnbach moved a compromise position, 2.625%, which is halfway between the House's 1.25% and the Senate's 4.0%. The motion did not pass, with 5 Democrat votes in favor and 5 Republican votes opposed. Comments from the discussion follow:

- Sen. Quirnbach: "Iowa has a strong sense of community. We pull together and make things work. This offer would split the difference and make things work. Senate – 4% next year. House 1.25%. We propose 2.625% which is right in the middle. Schools need the final answer to certify their budgets by April 15. We will meet you half way."

He continued to talk about the fiscal impact of the compromise proposal: "This proposal would be \$55 million more for Iowa students. This is a compromise worth making, affordable given 6% increase in revenues next year. We still believe our kids need and deserve more. If you've been listening, you know that's true. They consistently say they need 4% this year and next. This proposal of 2 and 5/8th percent is barely treading water. Our rankings and test scores have been sinking. Other states are making investments to keep their kids afloat. This is a sincere and legitimate compromise."

- Sen. Gronstal: "This isn't a place where we say, my way or the highway. That doesn't work with Democrats in the Senate and Republicans in the House, so even though I didn't like the proposed Aug. 23 start date, I withdrew my MTR. Now schools know when school starts. It's time for them to know what their budget is. This is a place to accept differences, work together

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and find common ground. I don't think 2.625% improves education. It's too low. It means fewer opportunities for kids. This proposal splits the difference. It won't make the rest of the budget easy, but won't make it impossible either. We told them when they can start. Now let's tell them how many resources they have."

- Rep. Soderberg. "I appreciate the compromise proposal. House Republicans have adopted and lived by our budget principles for 5 years. We don't exceed ongoing revenue with ongoing expenses. We won't spend more than comes in. We will keep our promises. The REC difference between what was spent last year and FY16 revenue estimate means we have \$189 million new revenue to fund all programs. This proposal would double the cost of SSA so with TLC, \$155.5 million if you add the two together. This gives us less than \$25 million to fund the rest, including Medicaid. We also question whether this can be funded, looking at future years, we want to avoid ATB cuts and the promises we make when we pass legislation."

After discussion, the conference committee members voted and the motion failed to pass with the vote tied, 5:5. Some big picture considerations relative to the cost of education and the state's general fund budget:

- Difference between 1.25% and 2.625% for rural schools is significant for budget guarantee, program and staff reductions. At 1.25%, 163 districts are on the budget guarantee, with an increase in property taxes of \$16.5 million. At 2.625%, 103 districts are on budget guarantee with a property tax increase of \$7.2 million. Find your specific district impact here: <http://www.isfis.net/files/Finance/NewMoneyReportFY2016.xlsx>
- Difference between 1.25% and 2% for the state is \$55 million. Remember, FY 2016 now has a 6% estimated revenue growth, over \$400 million.
- The Governor's budget is below the 99% expenditure limitation and estimates deposits of \$750 million in the state's cash reserves by FY 2017.
- The state's cost of implementing the commercial/industrial tax reform is \$134 million for FY 2016. They could slow that down or make other priority choices in order to adequately fund schools. Sources for the above:
 - SF 171 fiscal notes: <https://www.legis.iowa.gov/docs/publications/fn/632647.pdf>
<https://www.legis.iowa.gov/docs/publications/fn/644065.pdf>
 - LAGAR <https://www.legis.iowa.gov/docs/publications/LAGR/620903.pdf>
 - LSA Analysis REC estimate
<https://www.legis.iowa.gov/docs/publications/BL/656455.pdf>

Yesterday's Memo from House Republicans, Former School Board Members, to School Leaders "Breaking down 1.25%"

A memo from Reps. Sexton, Gassman, Hein, Jorgensen and Sheets was sent to school leaders yesterday. We thought you might like to see another point of view:

- Republicans have supported a higher growth rate in the past. They said that only two years ago, they supported a 4% increase because the revenues were there. It's also possible that they supported a 4% increase because it was part of the Governor's education reform package and even included some changes to home school that made it palatable for some of their caucus to vote yes. That was the same year the legislature approved the commercial and industrial property tax reform that is costing the FY 2016 budget \$134 million, as well.
- The memo states, "You may have been told that the state is experiencing 6 percent revenue growth, instead of the 2.6 percent outlined above, and simple math tells you a 4 percent supplemental state aid level easily fits. This is false and misleading." The REC's spreadsheet shows 6% (see bottom line on page two here in the LSA Analysis of the REC estimate) which is

