



School Business Alert

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Clarification on Statewide Voluntary Preschool Program (SWVPP) 5 Percent Private Provider Allowance for Administration and Operations

In the November 2012 School Business Alert (SBA), we included an article that discussed disbursement of SWVPP funds. The second step of that process, calculation 2, related to the district capturing up to 5 percent of total funds for administration of the SWVPP program. The passage read as follows:

The district takes 5 percent off the top (total revenue generated minus state amount taken in the first calculation) for use for general administration of the total SWVPP. These are categorical costs, so are used for general administration of the program where the costs are specific and identifiable to the SWVPP program and are in addition to those costs for the general programs of the district. The 5 percent in this calculation does not include operation and maintenance costs, even if identifiable.

This amount is not intended to cover allowable costs that the district provides to private partners (i.e., professional development, teacher salaries, etc.). Those costs are charged to providers. The district may use an average cost of all teachers it provides to determine the amount to bill each private provider so that the billings for teachers across all the providers are comparable.

The clarifications and restrictions included in this passage are specific to school districts and to the 5 percent that the school district retains before the distribution of the 95 percent portion. School districts have a general fund for operations and maintenance costs, which is why categorical funds typically are restricted from these uses.

During the 2012 legislative session, the following adjustment to Iowa Code 256C.4(1) was enacted and signed into law:

h. For the fiscal year beginning July 1, 2012, and each succeeding fiscal year, of the amount of preschool foundation aid received by a school district for a fiscal year in accordance with section 257.16, not less than ninety-five percent of the per pupil amount shall be passed through to a community-based provider for each pupil enrolled in the district's approved local program. For the fiscal year beginning July 1, 2011, and each succeeding fiscal year, not more than five percent of the amount of preschool foundation aid passed through to a community-based provider may be used by the community-based provider for administrative costs.

We have interpreted this section to mean that 95 percent of the per pupil funding generated by the private providers had to be passed on to those providers beginning this fiscal year for this year's program. The clarification in the November 2012 SBA was addressing questions brought to us about how specifically to manage that distribution process. Please refer to that SBA for those details. Additional questions are now surfacing related to the additional 5 percent capture by private providers for administration of the program from their 95 percent portion.

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The February School Leader Update can be found at:

www.educateiowa.gov

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We believe legislative intent was clear – that this 5 percent capture by the provider was an attempt by the legislature to sanction the covering of general costs associated with the delivery of the program since those providers do not have a general fund like schools. For this reason, administrative rule 281—98.13(2)"a" was written to allow the community-based provider to 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. The legislative intent was the broadest possible interpretation, so we encourage maximum latitude be given on expenses claimed for the additional 5 percent by private providers/community partners.

The Department is also reviewing the definition of "instructional expenses" and will likely be issuing additional guidance on that issue in the near future. For further questions, please contact Jeff Berger at 515.281.3968 or jeff.berger@iowa.gov.

Medicaid Q & A

Use of Medicaid Reimbursement Funds

Question: How can Medicaid funding be expended?

Answer: Medicaid funding is a reimbursement for previously incurred Medicaid-eligible expenditures. Medicaid-eligible expenditures are for those services listed on the IEP of Medicaid-eligible students. Another way to look at it is that Medicaid funding has already been expended before it is received.

Question: Can Medicaid reimbursement be used to support an administrative assistant for the Medicaid program?

Answer: No. Only those items reimbursed from Medicaid for eligible services would be coded to the Medicaid project. Medicaid doesn't reimburse the expenses of administrative assistance incurred by districts, so it would not be coded to Medicaid.

Administrative Support or Billing Service Expenses for Medicaid Claiming

Question: Can Special Education funds be used to pay for secretarial or administrative support needed to do the Medicaid billing?

Answer: No. The costs of Medicaid administration are included in the indirect cost rate part of the overall per unit cost and is returned to IME (the state portion). Therefore, it is not part of the federal portion of the payment (special education expenses).

How Medicaid Claiming Can Impact Special Education Deficit

Question: What are the financial advantages of participation in the Medicaid program?

