**RSAI Legislative Update
Apr. 19, 2018**

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

April 17 was the 100th day of Session, so per diem payment for legislators has expired. Budget targets appeared this week and a few budget bills have made it to the House calendar. Republican Leadership in the House, Senate and Governor’s office are striving for consensus on tax reform before additional budget work is accomplished. The SAVE extension, approved in the House 95:3 last week, is still in the Senate. HF 633 Operational Sharing is sitting on the Senate Debate Calendar. HF 2369, Bonding Elections in November, is still on the Senate Unfinished Business Calendar and HF 2482 Quarterly Expenditure Reporting to DOM Database is on the House Calendar. We have concerns with both of those. This weekend, thank your legislators for forward progress on the flexibility bills, now both to the Governor and thank house members for the SAVE extension. See other advocacy actions regarding SAVE extension at the conclusion of this report. Let us know if you need assistance with your advocacy work. Thanks for all you do to advocate for Iowa’s children. 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). It eliminates the 5-year limitation on any shared position but maintains the cap of funding at the maximum of 21 student weighting for any district. Without extension this year, rural schools will experience a reduction in funding of essentially $19 million FY 2019-20.

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 the April 6 [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. The Iowa Farm Bureau Federation is registered in favor of these bills.

Last week, we suggested that you send a thank you note to your representatives, all of whom voted for the bill except for Reps. Baltimore, Wheeler and Wills (Rep. Pettengill was absent, but was a no vote in Ways and Means Committee and Rep. Winckler was also absent, but was a yes vote earlier in the process.) This week, send a thank you to the [members](https://www.legis.iowa.gov/committees/committee?ga=87&groupID=692) of the Senate Ways and Means Committee for their unanimous voice vote in committee. Encourage all Senators to support the bill during floor debate and send it to the Governor. RSAI is registered in support of both bills.

**Appropriations**

The long anticipated budget targets were released this week, with the Senate Republicans planning on spending $7.48 billion, an increase of $229.8 million; the House Republicans plan on spending $$7.49 billion, an increase of $234.9 million (those are only $5 million apart, but that doesn’t mean they are that close on the individual line item appropriations within the budget areas, either.) For comparison, the Governor had recommended an FY2019 budget of $7.45 billion, or an increase of $192.2 million.

The following table includes all of the appropriations bills that typically move through the process before adjourning. We will keep you posted on the status, but expect either the Education Appropriations bill or the Standings Appropriations bill to include a line-item appropriation for the state assessment and some language to fix the ½ unit of financial literacy graduation mandate amended on to SF 475, Omnibus Education Provisions, signed by the Governor this week (details below).

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| **Budget Area** | **Bill #** | **Initial Chamber Action** | **Second Chamber** | **Status** | **Done** |
| Education |  |  |  |  |  |
| Standings | HSB 690 | H Approps Committee |  |  |  |
| Admin & Regulation |  |  |  |  |  |
| Agriculture & DNR | HF 2491 | House Calendar |  |  |  |
| Economic Develop | HF 2493 | House Calendar |  |  |  |
| Health and Human Services |  |  |  |  |  |
| Judicial Branch | HF 2495 | House Calendar |  |  |  |
| Justice Systems | HF 2492 | House Calendar |  |  |  |
| RIIF Infrastructure Fund |  |  |  |  |  |
| Transportation/Capitals | HF2494 |  |  |  |  |

**Tax Bill Policy Differences:** working towards consensus on three proposals[**SSB 3195**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=ssb3195) Governor’s bill, [**HF 2489**](https://www.legis.iowa.gov/legislation/BillBook?ba=HF%202489&ga=87) House proposal (see last week’s report for summary), and [**SF 2383**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=SF%202383) Senate proposal. RSAI is registered opposed to the House and Senate plans and undecided on the Governor’s proposal. Although some things are included in all three proposals, such as expansion of the 529 savings plans to include K-12 private school tuition, several key tax policy ideas are under consideration in the differences between the chambers and the Governor, which include:

