



School Business Alert

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The October School Leader Update can be found at:

www.educateiowa.gov

Clarification on the Guidance on the Paid Lunch Equity Calculator Tool

The federal guidance on this tool explains that districts that choose to contribute non-Federal sources to the nonprofit school food service account (fund) in lieu of raising paid lunch prices must calculate the appropriate amount to contribute.

The guidance gave examples of potential sources for those non-Federal sources:

1. per-lunch reimbursements for paid lunches provided by states, counties, school districts, and others;
2. funds provided by organizations, such as school-related or community groups, to support paid lunches;
3. any portion of state revenue matching funds that exceeds the minimum requirement; established in 7 CFR 210.17 and that is provided specifically for paid lunches; or
4. any proportion attributable to paid lunches from direct payments made from school district funds to support the lunch service; e.g., a pro-rata share of general funds.

Those potential non-Federal sources listed above may be allowable under Federal law, but state law can be and is more restrictive.

As per Iowa Code, **transfers from other funds is NOT a potential source of the non-federal portion.** Instead, districts could look for donations from organizations or individuals, fundraisers, or foundations or trust funds that specify subsidizing the school food service fund as an appropriate use. In reference to bullet number 1 and 3, state reimbursements for paid lunch do not exceed the minimum requirement and may not be considered as a non-federal source.

Contact: Ann Feilmann at ann.feilmann@iowa.gov or 515.281.4757.

Open Enrollment Tuition Rate

The open enrollment tuition rate for the 2012-2013 school year is \$5,883. The rate is the same as the prior year because of the zero allowable growth districts experienced last year. Since the open enrollment tuition is based on the previous year's state cost per pupil, we are seeing the zero growth in the open enrollment this year.

This rate does not apply to students on IEPs. Even open enrollment tuition is actual costs of the special education instructional program for a student on an IEP.

For assistance, contact Eric Heitz at eric.heitz@iowa.gov or 515.281.4726.

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Interfund Transfers

Transferring money from one fund to another, especially from the general fund to a proprietary fund, has generated much discussion with the State Appeal Board (SAB) and the School Budget Review Committee (SBRC). Several studies and analyses have been requested of state agencies on the issue.

Tax levies or funds that are required by law to be expended only for the specific items listed in statute shall be accounted for in a similar way to categorical funding. Each fund is mutually exclusive and completely independent of any other fund. No fund shall be used as a clearing account for another fund, and no fund may retire the debt of another fund unless specifically authorized in statute (**IAC 281—98.60**). Throughout Iowa Code, there are references to the fact that funds are separate. Each fund has been created for a specific purpose, and its moneys can be used only for those purposes. There are few known expenditures which are authorized by Code to be expended from more than one fund. This would limit the possibility of legal interfund transfers because the money would have to be expended for a purpose which was authorized in the sending fund, as well as in the receiving fund. Refer to chapter 9 of the Uniform Administrative Procedures for a list of those expenditures with their Code references.

Generally, moneys may not be permanently transferred between funds, other than authorized by 298A.9 and 298A.10, unless the transfer is the residual equity left in a fund for which the purpose of the fund has ended (**24.21**). This does not mean partial transfers of money considered to be surplus; instead this means a transfer of the entire balance in a fund and permanent elimination of that fund. All allowable transfers or loans require board action, some require a vote of the electorate (**278.1"e"**), some require authorization from the State Appeal Board (**24.22**) and some require authorization from the School Budget Review Committee (**257.31(6), 24.6(2)"b"**). The SBRC has general budget over-sight on school districts and AEAs, so is authorized to act on any interfund transfers between any school district/AEA funds. Mostly they focus on any transfers that impact budget authority for school districts or impact fund balance for AEAs.