Answer: In a district that would have had a special education deficit, Medicaid funding reduces dollar-for-dollar the need for additional property taxes to support the special education program. In a district that would have had a special education positive balance, that positive balance is increased. If the positive balance increases to an amount in excess of the allowable carryover, the excess over the allowable carryover is distributed to other districts in the state that had special education deficits.

Accounting for Billing Service Expenses

Question: If the district has a billing service fee, how does the district account for the fee?

Answer: The fee is not a cost that can be claimed against Medicaid. The fee is a cost that can be charged to the special education weighting plan funding. Following is the entry related to the payments to the billing companies. This is also included in Medicaid entries, available on the DE website at: http://www.educateiowa.gov/index.php?option=com_content&view=article&id=280&Itemid=2973 in the file called UFA Journal Entries. Scroll to the right until the Medicaid sheet is found. Expenditure accounts are in the (Fund-Facility-Function-Program-Project-Object) format. The 2XX is the program and 330X is the project representing the level of the Medicaid students.

Description	Debit Amount	Credit Amount
Record Medicaid Administrative Fees (Paid to Billing Companies)		
Medicaid Administrative Fees (10-XXXX-251X-2XX-330X-35X)	0	
Cash (10-XXXX-XXX-XXXX-101)		0

For further information, contact Jim Donoghue at jim.donoghue@iowa.gov or 515.281-8505.

School Safety and Security – Do Not Waste Money On Deadbolts

Considering some of the recent school security and safety issues in the news, school districts are looking at extra steps to secure their buildings and classrooms against unauthorized entry. School districts must be aware of the minimum allowable fire code requirements when implementing safety and security of buildings and classrooms. Iowa Homeland Security and Emergency Management (IHSEM) and the State Fire Marshal's Office have become aware of some "well intended" acts by school districts to improve classroom safety, such as installing deadbolts on classroom doors. When doors are locked to prevent egress in any type of emergency, this is a violation of Iowa's fire safety regulations. Under Iowa's fire safety regulations, schools will incur unnecessary debt to remove the inappropriate locks/deadbolts and install appropriate security locks.

Guidance from the State Fire Marshal's Office for locking classroom doors:

- Doors shall be readily openable from the egress side without the use of a key or special knowledge or effort. (International Fire Code 2009 edition, section 1008.1.9)
- Bolt locks of any kind are not permitted. (International Fire Code 2009 edition, section 1008.1.9.4)
- Unlatching of the door should not require more than one motion. (International Fire Code 2009 edition, section 1008.1.9.5)
- Classroom intruder/security locks are permitted and encouraged to be used on all classroom doors to increase security

If school districts have additional questions regarding fire code, they can contact their local fire inspector. The link below provides a list of local fire inspectors: <http://www.dps.state.ia.us/fm/main/contact/index.shtml>.

School Safety Guide

A new school safety guide was put in place earlier this year to assist schools in establishing plans and procedures to make their facilities, students, and staff safer. Iowa Homeland Security and Emergency Management Division put in place this guide, which covers a variety of emergencies, including how to respond to an intruder with a gun who enters a school intending to do harm. The school safety planning guide covers a number of threatening events and helps schools plan how to respond. The planning guide was prepared by HSEMD in conjunction with the following:

- The Iowa Department of Public Safety's Intelligence Fusion Center
- Iowa Department of Education
- School Administrators of Iowa
- Iowa Association of School Boards
- Iowa State Education Association
- Heartland Area Education Agency
- State of Iowa Fire Marshal's Office
- Des Moines Police, School Resource Officers

Go to this link to access the 2012 Iowa School Safety Guide: http://educateiowa.gov/index.php?option=com_content&view=article&id=2769:iowa-school-safety&catid=666:highlights

For further questions, please contact Gary Schwartz at gary.schwartz@iowa.gov or 515.281.4743.