1. How much to cut?
	* Governor cuts $1.7 billion by 2023
	* House cuts $1.3 billion by 2023
	* Senate round 2 cuts over $2 billion in five years
2. Should corporate tax cuts be part of it?
	* House and Governor say no, suggesting they wait until later
	* Senate lowers the corporate income tax rate from 12% to 7% (it is already really much lower than 12% due to federal deductibility)
3. Should Iowa eliminate federal deductibility?
	* Worth $575 million annually according to Department of Revenue
	* House doesn’t, Governor does, Senate doesn’t
4. Should plan include economic triggers/safeguards?
	* Governor does, House did early on but not now, Senate didn’t at first, but most recent plan does.
5. Expansion of the tax base? Credit unions, Online Sales, Information Services or Uber?
	* Senate taxes credit unions, House does not. At odds on online sales – but expect to see something in the mix so there is the ability to generate some funds to offset the otherwise massive cut.

Senator Whitver and Representative Upmeyer are both quoted in yesterday’s Des Moines Register, [Deal may be near on state tax cuts at Iowa Capitol](https://www.desmoinesregister.com/story/news/politics/2018/04/18/iowa-tax-cuts-budget-legislature-2018-session-governor-kim-reynolds-jack-whitver/529645002/), they are close to an agreement.

Expect the rest of the Session to move very quickly once that agreement is reached.

**Bills signed by the Governor:**

[**SF 2155**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=sf2155) **Local Operating Funds:** This bill allows local governments to invest operating funds which are 33% in excess of what is needed in CD’s that mature in 63 months and meet interest guidelines. Passed by the Senate 47-0, by the House 100-0 and signed by the Governor.

[**HF 2467**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=hf2467) **School Meal Shaming:** this bill does all of the following:

* allows schools to use flex fund to pay for unpaid meal debt.
* requires schools to notify parents of FRPL availability at least twice a year, and if the student has five unpaid lunches, and allows schools to determine which personnel can contact parents about unpaid lunch debt.
* encourages schools to offer students reimbursable lunches unless the parent authorizes withholding lunches from a student.
* prohibits posting lists of students with debt or otherwise identifying /shaming those students, prohibits discarding a meal after served, prohibits requiring students to do chores to work off the debt, or keeping students from after school activities or other extracurricular program, or presenting an alternative meal just to students with accrued meal debt.
* setoff: Allows schools to use setoff procedures annually to collect debts over $500 that are more than two years old.

The provisions of using setoff procedures to collect past due meal debt are retroactive to the year beginning July 1, 2017, with the other provisions effective July 1, 2018. It was passed by the Senate on April 3, 48-0 and the House on April 9, 96-0. Now signed by the Governor**.** RSAI was originally opposed but changed registration to undecided after several improvements were made to the bill.

[**SF 475**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=sf475) **Omnibus Education Provisions:** this bill includes the following provisions:

* **Online learning:** lifts the open enrollment cap on the online academies, but allows local school districts the authority to offer online coursework locally. Requires DE to approved private vendors. Prohibits online providers/schools from offering any payment to parents. Also allows a student enrolled in one of the online academies to participate in their district of residence activities, with the district ability to withhold up to $200 per activity for no more than 2 activities per semester. Students may participate in more activities at parent expense.
* **Concurrent enrollment CTE exemption**: allows small districts (<600) to work with community colleges in offering CTE courses to students and have those courses meet offer and teach requirements, only if there is difficulty in finding a qualified teacher.
* **DE guidance:** if not required in Iowa Code, federal law and court rulings, guidance is deemed to be advisory and not binding.
* **Health screenings work group:** to examine and report on the impact of vision and dental screenings, making recommendations to minimize the administrative burden on schools.
* **Seal of bi-literacy:** to be developed by DE and voluntary for school districts to participate.
* **½ Unit of Financial Literacy:** requires it for high school graduation (added via House amendment.) Sen. Sinclair stated her intent to work on fixing it in either education or standings appropriations so districts have more flexibility to implement.