Moneys may be temporarily loaned between certain funds, but these do not result in permanent transfers, and they are not recorded as interfund transfers. These interfund loans must follow specific steps to be allowed. Those steps have been provided in a letter from the Office of the Auditor of State and in a declaratory order written by the Iowa Department of Education. A summary is presented here:

Bona fide loans authorized by the board, executed by a note at the going rate of interest, and repaid by fiscal year end would not be an audit exception (**Letter, Office of the Auditor of State, September 9, 1980**). All of the following applies to interfund loans:

- All loans between funds within a fiscal year must be accomplished through official board action and may not be accomplished until the board by resolution authorizes the loan. An interfund loan must not constitute an amendment to the budgeted revenues or expenditures for the fiscal year.
- The resolution must specify the funds from which and to which the transfer will be made. A note is not necessary if the resolution specifies the terms of repayment including the payment of interest.
- Interest must be paid from the borrowing fund on the unpaid balance at the rate in effect at the time of the loan as established by rule pursuant to Iowa Code section 74A.6, subsection 2.
- The loan must be repaid before October 1 of the fiscal year following the fiscal year within which the loan occurred. In the event repayment cannot be made by that time, the school corporation must proceed under the provisions of Iowa Code chapter 74 to issue anticipatory warrants or seek approval of the voters pursuant to Iowa Code section 278.1(5) for transfer of surplus funds from the debt service, physical plant and equipment levy, capital projects, or public education and recreation levy funds to the general fund, or, for other transfers, seek approval from the State Appeal Board pursuant to Iowa Code section 24.22. Interfund loans within a fiscal year do not require State Appeal Board approval so long as they are repaid by October 1 of the following fiscal year. (**25 D.E. Dec. Ord. 183**).

The SBRC has acted, historically, when improper transfers were noted in audits, reaudits, or citizen concerns or when districts were requesting authority to make inter-fund transfers to close a fund with a deficit balance when the district had no other recourse. The growing deficit balances in funds without tax sources, and the increase in unauthorized interfund transfers is creating a need for renewed discussions between the SAB and the SBRC.

Contact: Su McCurdy, su.mccurdy@iowa.gov, 515.281.4738.

Medicaid Webinar

There are two Adobe Connect Medicaid trainings scheduled for the fall of 2012 for LEA and AEA staff who provide services in, or manage their agency's Medicaid program: October 17, 9:00 -10:00 a.m. and November 14, 9:00 -10:00 a.m.

- **DHS Provider Enrollment staff will participate October 17 and will review the Re-Enrollment steps and forms.**
- Remember: Re-Enrollment must be completed by December 31.
- There will be answers to questions submitted during or since the first two programs.
- The format will be the same material presented August 15 and September 12: program updates, program reminders, Iowa Medicaid Portal Access.
- Questions can be submitted before the session to jim.donoghue@iowa.gov or during the session in the chat room, and will be answered in or after the session.
- The program will be recorded and a link sent out later.

You do not need to register. The link is: <http://iowa.adobeconnect.com/medicaidpt3/>

If you are new to participate or want a refresher about the education agencies Iowa Medicaid programs, you may watch a webinar, developed by Iowa Medicaid Enterprise Provider Services staff, at: <http://cc.readytalk.com/play?id=wosz4zwa>
Contact: jim.donoghue@iowa.gov or 515.281.8505.

Finance Roundtable and CAR/SES Advisory Committees to Meet

The Department will convene the Finance Roundtable on the morning of October 24, 2012. An agenda for this meeting will be sent to members closer to the meeting date. The Finance Roundtable is a group focused on addressing issues related to school finance and funding. The primary focus of this group is to ensure good flow of information while creating a forum for addressing any issues that exist. Representation on this group is by invitation, but major stakeholder groups, as well as various school district representatives, participate in these meetings.

The Department will also convene an ongoing group of stakeholders to address issues specific to CAR/SES implementation. This meeting will occur the afternoon of October 24. This group focuses specifically on analyzing the recent CAR/SES submission process in an attempt to continue to improve that process. This is also a group that meets by invitation, but the meeting is open.

For additional information, contact Jeff Berger, jeff.berger@iowa.gov, 515.281.3968.