Qualified Zone Academy Bonds (QZAB) Program

Rebuild America's Schools worked with Congress and the Administration for the extension of the QZAB program. QZABs have been used by school districts in states across the country to renovate, repair, and modernize schools. Modern schools assist student success and achievement. The Internal Revenue Service just issued the allocations for the QZAB program for calendar years 2012 and 2013.

State QZAB Allocations

Iowa	2012	\$2,994,500
Iowa	2013	\$2,994,500

QZAB Information from IRS Notice

Section 54E(d) defines "qualified zone academy" as any public school (or academic program within a public school) which is established by and operated under the supervision of an eligible local education agency to provide education or training below the postsecondary level provided:

- The public school or program is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and prepare students for college and the workforce;
- Students will be subject to the same academic standards and assessments as other students educated by the eligible local education agency;
- The comprehensive education plan is approved by the eligible local education agency; and
- Such public school is located in an empowerment zone or enterprise community including such designated after October 3, 2008; or there is a reasonable expectation (as of the date of bond issuance) that at least 35 percent of the students will be eligible for free or reduced cost lunches under the school lunch program established under the National School Lunch Act.

Section 54E(d)(3) provides that a qualified purpose with respect to each academy means:

- rehabilitating or repairing the public school facility;
- providing equipment;
- developing course materials; and
- training teachers and other school personnel.

The private business contribution requirement of § 54E(b) is met if the eligible local education agency that established the qualified zone academy has commitments from private entities to make qualified contributions having a present value (as of the date of issuance of the issue) of not less than 10 percent of the proceeds of the issue. Section 54E(d)(4) defines "qualified contributions" as any contribution (of a type and quality acceptable to the eligible local education agency) of:

- equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment);
- technical assistance in developing curriculum or in training teachers to promote appropriate market-driven technology in the classroom;
- employees' services as volunteer mentors;
- internships, field trips, or other educational opportunities outside the academy; or
- any other property or service specified by the eligible local education agency.

Section 54E(d)(2) defines "eligible local education agency" as any local educational agency as defined in § 9101 of the Elementary and Secondary Education Act of 1965.

For more information about the Qualified Zone Academy Program (http://educateiowa.gov/index.php?option=com_content&view=article&id=144&Itemid=3021), contact Gary Schwartz at gary.schwartz@iowa.gov or 515.281.4743.

COA/CAR Edits

The CAR – 2012 COA Test Records application on the secure EdInfo site still uses FY12 edits while we continue updating the programs for FY13 reporting. The following items were in past School Business Alerts (SBA), but we wanted to remind you of these edit modifications that will be included when the site is updated for FY13 so you can check your accounts before you receive any edit messages from the upload.

Department of Education Preschool Staffing

Districts need to record the on-behalf payment for preschool administration. 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. The spreadsheet with the FY13 Preschool State Foundation Aid may be found at http://educateiowa.gov/index.php?option=com_content&task=view&id=1626&Itemid=2422.

Ed Jobs Funds

Since all Ed Jobs funds were required to be expended by September 20, 2012, as noted in the August 2012 SBA, an edit will be included to ensure districts do not report any carryover (deferred revenue) for this funding.

Nonprogram Food Revenues and Expenses

The Bureau of Nutrition and Health Services sent a memo dated May 10, 2012, to district food service personnel, which indicated that "Section 206 of the Healthy Hunger Free Kids Act of 2010 requires school food authorities (SFAs) to annually compare food costs and revenue generated, specifically food costs and revenues of nonprogram items as a percent of the total food costs and revenue. If the SFA is not separately gathering information on nonprogram foods to complete the calculation, estimates may be used for school year 2011-2012; however, additional methods need to be put in place to gather the necessary data for school year 2012-2013." Department nutrition staff and districts have asked how districts should segregate revenues and expenses for the nonprogram food to help segregate these revenues and expenses. Districts are already segregating the revenues when following Uniform Financial Accounting and using sources 162X, Daily Sales – Non-reimbursable programs and 163X, Special Food Functions and Institution Income. Expenses should be tracked by using projects 162X and 163X to account for the food costs related to these revenues.

