EDUCATION DEPARTMENT[281]

Adopted and Filed

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

This chapter provides standards and procedures for proper management of public moneys for educational categorical funds. Changes in 2012 Iowa Acts, Senate File 451, require changes in the usage of dropout prevention funding. In addition, changes in 2012 Iowa Acts, House File 2465, change the requirements concerning how funds connected to the statewide voluntary four-year-old preschool program would be distributed from the state to community-based providers through the local district. Additionally, those providers will be reimbursed for up to 5 percent of those funds for documented program administration costs.

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

Notice of Intended Action was published in the October 3, 2013, Iowa Administrative Code as ARC #387C. Public comments were allowed until 4:30 p.m. on October 23, 2012. A public hearing was held on that date at which no person appeared. No written or oral comments were received.

These amendments are identical to that published under Notice.

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

These amendments shall become effective January 16, 2013.

These amendments are intended to implement 2012 Iowa Acts, Senate File 451 and House File 2465.

The following amendments are proposed.

ITEM 1. Amend rule 281—98.13(256C,257) as follows:

281—98.13(256C,257) Statewide voluntary four-year-old preschool program. The statewide voluntary four-year-old preschool program is a program for a specific category of students. Funding for the program is for the purpose of providing a high-quality early learning environment for four-year-old children whose families choose to access such programs.

98.13(1) *Appropriate uses of categorical funding.* Because the program is specifically instructional, expenditures generally are limited to the functions of instruction, student support services and staff support services, but include expenditures ~~required in 281—Chapter 16~~ for actual documented costs of program administration up to 5 percent of the allocation.

98.13(2) *Pass-through funding to community-based providers.* The school district shall pass through to a community-based provider for each eligible pupil enrolled in the district's approved local program not less than 95 percent of the per pupil amount.

a. The community-based provider may use up to 5 percent of the 95 percent portion for documented allowable administrative and operational costs of providing the district's approved local program.

b. Any portion of the 95 percent not documented as expended for direct instruction or administrative and operational costs as allowed by this rule shall be refunded to the district annually on or before July 1.

c. Any portion refunded to the district shall be added to the total amount available for the district's approved local program for the subsequent school year.

~~**98.13(2)**~~ **98.13(3)** *Inappropriate uses of categorical funding.* Inappropriate uses of the statewide voluntary four-year-old preschool program funding include, but are not limited to, indirect costs or use charges, capital expenditures other than equipment, facility acquisition, debt service, operational or maintenance costs or administrative costs that supplant or that exceed 5 percent, or any other expenditures not directly related to providing the statewide voluntary four-year-old preschool program or that supplant existing public funding for preschool programming.

ITEM 2. Amend rule 281—98.21(257) as follows:

281—98.21(257) Returning dropout and dropout prevention program. Returning dropout and dropout prevention programs are funded through a school district-initiated request to the school budget review committee for modified allowable growth pursuant to Iowa Code sections 257.38 to 257.41. This amount must account for not more than 75 percent of the school district's total dropout prevention budget. The school district must also provide a local match from the school district's regular program district cost, and the local match portion must be a minimum of 25 percent of the total dropout prevention budget. In addition, school districts may receive donations and grants, and the school district may contribute more local school district resources toward the program. The 75 percent portion, the local match, and all donations and grants shall be accounted for as categorical funding.

98.21(1) *Purpose of categorical funding.* The purpose of the dropout prevention funding is to provide funding to meet the needs of identified students at risk of dropping out of school beyond the instructional program and services provided by the regular school program. The funding shall be used only for expenditures that are directly related

to the returning dropout and dropout prevention program.

a. Returning dropouts are resident pupils who have been enrolled in a public or nonpublic school in any of grades 7 through 12 who withdrew from school for a reason other than transfer to another school or school district and who subsequently reenrolled in a public school in the school district.

b. Potential dropouts are resident pupils who are enrolled in a public or nonpublic school who demonstrate poor school adjustment as indicated by two or more of the following:

(1) High rate of absenteeism, truancy, or frequent tardiness.

(2) Limited or no extracurricular participation or lack of identification with school, including but not limited to expressed feelings of not belonging.

(3) Poor grades, including but not limited to failing in one or more school subjects or grade levels.

(4) Low achievement scores in reading or mathematics which reflect achievement at two years or more below grade level.

(5) Children in grades kindergarten through 3 who meet the definition of at-risk children adopted by the department of education.

98.21(2) *Appropriate uses of categorical funding.* Appropriate uses of the returning dropout and dropout prevention program funding include, but are not limited to:

a. Salary and benefits for ~~the teacher(s) and guidance counselor(s) of~~ instructional staff, instructional support staff, and school-based youth services staff who are working with students who are participating in ~~the~~ dropout prevention programs, alternative programs, and alternative schools ~~when the teacher (or counselor)~~, in a

traditional or alternative setting, if the staff person's time is dedicated to working ~~directly and exclusively with identified students~~ with returning dropouts or students who are deemed, at any time during the school year, to be at risk of dropping out, in order to provide services beyond those which are provided by the school district to students who are not identified as at risk of becoming dropouts. ~~If~~ However, if the ~~teacher (or counselor) is a~~ staff person works part-time with students who are participating in returning dropout and dropout prevention ~~and part-time regular classroom teacher (counselor), then~~ programs, alternative programs, and alternative schools and has another unrelated staff assignment, only the portion of the staff person's time that is related to the returning dropout and dropout prevention program, alternative program, or alternative school may be charged to the program~~, but the portion of time that is related to the regular classroom shall not~~. For purposes of this paragraph, if an alternative setting is necessary to provide for a program which is offered at a location off school grounds and which is intended to serve student needs by improving relationships and connections to school, decreasing truancy and tardiness, providing opportunities for course credit recovery, or helping students identified as at risk of dropping out to accelerate through multiple grade levels of achievement within a shortened time frame, the tuition costs for a student identified as at risk of dropping out shall be considered an appropriate use of the returning dropout and dropout prevention program funding.

b. Professional development for all teachers and staff working with at-risk students and programs involving dropout prevention strategies.

c. Research-based resources, materials, software, supplies, and purchased services that meet all of the following criteria:

(1) Meet the needs of K through grade 12 ~~identified~~ students identified as at risk of dropping out ~~or~~ and of returning dropouts,

(2) Are beyond those provided by the regular school program,

(3) Are necessary to provide the services listed in the school district's dropout prevention plan, and

(4) Will remain with the K through grade 12 returning dropout and dropout prevention program.

d. Up to 5 percent of the total budgeted amount received pursuant to 2012 Iowa Acts, Senate File 451, section 1(1), may be used for purposes of providing districtwide or buildingwide returning dropout and dropout prevention programming targeted to students who are not deemed at risk of dropping out.

98.21(3) *Inappropriate uses of categorical funding.* Inappropriate uses of the returning dropout and dropout prevention program funding include, but are not limited to, indirect costs or use charges, operational or maintenance costs, capital expenditures other than equipment, student transportation, administrative costs other than those related to a separate school located off site and where the administrator is assigned exclusively to this program, expenses related to the routine duties of a school nurse, general support for a school guidance counselor including any activities performed with qualified students that are also provided to all students, or any other expenditures not directly related to providing the returning dropout and dropout prevention program beyond the scope of the regular classroom.