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the nonpartisan budget staff interpretation and the same way that revenue growth has always been expressed <https://www.legis.iowa.gov/docs/publications/BL/656455.pdf>. The REC's revenue estimate is indicative of economic growth, so the 6% has meaning in that regard as well. Lastly, comparing to FY 2015 appropriations is based on the assumption that all appropriations are equal. There were, no doubt, many one-time appropriations in last year's budget that don't need to continue and many other appropriations that lowans would find a lower priority than education.

FY 2016 Revenue Estimating Conference Projection						
Dollars in Millions						
	Estimate	December	March	Increase	Increase	Percentage
	FY 2015	FY 2016	FY 2016	to December	to Estimated	Change
	Estimate	Estimate	Estimate	Estimate	FY 2015	to Estimated
						FY 2015
Income Tax	\$4,161.8	\$4,437.1	\$4,493.5	\$56.4	\$331.7	8.0%
Sales/Use Tax	2,760.6	2,876.6	2,891.0	14.4	130.4	4.7%
Corporate Tax	550.2	609.9	560.3	-49.6	10.1	1.8%
Insurance Tax	106.9	102.6	107.7	5.1	0.8	0.7%
Cigarette/Tobacco Tax	0.0	0.0	0.0	0.0	0.0	N.A.
Other Taxes	0.0	0.0	0.0	0.0	0.0	5.0%
Total Taxes	\$408.1	\$408.1	\$408.1	\$0.0	\$0.0	6.2%
Other Receipts	0.0	0.0	0.0	0.0	0.0	-0.8%
Gross Tax & Receipts	\$408.1	\$408.1	\$408.1	\$0.0	\$0.0	6.0%
Accruals (Net)	0.0	0.0	0.0	0.0	0.0	-27.0%
Refund (Accrual Basis)	-937.0	-916.6	-953.0	-36.4	-16.0	1.7%
Schl. Infr. Refunds (Accrual)	-450.7	-472.3	-473.7	-1.4	-23.0	5.1%
Total Net Receipts	\$6,643.5	\$7,092.0	\$7,075.3	\$-16.7	\$431.8	6.5%
Transfers (Accrual Basis)	123.9	102.6	100.2	-2.4	-23.7	-19.1%
Net Receipts Plus Transfers	\$6,767.4	\$7,194.6	\$7,175.5	\$-19.1	\$408.1	6.0%

- The Medicaid projection of \$200 million assumes that the legislature won't find additional savings in Medicaid and their only option is to pay the total bill. Until the budget targets are out and the whole state can see the other priority items the legislature is considering, it's nearly impossible to understand the magnitude of the entire budget or the ability of the legislature to fund the Senate's proposed school aid compromise and find an addition \$55 million.

- The memo says:

"A 4% increase in funding (\$210 million) has no regard for the state's projected revenue numbers. Simple math tells you: that's more than the state can afford. Some say, "Fund schools then figure out the rest of the state budget." This kind of short-term thinking without considering what the state can actually afford is the same type of haphazard budgeting that led to the crippling of school funding and across the board cuts in the past."

This expression is exactly why Iowa Code 256.8 requires the cost per pupil to be set 30 days prior to the budget year, a full 18 months in advance of the school year starting. That process was put in place so the legislature would fund the priority of education before all the other less important budgetary matters got tangled up in the decision-making. Ignoring the law and delaying the decision has created not only uncertainty for schools, but political maneuvering that impacts schools and opportunities for students. The ATB cuts of the past weren't due to a 4% growth rate in the year prior – they were the direct result of a national recession that impacted the entire country. Both our state and local school district cash reserve funds have been replenished and both are positioned to withstand the next economic downturn. Make no

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mistake, there will be another economic downturn. But if we don't adequately fund schools when revenues are growing, the ability of our educational system to compete with the rest of the nation and the world will be sacrificed.

