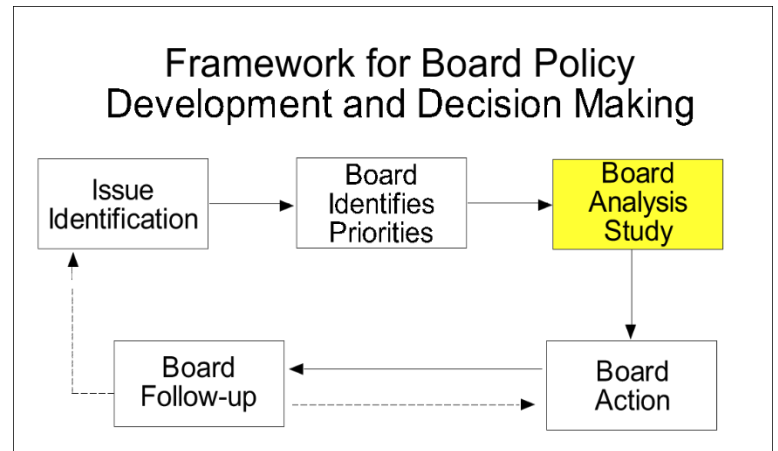


# Iowa State Board of Education

## Executive Summary

January 12, 2023



**Agenda Item:**

School Budget Review Committee Update

**State Board Priority:**

All

**State Board Role/Authority:**

The State Board acts in an advocacy role to promote effective and educational opportunities for all students in Iowa.

**Presenter(s):**

Kassandra Cline, Bureau Chief, SBRC Liaison  
Bureau of School Business Operations

**Attachment(s):**

December 13, 2022 SBRC Summary of Action

**Recommendation:**

It is recommended the State Board hear and discuss this information.

**Background:**

The School Budget Review Committee met for a regularly scheduled hearing on December 13, 2022. This update will provide highlights from the hearing.

**SCHOOL BUDGET REVIEW COMMITTEE**  
**Summary of Action**  
**December 13, 2022**

The School Budget Review Committee held hearings beginning at 10:00 a.m. on Tuesday, December 13, 2022, at the Department of Education, State Board Room, Second Floor, Grimes State Office Building, 400 E. 14<sup>th</sup> St., Des Moines, Iowa 50319-0146. The following members of the Committee were present: Department of Education Director Ann Lebo and public members: Sue Battani, Patti Schroeder, and Keith England. The director of the Department of Education is a non-voting member and the chair. Committee Secretary and Department of Management Director Kraig Paulsen and public member Leland Tack were absent. All decisions were unanimous unless otherwise noted.

All decisions by the Committee shall be made in accordance with reasonable and uniform policies which shall be consistent with chapter 257. All such policies of general application shall be stated in rules adopted in accordance with chapter 17A. The Committee shall take into account the intent of chapter 257 to equalize educational opportunity, to provide a good education for all the children of Iowa, to provide property tax relief, to decrease the percentage of school costs paid from property taxes, and to provide reasonable control of school costs. The Committee shall also take into account the amount of funds available (257.31(10)). The SBRC shall review a school district's unexpended fund balance prior to any decision regarding unusual finance circumstances. The SBRC shall review a school district's unspent balance prior to any decision to increase modified supplemental amount under subsection 257.31(5).

1. Committee Informational Items

- Negative Unspent Balances. Reviewed the list of districts that incurred a negative unspent balance at the end of the previous fiscal year. The balances were reported pending further Department review.
  - a. Iowa City
  - b. Camanche
- Unspent Authorized Budget Information.
- State Decile Ranks for Unspent Authorized Budget (UAB) Per Pupil.
  - a. Reviewed ranges of statewide deciles generated based on the unspent balance per pupil ranked high to low.

Decile	UAB Per Pupil Range – High End	UAB Per Pupil Range – Low End	District Overall State Rank – High End	District Overall State Rank – Low End	Districts in Decile
1	24,487	8,767	1	32	31
2	8,677	6,705	33	65	32
3	6,654	5,668	66	98	32
4	5,628	5,127	99	131	32
5	5,121	4,357	132	163	31
6	4,346	3,723	164	196	32
7	3,666	3,066	197	229	32
8	3,055	2,563	230	262	32
9	2,539	1,940	263	294	31
10	1,930	(887)	295	327	32

- b. Reviewed ranges of statewide deciles generated based on the unspent balance per pupil, less categorical amounts, ranked high to low.

Decile	UAB Per Pupil (Less Categ.) Range – High End	UAB Per Pupil (Less Categ.) Range – Low End	District Overall State Rank – High End	District Overall State Rank – Low End	Districts in Decile
1	24,048	8,160	1	32	31
2	8,052	5,966	33	65	32
3	5,954	5,030	66	98	32
4	5,027	4,566	99	131	32
5	4,538	3,867	132	163	31
6	3,853	3,357	164	196	32
7	3,334	2,567	197	229	32
8	2,562	2,041	230	262	32
9	2,025	1,439	263	294	31
10	1,433	(1,095)	295	327	32

The Committee Reviewed the average balances per pupil over the past four years.