The bill was passed by the House on March 22, 56-39 and the Senate on April 2, 28-19. Now signed by the Governor. RSAI requested the CTE provisions, supported the expansion of on-line learning to all districts, but has now registered opposed due to the financial literacy mandate.

[**SF 2318**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=sf2318) **High School Credit:** This bill requires that a student who receives high school credit in an accredited Iowa school be granted that credit in a new school they attend unless the course does not meet the requirements of the school of enrollment or If the student does not show proficiency in the coursework. The bill also requires the school denying the credits to notify the parents in writing why the credit was denied. The House amended and approved the bill, 99-0. The Senate concurred with the House amendment, 47-0, and it is now signed by the Governor.RSAI supports this bill.

[**SF 2360**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=SF2360)**Dyslexia Task Force:** this bill Requires DE to convene a task force and specifies the membership of the task force. It requires the task force to study an overview of the symptoms and effects of dyslexia, the current practices in Iowa schools, description of current concerns, recommendation of any proposed legislation or rulemaking, additional personnel or funding needed, recommendations related to dyslexia response for stakeholder groups, and suggested timeline for implementation. The Task Force is required to submit the report by November 2019. It was passed by the House as amended, 97-0 and Senate concurred, 47:0, and the Governor has now signed it.RSAI is undecided on this bill.

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

[**HF 2482**](https://www.legis.iowa.gov/legislation/BillBook?ba=HF%202482&ga=87) **School Expenditure Database:** this bill requires the Iowa Department of Management (DOM) to establish a searchable online school district budget database and requires school districts to provide the selected data to the DOM but does not include penalties for schools that fail to comply. The database is required to be updated by the school district quarterly and is required to contain the following information regarding the school district’s spending:

* The school district’s certified budget under Iowa Code chapter 24. 1
* Any state audit or other report.
* Quarterly financial statements and other financial information including accounts payable check registers and credit, debit, and purchase card statements.
* It is unclear whether “other financial information” includes teacher and staff salary.
* Specifies that the creation of the database does not require or authorize the inclusion of information that is protected from public disclosure under State or federal law.

The bill requires DOM have the database Internet site available beginning Jan. 1, 2020 and requires it to be updated no less than quarterly beginning on July 1, 2020 (FY2021). It also requires DOM to conduct a study on the development, implementation, compliance, and use of the site, and to submit a report to the General Assembly on the study on or before Jan. 1, 2025.

The [Fiscal Notes](https://www.legis.iowa.gov/docs/publications/FN/962619.pdf) states: “Assuming an FTE cost of $40,000, the potential estimated cost to the 330 school districts hiring an additional 0.10 to 0.50 FTE position would be $1.3 million to $6.6 million. This cost would be ongoing.”

The bill was approved by the House Appropriations Committee on April 4 and is on the House Appropriations Calendar.

**Other bills 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:** This bill is still in the Senate Appropriations Committee without further action anticipated. RSAI is opposed to this bill.

[**SF 2081**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=sf2081) **C&I Backfill bills**, first in Senate Ways and Means Committee and [**HSB 678**](https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=hsb678) in House Ways and Means Committee (a *note stated in the Senate R targets released document states full funding of the backfill, so suggests no further motion on these bills)*. RSAI is undecided on 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 now on the House Debate calendar.

**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 sUENmall districts to use community college CTE courses to meet offer and teach requirements under certain circumstances. Let them know RSAI supports the effort to fix the financial literacy mandate in an Appropriations bill before adjournment.
* Continue State penny extension advocacy. Remind all senators 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/c7f85c6ea5745891033377d6c4b77429?AccessKeyId=D081CCCCA2DCE3941176&disposition=0&alloworigin=1). The bill is now in the Senate, so advocacy with all Senators is timely and encouraged. Special thanks to the Senate Ways and Means Committee members to getting the bill out of committee on a unanimous voice vote.
* 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.

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