- The memo next addresses the timing of tax revenues, saying the state won't be able to pay school aid on time if they spend down their cash reserve. First, \$55 million out of \$400 million surplus and \$750 million in economic emergency fund and cash reserve fund is a drop in the bucket and won't break that bank. Just like the state, schools have cash reserves to weather an unlikely slowdown in state payments if that were to occur.
- The memo states: "Finally, many of you have been told that the state is sitting on a \$1 billion surplus." We have consistently stated that the state has a surplus (\$420 million surplus is what's quoted in their memo) and cash reserves and economic emergency funds over \$700 million. That's over a billion. If the budget principle of never spending more than the state generates in revenues is always adhered to, there's no need for an economic emergency fund. The next two years, there are growing pains due to property tax reform and education reform that become part of the ongoing budget in two years. Then regular revenue growth will provide sufficient funds to adequately fund education, should the legislature decide to prioritize it. These are legitimately considered as short-term appropriations and legitimately funded by surplus, even given the Republican budget principles. That would free up \$100 million (\$50 million for new TLC grants and \$50 million for rolling the first year participants into the formula) and \$134 million (property tax relief) which restates the new revenue calculation as \$423 million (remarkably close to the \$408 million bottom line on the [LSA spreadsheet](#) explaining the FY 2016 estimated growth.)
- Lastly, the memo states: "in Des Moines we've gone to work to ensure K-12 funding is getting the first (and biggest) bite of the apple. The problem is the apple isn't as big as we'd hoped." The legislature controls the size of the apple. They control the size of the bites.

This Week's Legislative Action

Assessment Plan Announcement in House Education Committee

Rep. Jorgensen announced in the House Education Committee's final meeting on April 1, that the process had worked. The Assessment Task Force created in HF 215 in 2013 had done their job. The State Board of Education had endorsed the recommendation. Since an appropriation wasn't required for FY 2016, rather than have the legislature specify a particular assessment in Iowa Code, he stated that the State Board of Education should be the entity to choose the assessment, position the state for implementation success, and come back next year with an appropriation request to fund it. We believe that Sen. Quirnbach agrees with this process of State BOE authority beginning July 1, 2016 to determine the assessment.

Floor Action: The following bills were approved in the House or Senate as indicated:

[SF 227 Start Date to the Governor](#): Senator Gronstal withdrew his *Motion to Reconsider* on the bill and the House amendment. The bill sets the earliest school start date at August 23 and adds an exemption from school aid penalties for early starts for year-round schools. Strikes the current innovative calendar provisions and adds provisions for going to a year-round calendar for K-8 schools, including application process to the DE. Allows schools to apply this year within 30 days of the effective date of the bill. Requires at least 10 instructional days in at least 11 months and breaks no longer than 6 weeks in order to be a year-round school. RSAI is undecided on the bill.

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HF 347 Childcare at Schools: the Senate amended and sent back to the House. The amendment was intended to correct for omission of a city-run after-school program but Senate Republicans opposed, concerned there might be impact on church-run bible or summer camps. Now back to the House. RSAI is undecided on the bill.

SF 345 Anti-Bullying and Anti-Harassment: Requires the DE to ensure adequate training for those investigating bullying complaints by offering annual training to at least one employee per district, contingent on sufficient appropriation (not included in this bill but anticipated in the Education Appropriations bill process later in the Session). Requires the DE to establish a student mentoring pilot program, also contingent on funding. Adds social networking sites to the definition of “electronic” in the current anti-bullying Code. Requires procedures for the prompt notification of parents after bullying incidents, unless such notification would be harmful to the student. Allows (but does not mandate) school officials to investigate cases of bullying off school grounds, based on meeting two criteria; 1) the alleged incident is reported and 2) the alleged incident has an impact on a student that creates an objectively hostile environment interfering with learning. Allows the district to take disciplinary actions, under certain conditions and includes referral to other agencies as a possible action. Allows a student to compete immediately in various interscholastic contests if the student transfers due to a recent bullying incident and both sending and receiving districts agree. Creates a school climate and bullying work group convened by the DE and specifies membership from public and private schools, urban and rural schools and ex officio legislative members. The work group is required to submit a report and recommendations to the legislature by Dec. 31, 2016. Approved by Senate Education Committee 19:4 and by the full Senate 43:7. Back to the House. RSAI is undecided on the bill.

SF 457 Closed Meeting Minutes: Requires that the Ombudsman does not need a court order to examine the minutes of a closed session in order to resolve a complaint about the violation of the open meetings law or pursuant to an investigation. Passes House State Government Committee 23:0: RSAI is opposed.