Year	UAB Per Pupil Average	UAB Per Pupil Less Categoricals Average	Variance Average
2018-2019	\$3,525	\$2,994	\$531
2019-2020	\$4,260	\$3,707	\$553
2020-2021	\$4,568	\$4,005	\$563
2021-2022 (Prelim)	\$4,952	\$4,425	\$557

- Unspent Balances and Unexpended Fund Balances. Reviewed the preliminary list of unspent balances (budget authority) and unexpended balance (secretary's balance) in the General Fund.
  - Corrective Action Plan of Late Filers of CAR, SES, or ATR. Reported late filers and reviewed historical list (FY09-FY22) of late filers.
  - Late Filers. Reviewed lists of late filers for the following reports:
    - a. Certified Enrollment Late Filers
    - b. Facilities, Elections, and SAVE Report
    - c. School Association Report
  - Fiscal Year 2024 Hearing Session Schedule. Identified hearing dates for FY24.
2. Supplementary Weighting. Certified to the Department of Management the supplementary weightings pending further Department review.
  3. On Time Funding for Increased Enrollment Applications. Approved \$30,921,082 of modified supplement amount for the 2022-2023 fiscal year for increased enrollment for the 157 eligible districts making requests.
  4. Open Enrollment Out Applications. Approved \$39,957,848 of modified supplemental amount for fiscal 2022-2023 for tuition costs incurred for open enrollment out students not included on the previous year's certified enrollment report for the 251 eligible districts making requests.
  5. Limited English Proficiency Applications. Approved \$12,957,916 of modified supplemental amount for the 2022-2023 fiscal year for costs of providing instructional services to limited

English proficient students being served beyond the five years of weightings for the 180 eligible districts making requests.

6. Excess Costs of Providing the LEP Program. Approved \$19,845,484 of modified supplemental amount for the 2021-2022 fiscal year for costs of providing additional instructional services to limited English proficient students in excess of weightings generated, modified supplemental amount granted, or other resources in school year 2021-2022, to the 136 eligible districts making requests.
7. AEA Special Education Support Services Balances. Recommended to the Department of Education and Management that no deductions be made from school district budgets for excess special education support services assigned and unassigned June 30, 2022 fund balances in the AEAs because none exceed 10% of special education expenditures.
8. Special Education Balances. Approved \$144,492,766 of modified supplemental amount for fiscal year 2021-2022 related to the special education deficit for 282 eligible and requesting districts, certified the FY22 positive and negative balances of funds for each school district to the Department of Management, and directed the Director of Management to make the payments to school districts as outlined in Iowa Code section 257.31(14)"b". Directed the Department to analyze costs on a comparable basis and to conduct desk reviews and on-site reviews on districts identified as outliers in the analysis.
9. Special Education Weightings. Action is not required in even-numbered years.
10. Charter Oak-Ute Community School District. Accepted the recommendation of the task force regarding the certificate of need request and made a recommendation to the Department to approve the request for the district to have the authority to use annual SAVE allocations to pay off a new construction bank loan in the amount of \$1,791,811.
11. West Monona Community School District. Authorized the district to transfer in FY24 up to \$402,314 from the unexpended General Fund to a capital projects fund, and tabled an equal modified supplemental amount, for the cost of a new fire alarm system in the middle and high school building. Since the request is based on anticipated costs, the district is directed to provide a ledger detailing the related transfer(s) by the end of FY24 to the Department for review.
12. Iowa City Community School District. Accepted the district's corrective action plan due to a negative unspent balance (FY22).

Directed the district to operate its expenditures in compliance with Iowa Code. The district shall not expend in the General Fund for FY23 more than \$147,052,002, not including any allowable special education expenditures in excess of special education receipts, plus actual miscellaneous income received, and plus additional SBRC approved MSA amounts for the current year. Miscellaneous income shall not be expended until received.

Directed the district to submit monthly reports to its board demonstrating the financial position of the district in relationship to its certified budget control lines and to maximum spending authority. These reports shall be available to the SBRC and to the auditor on request.

13. Hamburg Community School District. Accepted the plan provided by the district, directed the district to modify the plan to include the Department's recommendations and resubmit the plan

to the Department, and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.

14. Sidney Community School District. Tabled the acceptance of the corrective action plan provided by the district, directed the district to appear at the March SBRC hearing with an updated corrective action plan, and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.
15. Waco Community School District. Accepted the plan provided by the district and directed the district to file all future financial reports in the manner and by the date prescribed by the Department of Education, including extensions granted for unusual circumstances that meet the definition of good cause. The date prescribed is September 15 following the close of the fiscal year.
16. Camanche Community School District. This was an information item; no action was taken.
17. Lewis Central Community School District. This was an informational item; no action was taken.