School Budget Review Committee (SBRC) Hearings Held on October 8, 2012

The summary of official action by the SBRC at those hearings will be posted on the web following the meetings at: http://educateiowa.gov/index.php?option=com_content&task=view&id=1624&Itemid=2419

The SBRC has specified that it will require evidence that shows the school boards have held a discussion and have taken official action on any requests to come before the SBRC and that the public has been notified of that action through publication of those minutes in the newspaper. The SBRC will require that publication to be included in the exhibits provided to the committee prior to the hearing. **PLANNING TIP:** This means that a district will need to plan its request to the SBRC early enough to take official action at a board meeting (not consent agenda) and to publish those minutes prior to requesting a hearing before the SBRC. Contact: Su McCurdy, su.mccurdy@iowa.gov, 515.281.4738.

CAR-SES FY12 Adjustments for Additional FY11 Carryover

For those districts that had an adjustment in FY11 balance carried over to FY12 in excess of the 10 percent normally allowed, those adjustments will be found on the DE Adjustment line of Screen 8 of the FY12 SES. Please direct any questions to Bill Roederer at bill.roederer@iowa.gov or 515.281.7972.

Green Ribbon Schools Recognition Program

The Iowa Department of Education (IDE) is participating in the Green Ribbon Schools program for the 2012-2013 school year and invite public, private, and school districts in Iowa to apply for this national recognition through the U.S. Department of Education. The Green Ribbon School application will be available on the IDE's website in October. Applications will be due December 21, 2012.

The U.S. Department of Education Green Ribbon Schools (ED-GRS) recognition award honors schools that are exemplary in reducing environmental impact and costs; improving the health and wellness of students and staff; and providing effective environmental and sustainability education, which incorporates STEM, civic skills and green career pathways. Encouraging efficient schools allows administrators to dedicate more resources to education rather than utility costs. Healthy schools and good wellness practices ensure that all students learn in an environment conducive to achieving their full potential, free of the health disparities that can aggravate achievement gaps.

The IDE is permitted as many as four nominations to submit to ED-GRS. To nominate more than one public school, at least one must be a school with at least 40 percent of their students from a disadvantaged background. If the IDE wishes to nominate a fourth school, it must be a private school. No more than one of the four may be a private school. A school may be selected as honoree only once every three years. In addition to the school nominations, the IDE may recommend one multi-school serving district for its exemplary comprehensive high achievement in all three Pillars.

Nomination selection process will be based on documentation of the applicant's high achievement in the three ED-GRS Pillars:

- Pillar I:** Reduce environmental impact and costs.
- Pillar II:** Improve the health and wellness of students and staff.
- Pillar III:** Provide effective environmental and sustainability education, incorporating STEM, civic skills and green career pathways.

The Green Ribbon Schools application can be accessed at the department's website: http://educateiowa.gov/index.php?option=com_content&view=article&id=2556&Itemid=4627.

The U.S. Department of Education Green Ribbon Schools program is described on this website: <http://www2.ed.gov/programs/green-ribbon-schools/index.html>. For more information about the program, contact Gary Schwartz, Facilities Consultant, 515.281.4743 or gary.schwartz@iowa.gov.

Tuition and PMIC Placements

Periodically, the Department receives questions regarding tuition responsibilities for students placed in various residential or day programs.

In some tuition situations, excluding PMICs, districts might not be financially responsible for students that have been voluntarily placed by the parents in residential or day programs. PMIC is not one of those situations. Iowa Code section 282.27 requires that the public school district in which is located a psychiatric unit of a hospital licensed under chapter 135B or a psychiatric medical institution for children licensed under chapter 135H, which is not operated by the state, shall be responsible for the provision of educational services to children residing in the unit or institution. The board of directors of each district of residence shall pay to the school district in which is located such psychiatric unit or institution, for the provision of educational services to the child, a portion of the district of residence's district cost per pupil (DCPP) for each of such children based upon the proportion that the time each child is provided educational services while in such unit or institution to the total time for which the child is provided educational services during a normal school year. [This is the per diem DCPP just like any other tuition paid on a general education student. For students served pursuant to an IEP, the tuition is the actual costs of providing the special education program for the time period the child is in the unit or institution.]

This Code section makes the district of residence responsible for tuition without regard to who placed the student and without regard to the enrollment of the student prior to placement. This means that the district of residence is responsible for the tuition payment even if the child was a dropout, or homeschooled, or enrolled in a nonpublic school prior to placement in the unit or institution or was never enrolled in the public district of residence.

