**RSAI Legislative Update   
Apr. 12, 2018**

These updates are posted on the RSAI web page <http://www.rsaia.org/legislative.html> long with RSAI’s Capitol Recap video.

April 17 is the 100th day of Session, after which there is no per diem payment for legislators. With less than one week left, there are still no budget targets, no appropriations bills, but movement on tax reform in both chambers began today. Some priorities for RSAI are still pending. Operational sharing is on the Senate Calendar, having cleared Appropriations Committee last week. SAVE extension was approved in the House 95:3, now over in the Senate. HF 2369, Bonding Elections in November, is still on the Senate Unfinished Business Calendar and we have concerns. This weekend, thank your legislators for forward progress on many RSAI priorities, and specifically mention SAVE extension and operational sharing to Senators. Let us know if you need assistance with any of your advocacy work. Thanks for all you do to advocate for Iowa’s children. [margaret@iowaschoolfinance.com](mailto:margaret@iowaschoolfinance.com)

**No change from last week, but this information about Operational Sharing is still pertinent:**

[**HF 633**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=hf633) **Operational Sharing Incentives Extension,** a priority for RSAI, was amended in the Senate Appropriations Committee, sending it to the Senate Calendar. Thanks to all who contacted Senators about RSAI’s Operational Sharing call to action!!! Keep those contacts coming through the weekend and into next week. [**Call to Action: Extension of Operational Sharing Incentives is Critical to Rural Schools (3.28.18)**](http://nebula.wsimg.com/c3faa2fc1471c9cbce894285866febb7?AccessKeyId=D081CCCCA2DCE3941176&disposition=0&alloworigin=1)Send a thank you to your senator, especially if on the Senate Appropriations Committee. A position paper with talking points, background and fiscal impact is found [here](http://nebula.wsimg.com/6a2c1097022a45a9a169ec2796f226a4?AccessKeyId=D081CCCCA2DCE3941176&disposition=0&alloworigin=1). Find members of the Senate Appropriations Committee [here](https://www.legis.iowa.gov/committees/committee?ga=87&groupID=324). Although we know that Sen. Sinclair has been a strong advocate as Chair of the Education Committee, additional outreach to the rest of the Senate Republican Leaders, especially if they represent your district, is suggested.

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| President: | [Charles Schneider](https://www.legis.iowa.gov/legislators/legislator?ga=87&personID=10829) |
| President Pro Tempore: | [Jerry Behn](https://www.legis.iowa.gov/legislators/legislator?ga=87&personID=140) |
| Majority Leader: | [Jack Whitver](https://www.legis.iowa.gov/legislators/legislator?ga=87&personID=9768) |
| Majority Whip: | [Amy Sinclair](https://www.legis.iowa.gov/legislators/legislator?ga=87&personID=10729) |
| Assistant Majority Leader: | [Michael Breitbach](https://www.legis.iowa.gov/legislators/legislator?ga=87&personID=10730) |
| Assistant Majority Leader: | [Jake Chapman](https://www.legis.iowa.gov/legislators/legislator?ga=87&personID=10728) |
| Assistant Majority Leader: | [Randy Feenstra](https://www.legis.iowa.gov/legislators/legislator?ga=87&personID=6565) |
| Assistant Majority Leader: | [Dan Zumbach](https://www.legis.iowa.gov/legislators/legislator?ga=87&personID=10733) |

The bill, as amended:

* extends the operational sharing incentives for 5 years, with the budget year beginning July 1, 2024 as the final year (through the 2024-25 school year).
* eliminates the 5-year limitation on any shared position
* maintains the cap of funding at the maximum of 21 student weighting for any district.
* ***Although the 2019-20 school year is the final year for the incentives, the 2018-19 school year is effectively an end for many of the positions that were limited to 5 years for those districts that shared in the first year of the incentives.***
* Without extension this year, rural schools will experience a reduction in funding of essentially $19 million FY 2019-20. Talking points are included in the Call To Action.

