

EDUCATION DEPARTMENT [281]

Adopted and Filed

Pursuant to the authority of Iowa Code section 256.7(5), the State Board of Education hereby amends Chapter 98, “Financial Management of Categorical Funding,” Iowa Administrative Code.

The amendment in Item 1 conforms to 2011 Iowa Acts, House File 645, sections 23 through 25, which address appropriate and inappropriate uses of funding for a home school assistance program. The amendment in Item 2 reflects the amendment to the allowable uses of the Physical Plant and Equipment Levy in 2011 Iowa Acts, House File 645, section 20. The definition of “maintenance” in Item 3 has its origin in statutory and case law, as well as the Uniform Financial Accounting Procedures, and is proposed to be added as a courtesy to school districts.

An agencywide waiver provision is provided in 281—Chapter 4.

Notice of Intended Action was published in the October 5, 2011, Iowa Administrative Bulletin as ARC # 9793B. Public comments were allowed until 4:30 p.m. on October 25, 2011. A public hearing was held on that date at which no person appeared. However, at an informal meeting on November 4, approximately six persons representing education stakeholder groups met with a representative of the Department to provide written and oral comments. The comments focused on two issues:

- Regarding subparagraph 98.64(2)“e”(2), the commenters want “transaction” and not “bundle” defined, and the commenters want the definition of a single transaction defined to include more than one provider of services.

- The commenters point out that the definition of “maintenance” is confusing because it includes items (“making minor repairs, replacing parts”) that could also be included as “repairs.”

Regarding the first issue, the Department agrees that it is more helpful to school districts to define “transaction” and not “bundle.” The Department spoke with staff from both caucuses of both chambers about their members’ intent, and received confirmation from all four staff members that their members intent was that a single transaction be defined as an agreement between a school district and a vendor, not two or more vendors. Accordingly, subparagraph 98.64(2)“e”(2) is changed to define “transaction” thusly.

The Department agrees in part with the commenters about their second issue, and has stricken “making minor repairs” from the definition of “maintenance.” The Department has added language to clarify that replacing parts is “maintenance” unless to do so fits the definition of “repair.”

Other than as noted above, these amendments are identical to those published under Notice.

After analysis and review of this rule making, no impact on jobs has been found.

These amendments shall become effective March 28, 2012.

These amendments are intended to implement Iowa Code section 298.3(1)“c” as amended by 2011 Iowa Acts, House File 645, section 20, and Iowa code section 299A.12 as amended by 2011 Iowa Acts, House File 645, sections 23 to 25.

The following amendments are adopted:

Item 1. Amend rule **281—98.12(257,299A)** as follows:

281—98.12(257,299A) Home school assistance program. The home school assistance program (HSAP) is a program for a specific category of students and is provided outside the basic educational program provided to regularly enrolled students by the school district. If a district offers a home school assistance program, the state foundation aid that the district receives pursuant to Iowa Code section 257.6(1)“a”(5) shall be expended for purposes of providing the home school assistance program.

98.12(1) Appropriate uses of categorical funding. Appropriate uses of the home school assistance program funding include, but are not limited to, the following:

- a. ~~Assisting~~ Instruction for students and assistance for parents with instruction.
- b. to h. No change.

98.12(2) Inappropriate uses of categorical funding. Inappropriate uses of the home school assistance program funding include, but are not limited to, indirect costs or use charges; operational or maintenance costs ~~in addition to the cost of maintaining school district facilities~~ other than those necessary to operate and maintain the program; capital expenditures other than equipment or facility acquisition, including the lease or rental of space to supplement existing schoolhouse facilities; student transportation except in cases of home school assistance program-approved field trips or other educational activities; administrative costs other than the costs necessary to administer the program; concurrent and dual enrollment ~~program~~ costs, including postsecondary enrollment options program costs; or any other expenditures not directly related to providing the home school assistance program. A home school assistance program shall not provide moneys to parents or students utilizing the program.

Item 2. Amend paragraph 98.64(2)“e” as follows:

~~e. Purchasing, leasing, or lease-purchasing a single unit of equipment or a single unit of technology exceeding \$500 in value per unit purchase, lease, or lease-purchase transaction. “Single unit of equipment” means both equipment and furnishings and does not include bulk purchases or multiple purchases of units. The cost limitation for a single unit of equipment does not apply to recreational equipment or equipment that becomes an integral part of real property such as furnaces, boilers, water heaters, and central air-conditioning units that are included in repairs to a building.~~

(1) “Equipment” means both equipment and furnishings. The cost limitation for equipment does not apply to recreational equipment pursuant to paragraph 98.64(2)“n” or equipment that becomes an integral part of real property such as furnaces, boilers, water heaters, and central air-conditioning units that are included in repairs to a building pursuant to paragraph 98.64(2)“h.”

(2) “Transaction” means a business deal or agreement between a school district and a provider of goods or services. Technology may be bundled for purposes of exceeding \$500 per transaction.

Item 3. Amend paragraph 98.64(2)“h” as follows:

h. Repairing, remodeling, reconstructing, improving, or expanding the schoolhouses or buildings and the additions to existing schoolhouses. “Repairing” means restoring an existing structure or thing to its original condition, as near as may be, after decay, waste, injury, or partial destruction, but does not include maintenance.

“Reconstructing” means rebuilding or restoring as an entity a thing which was lost or destroyed. “Maintenance” means to cause to remain in a state of good repair or to keep equipment in effective working condition and ready for daily use. Maintenance includes

cleaning, upkeep, inspecting for needed maintenance, preserving the existing state or condition, preventing a decline in the existing state or condition, and replacing parts, unless otherwise a repair.

Item 4. Amend **281—Chapter 98**, implementation sentence, as follows:

These rules are intended to implement Iowa Code chapters 24, 29C, 76, 143, 256, 256B, 257, 274, 275, 276, 279, 280, 282, 283A, 284, 284A, 285, 291, 294A, 296, 298 as amended by 2011 Iowa Acts, House File 645, section 20, 298A, 299A as amended by 2011 Iowa Acts, House File 645, sections 23 to 25, 300, 301 as amended by 2010 Iowa Acts, Senate File 2178, 423E, 423F, 565, and 670 and sections 11.6(1)“a”(1), 256C.4(1)“c,” 256D.4(3) and 284.13.