For more information on tuition, contact Su McCurdy at su.mccurdy@iowa.gov or 515.281.4738.

Explanation of September 2013 Preschool Reduction

Iowa Code 256C.5(4) grants the Department of Education an amount paid off the top of the school district preschool state aid for state administration and oversight of the preschool program. This allocation is necessary for the continued implementation and monitoring of the program. A copy of the FY13 Preschool State Foundation Aid is attached.

This is an on-behalf payment. Districts will record the amount as preschool revenue with an equal amount recorded as a preschool expenditure. The FY 2013 amount is \$33.17 per preschool budget enrollment. The deduction for the on-behalf payment will be spread throughout the ten state aid payments, September through June. The FY 2013 amount is a reduction from \$33.33 in FY 2012. The on-behalf revenue will be recorded in source & project 3117, program 860, and the expenditure in an equal amount will be recorded in function 233X, program 860, project 3117, object 31X.

For additional information, contact Jeff Berger, jeff.berger@iowa.gov, 515.281.3968.

Data Collections Open to Districts

School Association Reporting

Iowa Code 279.38 and 279.38A requires the boards of school corporations that pay membership dues to the Iowa Association of School Boards or other organizations which directly relate to the functions of the board of directors, to report annually to the local community and the Department of Education the amount the board pays in annual dues to the organization, the amount of any fees paid and revenue or dividend payments received for services the board receives from the organization, and the products or services the school district received inclusive with the membership in the organization. The data collection is currently available for completion. Instructions are posted on the CAR web page http://educateiowa.gov/index.php?option=com_content&view=article&id=1621&Itemid=2970 Questions may be addressed to Denise Ragias at denise.ragias@iowa.gov or 515.281.4741.

SBRC Application

Certified enrollment data are used to pre-calculate the maximum Modified Allowable Growth that may be requested. Districts will need to fill in the amount of the request that has been approved by the board. Some of the data update immediately and some the next day, as noted on the application form. A change in certified enrollment may change the numbers on the SBRC application. Contact: Joyce Thomsen, joyce.thomsen@iowa.gov or 515.242.5612.

Clarification on Medicaid Billing and Coding

The state uses the actual costs from the FY11 Special Education Supplement (SES) to calculate rates used in FY13. The actual costs for salaries and benefits reported are multiplied by the district's unrestricted indirect cost rate as a rate calculation methodology. This is not the same as when an indirect cost rate is applied to actual expenditures to determine the amount of the claim. These rates are determined pursuant to the State's Medicaid Plan approved by Continuing Medical Education (CME), and then used for the Medicaid claiming to determine the amount of reimbursement. Since Medicaid claiming uses a fixed rate for the reimbursement, it is not meant to be employee specific when coding to a district's records. The claim helps determine which category of employee is used (such as teacher, nurse, paraeducator).

The portion of reimbursement relating to time spent will all be coded as direct costs to salaries and benefits in the function and objects for the categories claimed. None of this will be coded to indirect costs since the district has not claimed indirect costs for this program expenditure. Contact: Janice Evans, janice.evans@iowa.gov or 515.281.4740.

Chart of Accounts Uploads

The Bureau of Finance, Facilities, Operations, and Transportation recommends that districts upload their full Chart of Accounts (COA) into the CAR-2012 COA Test Records each month and resolve the Stage 1 and 2 edits. Even though the application has not been updated for the 2013 business rules, there are normally very few changes from year to year. Districts can take this opportunity to identify negative accounts and incorrect coding by reviewing Stage 1 on a regular basis and not letting it accumulate to the end of the fiscal year.

Contact: Denise Ragias, denise.ragias@iowa.gov or 515.281.4741.

Upcoming Deadlines	
Nonpublic Certified Enrollment Count Due	10-15-12
Operation Function Sharing Supplementary Weighting Due	10-15-12
Last Date to Notify the SBRC the District has Incurred a Negative Unspent Balance	10-15-12
School Board Officers Report Due	11-1-12
Requests and Exhibits Due for December 10 SBRC Hearing	11-10-12