Also noteworthy, [**HF 2406**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=hf2406) adds social workers to the list of positions. This bill would help rural schools stem the growing mental health needs of students. It was approved unanimously in the House, approved unanimously in Senate Appropriations and also sits on the Unfinished Business Calendar in the Senate. RSAI supports of both of these bills.

[**HF 2481**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=hf2481), **and** [**SF 2393**](https://www.legis.iowa.gov/legislation/BillBook?ba=SF%202393&ga=87) **SAVE Extension:** see last week’s [report](http://nebula.wsimg.com/a60bf97e9ad291a0a11d4886d91ff394?AccessKeyId=D081CCCCA2DCE3941176&disposition=0&alloworigin=1) for a detailed bill description. The House amended and passed extension of the state penny through 2020, with an overwhelming bi-partisan show of support, as 95 representatives voted aye. With the amendments, the bill now 1) requires that the new Foundation Base Percentage Fund (FBPF) is to deliver additional property tax relief and not offset the current property tax replacement payments in the formula (the Fiscal Note written by LSA staff indicated that the original version was written vaguely, allowing the interpretation of property tax offsets) and 2) specifies that SAVE expenditures can be used for school safety and security, including technology and infrastructure, but specifically excludes expenditures for school security personnel.

Send a thank you note to your representatives, all of whom voted for the bill except for Reps. Baltimore, Wheeler and Wills. Encourage your Senators to support the bill during floor debate and send it to the Governor.

**Tax Bills start to move in Committee, signaling agreement:**

* [**SSB 3195:**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=ssb3195) Governor’s bill: The Senate scheduled a Subcommittee today (Thursday) at 12:30 of Senators Feenstra, Dawson, Breitbach, Jochum, and Bolkcom, which is the first necessary step before full Ways and Means Committee consideration.
* The House Ways and Means Committee amended the Governor’s proposal [HSB 671](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=HSB671)**:** Governor’s bill today. The Iowa Legislative News Service reported in their late Wednesday edition:

“The House proposal cuts income taxes by about $1.3 billion over five years, and expands items covered under the sales tax to increase sales tax collections. Unlike the Senate proposal, the House does not change the taxes for credit union, and unlike the Governor’s proposal, the House does not include triggers. The House proposal keeps federal deductibility, unlike the Governor or the Senate.”

The House proposal as amended has a new bill number, [**HF 2489**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=hf2489): IALNS provided this summary of the 97-page bill as well, which does the following:

Iowa state income taxes:

* Phases in a rate reduction over two years, with rates for lower brackets dropping again in the second (top rate: 8.89%, bottom rate 0.34% and 0.32% in 2020).
* Increases the standard deduction to $3,000 and $7,500.
* Establishes a qualified business income deduction.

Regarding federal coupling:

* Couples with federal taxes on certain deductions/credits (EITC, teacher expenses, accounting changes.)
* Phases in Section 179 depreciation changes.
* Couples with other federal changes. Decouples with bonus depreciation.

Education:

* Allows qualified withdrawals from 529 plans for K-12 tuition expenses.
* Allows the transfer of 529 funds to an ABLE plan.

Sales tax:

* Imposes the sales tax on digital books and other related products, and information services.
* Makes other changes to sales tax exemptions.
* Makes changes related to determining nexus for the sales tax.

Other: Makes changes to the motel/hotel tax, and on renting automobiles, related to facilitators and to renting out residential homes.

RSAI is registered as opposed to the original Senate tax reform proposal and to this version of the House plan, since the economic growth triggers and elimination of federal deductibility, both omitted from the House plan, are a more responsible approach if tax cuts must proceed. RSAI encourages you to consider the following talking points regarding any tax overhaul:

1. Triggers of economic growth, as the Governor proposed, are more responsible. They make sure that tax cuts are growing the economy sufficiently to sustain funding for the needs of Iowans.
2. Eliminating federal deductibility is critical. The practice inflates Iowa income tax rates and creates a poor perception of relative tax burden.
3. Iowa’s priorities, such as education, depend on a sustainable and sufficient state revenue stream. K-12 education gets essentially 42% of state general fund revenues. If revenues decline by $1.3 billion, should schools prepare for funding reductions of an equivalent proportion? (FYI – 42% of $1.3 billion is $546 million)