SF 462 Epi Pens in Schools: Allows schools to have epinephrine auto-injectors (Epi pens) available for use. Requires storage in a secure place and allows authorized personnel to use them. Permits a licensed health care professional to write a prescription in the name of a school. Establishes immunity except for gross negligence. Requires the DEE, the Department of Public Health, and the Boards of Medicine and Pharmacy to adopt rules on device usage. Allows students, with a written statement from a licensed health care professional on file, to have an auto-injector on school property. Allows students with asthma to self-inject. Requires parental notice before a school withdraws auto-injector permission. Passes House Human Resources Committee 23-0. RSAI is undecided.

HF 421 Community College Technical Instructor Requirements: Allows a licensed practitioner with a career and technical endorsement and experience as a schoolteacher in a career and technical occupational area to count hours of teaching toward the relevant work experience requirements needed to qualify as a community college technical instructor. Passes Senate Education Committee 14-0. RSAI is undecided.

HF 488 Iowa Reading Corps: Proposed Governor’s initiative allows the Iowa Commission on Volunteer Services, in collaboration with the DE, to establish a program based on a databased model of literacy instruction for use by the Iowa Reading Corps in Americorps. Requires that Americorps programs operating early literacy programs align with the literacy models developed by the DE and Iowa schools. Passes Senate Education Committee 14-0. RSAI supports.

HF 515 School Arbitration Costs: Allows districts to use management levy to pay for mediation and arbitration costs. Passes Senate Education Committee 14-0. RSAI supports.

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HF 599 School Reorganization SAVE bond requirements: Requires a school reorganization or dissolution to include a division of any outstanding bonds from the SAVE fund. Requires AEAs to review reorganizations for provisions related to SAVE bonds and amend such provisions if necessary. Requires that voter approval of a reorganization creates a lien on SAVE revenues to continue to pay the bond. Passes Senate Education Committee 14-0. RSAI supports.

HF 6 Sexual Exploitation by School Employee: Amended the House file: for purposes of the criminal statute on sexual exploitation, makes the statute of limitations ten years for sexual exploitation by a counselor or school employee. Defines school employees to include those who hold licenses, certificates or authorizations, and other full and part-time employees and contract employees. Includes volunteers with significant student contact. Excludes student employees, and certain other employees who are not more than four years older than the student and not a direct supervisor of the student. Includes additional exclusions for volunteers. Approved by the Senate Judiciary Committee 13:0. RSAI supports.

SF 485 PPEL Rates (previously SF 365): Allows a school to exceed the PPEL maximum rate authorized in Code 298.3 if the district has refinanced a loan agreement and the refinancing will result in a lower amount of interest paid. Includes provisions limiting the rate and when the rate ends. Effective on enactment. Approved by Senate Ways and Means, 13-0. RSAI supports.

Bills Signed by the Governor

HF 570 Recreational Liability Protections: includes the injuries a person suffers from the normal and expected risks of any recreational activity on municipal property. The changes are written into chapter 670 of the Iowa Code, which includes school districts/boards in the definition of municipality. The House passed the bill 96-0; the Senate PASSED the bill 48-0, Signed by the Governor.

HF 445 PMIC Education Costs: Requires the resident district to pay the receiving district for education costs in a PMIC. Requires the district of residence to pay prorated tuition cost per pupil while students not receiving special education services are placed. Allows districts to use foster care reimbursement or Dropout Prevention funds for additional costs above the tuition rate under certain circumstances. Requires the district of residence to pay the actual special education costs. The House PASSED the bill 99-0; the Senate PASSED the bill 48-0. The Governor signed it. RSAI supports.

SF 131 BOEE Background Checks: Requires the Board of Educational Examiners to review Iowa courts online information on new applicants and during license renewal. The Senate PASSED the bill 49-0; the House PASSED the bill 99-0. The Governor signed it. RSAI is undecided.

Have a great weekend!

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

RSAI Leadership Group

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

Gregg Cruickshank, Sidney/South Page, Superintendent, gregg.cruickshank@rsaia.org

Joel Davis, Coon-Rapids-Bayard, Board Member, joel.davis@rsaia.org

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

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

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

Brian Rodenberg, Midland, Superintendent, brian.rodenberg@rsaia.org