Program Codes

Use the appropriate program code when applicable for all revenues, expenditures, and balance sheet accounts. We will continue to review FY13 edits to help ensure program codes have been used for all types of accounts.

If you have further questions, please contact Janice Evans at janice.evans@iowa.gov or 515.281.4740.

Addressing Your Special Education Questions

Some districts have asked questions that we thought would be helpful information for all districts.

Special Education Foster Care Claim

Claims to be filed with the state for foster care students are paid annually, with information provided through the Tuition-In Billing Program. Costs will be paid by the state for special education students, when all three of the following apply: parents are not locatable, parental rights have not been severed, and no district counted the student on the special education headcount in October 2012. Otherwise, if a special education student is in foster care, the district in which the parent/s resides is billed; or if the parent/s are not locatable, and a district counted the student in October 2012, then that district is billed.

Contracts and Agreements Between a District and Another Party

School districts may enter into written agreements with specified parties. Best practice would follow the guidelines noted in Iowa Code 28E, even if the agreement is not a 28E contract. All contracts and agreements obligating the funds of the district must be signed by the board president and the board secretary. Contracts signed by other school officials may not be enforceable. It's always wise to have the school's attorney review a contract or agreement prior to signing.

If you have further questions, please contact Bill Roederer at bill.roederer@iowa.gov or 515.281.7972.

SBRC Approval to Charge/Bill Special Education Administrative Costs to Special Education

The Department has extended the deadline to complete the application for Special Education Administrative Costs for eligible districts. If your district qualifies under Criteria A or B (please see the criteria below) and wants to make an application for this year, request a hearing through the SBRC. Go to www.educateiowa.gov under "School Budget Review Committee" – Hearing Request (Online Application) to complete this process. Please submit this request by Monday, February 18, 2013. Ignore the automatic response you receive regarding exhibits. Instead, you will be sent an application form to be submitted by February 28, 2013, to Bill.Roederer@iowa.gov. In future years, there will be an on-line application on the secure data collection website.

Special Education Administrative Costs

When a district presents evidence of unusual circumstances that would justify charging administrative costs to the special education program, the SBRC may authorize such expenditures using the following criteria:

Criteria A: The district has a separate school for special education which has a sufficient student population to warrant a certified special education administrator. If approved, the district may bill the prorated (proportionate) portion of the cost of the special education administrator to other resident districts for students served in that school as well as include the prorated portion of the cost of that special education administrator related to its own resident students in the special education program expenditures. These districts have determined that the special education students are best served by providing the special education program in a separate special education school/facility, have a school listed on their BEDS data collection coded "05 special education" and have a special education administrator listed on their BEDS staffing data collection whose expenditures are coded on the CAR-COA in the 2330 function for special education administration. Separate schools would not include alternative schools or schools that are separate as a convenience to the district rather than for purposes of Free Appropriate Public Education/Least Restrictive Environment.

Criteria B: The district has one or more private residential facilities located within the district with a sufficient special education student population that is served by the district. If approved, the district may bill the prorated portion of the administrative costs to other resident districts for students served in that facility, but shall not include the prorated portion related to its own resident students in the special education program expenditures. These districts have a residential facility or day program located within their district boundaries which serve school-age children, but which are not accredited schools. This means that Iowa Code requires that the educational program be provided by the district of location. The instructional program will either be provided directly by the district of location or through a purchased services contract for an educational program from a qualified provider. The amount that may be charged is the lower of actual or approved costs. All costs must be allowable costs pursuant to Iowa Code and Iowa Administrative Code. Actual costs for this purpose are costs for administration (licensed administrator and his/her clerical support person) that are measurable directly without allocating and are exclusively devoted to the programs of identified students served pursuant to their IEPs. These costs are costs that would normally be coded on the CAR-COA in the 2330 or 2410 function.

Prior SBRC approval is required. Without approval of the SBRC, no administrative costs are authorized from the special education weighting.

If you have additional questions, please contact Bill Roederer at bill.roederer@iowa.gov or 515.281.7972.