**Other Bills Receiving House or Senate Action:**

[**HF 2442**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=hf2442)  **High School Collision Sports**: see last week’s report for the requirements of the bill. The Senate amended the bill and RSAI supports the Senate amendment.The amendment limits the extracurricular contests to those sponsored by the HS associations and identified as contact/limited contact by the American Academy of Pediatrics. The amendment also limits the requirement that parents provide concussion information sheets to parents of 7-12 students. Additionally, the senate amendment:

* Requires the DPH to work with the HS associations on a Return-to-Play protocol which school boards must adopt by July 1, 2019.
* Requires school boards to adopt a Return-to-Learn plan based on guidance by the Brain Injury Association of America, in cooperation with the student’s parents and health care provider.
* Adds Emergency Medical Services workers as allowable for being at the game. The bill is effective for the 2018 school year.

This week, the House amended the Senate Amendment, S-5235, sending the bill back to the Senate on a 96:2 vote (Reps. Moore and Sheets voting no.) The House amendment:

* Specifies that students with concussion are excluded from all defined activities, not just the one in which they were injured, until they are cleared by a health care professional
* Further adds that a student may not start participation in a new activity until cleared
* Clarifies that liability protection continues if the district follows protocols, even if the healthcare professional does not make it to the game, as long as there is a prearranged agreement with the school district that the HC professional was supposed to be there and the reason they missed the game is documentable.

RSAI is registered undecided as the bill. The Senate concurred with the House amendment, sending it to the Governor.

[**HF 2467**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=HF%202467) **School Meals:** this bill allows schools to use money from flexibility accounts to pay for the student meal debt. The bill requires schools to notify parents at least twice a year, and if the student has five unpaid lunches, of the availability of free or reduced school lunch programs and encourages schools to offer students reimbursable lunches unless the parent authorizes withholding lunches from a student. The bill prohibits posting lists of students who cannot pay for lunch or otherwise shaming or identifying those students or prohibiting the students from various school activities. Regarding Setoff procedures, which is a process by which the Department of Revenue assists local government in collecting unpaid debt: the bill allows schools to use setoff procedures annually to collect debts over $500 that are more than two years old. The House concurred in the Senate amendment, 96:0, sending it to the Governor. RSAI is registered as undecided on the bill.

[**HF 648**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=HF648) **Career and Technical Education Programs:** this bill, approved in the House in the 2017 session 98:0, is a technical clean-up bill after creation of the CTE regional planning partnerships in the 2016 Session. The bill restructures the use of federal CTE funds to be allowable expenses by the CTE regions rather than a reimbursement for funds spent by local districts. The bill also expands the use to include consumable supplies that will be made into products to be sold or used personally by students, teachers and other persons. RSAI is registered in favor. The Senate approved the bill, 47-0, sending it to the Governor.

**Bills Signed by the Governor:**

[**SF 2364**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=sf2364) **School Security Plans:** theSenate replaced the House amendment, which was fairly prescriptive about an annual drill, with the requirement that local school boards determine the school personnel involved in the drill, whether students and law enforcement are involved and other details related to the drill. The House concurred with the Senate amendment, 100-0, and the Governor signed it. RSAI is undecided on the bill.

[**HF 2441**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=HF2441) **Education Flexibility**: this bill allows the early intervention class size supplement per pupil to be used for any general fund purpose, removes DE from DoP application approval, and allows reconditioning of athletic equipment from a general fund transfer to the student activities fund. The bill also allows materials purchased for HSAP to be used elsewhere in the district as long as HSAP students still have access. The bill allows excess afterschool funding to be transferred to the flexibility fund after a public hearing. The bill prohibits DE and the State BOE from issuing guidance that imposes a legal obligation unless that obligation is required or implied by law. The bill also repeals the limitation that school boards may not lease school property to an entity beyond five years and exempts private property or equipment leased as part of a project designed to generate electricity for the school district (RSAI requested these provisions.) The Senate amended the bill to better align the DoP process timing of the district request of and SBRC approval of MSA with SBRC meetings. The House concurred with the DE amendment, 99:0, sending it to the Governor. RSAI supports it.

[**HF 2233**](https://www.legis.iowa.gov/docs/publications/LGE/87/HF2233.pdf): **Retainage:** this bill relates to mechanics’ liens, public construction liens, and the early release of retained funds. This bill passed the Iowa Senate on March 27, 26-21 and the Iowa House on April 3, 69-29. RSAI is not registered on the bill. The Governor signed it.

[**SF 481:**](https://www.legis.iowa.gov/docs/publications/LGE/87/SF481.pdf) **Sanctuary Cities**: this bill requires local governments (cities and counties) to cooperate with the enforcement of immigration laws and provides penalties and remedies, including the denial of state funds to certain entities. Schools are not expressly included nor are they excluded from this bill. The Fiscal Note written by LSA staff posed some questions as to whether schools might be impacted. RSAI will monitor implementation and keep you posted. RSAI did not register on this bill, which was passed by the Iowa House on April 3, 55-45 and the Iowa Senate on April 4, 28-18. The Governor signed it.

**Other bills still on a calendar, exempt from a funnel deadline or pending:**

[**HF 2369**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=hf2369) **School Bond Elections limited to November Ballot** is in Senate on the Unfinished Business Calendar. See March 23 weekly report for details and talking points. RSAI is opposed.

[**SSB 3206**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=ssb3206) **Vouchers:** No further action has been taken on this bill, still in the Senate Appropriations Committee. See the March 23 report for a full analysis of the bill. Find background an talking points on RSAI website [here](http://nebula.wsimg.com/449e52af3ba9f64925184531c7fb2291?AccessKeyId=D081CCCCA2DCE3941176&disposition=0&alloworigin=1). RSAI is opposed to this bill.

[**HSB 684**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=hsb684) **Expenditure Limitation:** this bill as explained in detail in last week’s report, sets a 98% expenditure limitation and create a new revenue stabilization fund in addition to Iowa’s economic emergency and cash reserve funds. RSAI is opposed to this bill. It has not yet appeared on a House Appropriations Committee agenda.

**Education Appropriations:** We expect to see a line item appropriation for the costs associated with a new State Assessment, but as yet, no education appropriations bills have been introduced.

**Advocacy Actions this week:**

* Thank all Senators, Representatives and the Governor for addressing the transportation and formula inequalities for school districts through SF 455. Include a thank you for setting 1% SSA at a time when the state budget is challenging.

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 you legislators.

* Thank legislators for passing SF 475, allowing all districts to offer online learning programs and especially allowing small school districts to work with community college CTE programs to meet offer and teach requirements when they cannot find a teacher to fill the CTE position and under other circumstances. Let them know RSAI supports the effort to fix the financial literacy mandate in an Appropriations bill before adjournment, so schools have the flexibility needs to implement.
* Thank Senate Appropriations Committee members for moving HF 633 out of the Senate Appropriations Committee and encourage all Senators to support the bill as amended to send it back to the House. This is an RSAI priority. Share last week’s RSAI [**Call to Action: Extension of Operational Sharing Incentives is Critical to Rural Schools (3.28.18)**](http://nebula.wsimg.com/c3faa2fc1471c9cbce894285866febb7?AccessKeyId=D081CCCCA2DCE3941176&disposition=0&alloworigin=1)with your senator, especially if they are in a Leadership position in the Senate.
* Continue State penny extension advocacy. Remind all legislators that extending the penny is critical to solve your infrastructure, school safety, equipment and technology needs without raising property taxes. An updated position paper is on the RSAI web site [here](http://nebula.wsimg.com/05618c1a553cb9c963e254aba92cffbb?AccessKeyId=D081CCCCA2DCE3941176&disposition=0&alloworigin=1). The bill is now in the Senate, so advocacy with all Senators is timely and encouraged.
* Express concerns with Tax Cuts. Call for economic growth triggers and elimination of federal deductibility, both included in the Governor’s tax reform proposal, if they plan to move the tax cuts forward.

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