SBRC Decisions and New Facilities

Last year, the School Budget Review Committee (SBRC) requested that the Department include an article in the School Business Alert about furnishing, equipping, and contributing to the construction of a new facility reminding districts that decisions by the Committee are made on a district-by-district basis and the individual circumstances in that district. No district should assume, nor plan into their building project, that the SBRC will allow modified allowable growth to furnish and equip new construction or allow use of the secretary's balance to contribute to construction or furnish and equip new construction. The only way a district can ensure that it will have enough funds to complete construction and to furnish and equip the facility is to be sure that the bond issue voted in the district is adequate to cover these costs. The Committee is aware that past SBRC decisions may have been taken into consideration by some districts currently undertaking construction projects. The SBRC will continue to review each district's circumstance at the time of a request.

The SBRC has also followed certain criteria when districts request modified allowable growth for initial staffing for a new facility. The costs must be only for the new, unduplicated district-wide costs to the school district, and must be actual costs rather than estimated costs. If a staff member transfers to the new school from a former position in the district, only the cost of filling the vacated position is to be included for that staff member. Staff costs are to be reduced for any positions funded with categorical funding. The cost of salary increases from one fiscal year to the next is not to be included as a "new" cost.

Because any requests that come to the SBRC need to be based on actual rather than estimated costs, the best time to request a hearing for new facility related items is when construction is completed or nearly completed and actual, final costs are known. Questions may be directed to Su McCurdy at su.mccurdy@iowa.gov or 515.281.4738.

Open Enrollment Transportation Assistance

The transportation reimbursement for the 2012-2013 school year for open-enrolled families that qualify according to income guidelines is \$470. Transportation assistance is only available to families that open enroll between contiguous districts. The cost of transportation reimbursement incurred by the resident district should be deducted from the tuition sent to the receiving district for a student that is open-enrolled. If the application for transportation assistance is filed after the beginning of the school year, the cost of providing the transportation should be prorated.

If a parent/guardian qualifies for school transportation assistance, the resident district has the authority to determine how the transportation assistance will be provided. The type of transportation assistance is not a parent/guardian choice. The resident district may meet its statutory obligation in one of three ways:

1. The resident district may provide transportation for the pupil(s) to a stop on the bus line of the receiving district.
2. The resident district may allow the receiving district to enter the resident district to pick up the pupil(s) if the receiving district requests this arrangement. If either the sending or receiving district does not approve the arrangement, the resident district is still obligated to provide transportation assistance.
3. The resident district may provide a parent/guardian with a cash reimbursement at \$470 per child, per year for up to four children per family. The maximum number of children can include only one secondary child and up to three elementary children.

Income guidelines can be found in the Open Enrollment Handbook on the Iowa Department of Education website: http://educateiowa.gov/index.php?option=com_content&view=article&id=649&Itemid=1336

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

March School Budget Review Committee (SBRC) Meeting

The March hearings before the SBRC will be conducted on March 25th rather than March 18th as originally scheduled. We are aware that the SBRC on-line request for a hearing application is still showing the old date, but the actual date for the hearings will be March 25th.

For additional information, contact Su McCurdy at su.mccurdy@iowa.gov or 515.281.4738.

State Allocations and Selected Federal Allocations

A comprehensive listing of state, federal and local dollars for each school district has been compiled. The 2012-2013 allocation summaries have been posted at:

http://www.educateiowa.gov/index.php?option=com_content&task=view&id=1633&Itemid=1

Upcoming Deadlines	
AEA Proposed Budgets Due	2-10-13
Number of Students Participating in Whole Grade Sharing	2-15-13
Requests & Exhibits Due for March School Budget Review Committee	2-18-13
Corrective Action Plans for Negative Unspent Balances Due for March School Budget Review Committee	2-18-13
Last Date to Request Authority to Charge Administrative Costs to the Special Education Program for the Subsequent Fiscal Year	2-18-13
AEA Budget—Last Date for Public Hearing	3-1-13