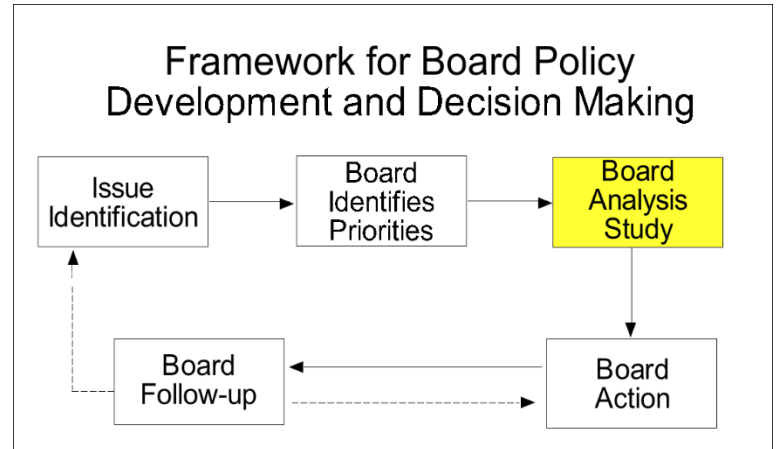


Iowa State Board of Education

Executive Summary

February 6, 2025



Agenda Item:

School Budget Review Committee Update

State Board Priority:

All

State Board Role/Authority:

The State Board supports effective and educational opportunities for all students in Iowa.

Presenter(s):

Kassandra Cline, Chief
Bureau of School Business Operations

Attachment(s):

One

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 January 8, 2025. This update will provide highlights from the hearing.

SCHOOL BUDGET REVIEW COMMITTEE
Summary of Action
January 8, 2025

The School Budget Review Committee met to hold hearings beginning at 10:00 a.m. on Wednesday, January 8, 2025 at the Department of Education, State Board Room, Second Floor, Grimes State Office Building, 400 E. 14th St., Des Moines, Iowa 50319-0146. Members of the Committee consist of the following: Department of Education Director McKenzie Snow, Department of Management Director Kraig Paulsen, and public members: Leland Tack, Susan Battani, Patti Schroeder, and Craig Hansel. The director of the Department of Education is a non-voting member and the chair.

All decisions by the Committee were 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. Camanche
 - b. Iowa City
 - c. Tripoli
- Unspent Authorized Budget Information. A summary of the unspent budget report was presented including the preliminary list by district of unspent balances.
- 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 | \$29,739 | \$9,474 | 1 | 32 | 32 |
| 2 | \$9,427 | \$7,574 | 33 | 65 | 33 |
| 3 | \$7,551 | \$6,604 | 66 | 97 | 32 |
| 4 | \$6,518 | \$5,467 | 98 | 130 | 33 |
| 5 | \$5,428 | \$4,599 | 131 | 163 | 33 |
| 6 | \$4,546 | \$3,915 | 162 | 195 | 32 |
| 7 | \$3,909 | \$3,217 | 196 | 228 | 33 |
| 8 | \$3,189 | \$2,438 | 229 | 260 | 32 |
| 9 | \$2,434 | \$1,689 | 261 | 293 | 33 |
| 10 | \$1,609 | (\$1,203) | 294 | 325 | 32 |

b. Reviewed ranges of statewide deciles generated based on the regular program unspent balance per pupil, ranked high to low.

| Decile | UAB Per Pupil Regular Program Range – High End | UAB Per Pupil Regular Program Range – Low End | District Overall State Rank – High End | District Overall State Rank – Low End | Districts in Decile |
|--------|--|---|--|---------------------------------------|---------------------|
| 1 | \$29,359 | \$8,929 | 1 | 32 | 32 |
| 2 | \$8,610 | \$6,995 | 33 | 65 | 33 |
| 3 | \$6,943 | \$5,994 | 66 | 97 | 32 |
| 4 | \$5,985 | \$4,924 | 98 | 130 | 33 |
| 5 | \$4,895 | \$4,121 | 131 | 163 | 33 |
| 6 | \$4,087 | \$3,455 | 162 | 195 | 32 |
| 7 | \$3,432 | \$2,722 | 196 | 228 | 33 |
| 8 | \$2,709 | \$2,012 | 229 | 260 | 32 |
| 9 | \$2,012 | \$1,108 | 261 | 293 | 33 |
| 10 | \$1,103 | (\$1,374) | 294 | 325 | 32 |

The unweighted average variance between the UAB per pupil and the UAB per pupil less categorical balances were presented as provided below.

| Year | UAB Per Pupil Average | UAB Per Pupil - Regular Program 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 | \$4,952 | \$4,425 | \$527 |
| 2022-2023 | \$5,153 | \$4,608 | \$545 |
| 2023-2024 (Prelim) | \$5,289 | \$4,766 | \$523 |

- Corrective Action Plan of Late Filers of CAR, SES, or ATR. Reported late filers and reviewed historical list (FY09-FY24) 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 2026 Hearing Session Schedule. Identified hearing dates for FY26.
2. Transportation Assistance. The Committee directed the Department to distribute the \$11,461 transportation assistance aid to the eligible districts on an equitable basis.
 3. English Learner Proficiency Applications. Approved \$14,521,566 of modified supplemental amount for the 2024-2025 fiscal year for costs of providing instructional services to limited English proficient students being served beyond the five years of weightings for the 188 eligible districts making requests, pending further Department review.

4. Excess Costs of Providing the EL Program. Approved \$23,561,586.49 of modified supplemental amount for the 2023-2024 fiscal year for costs of providing additional instructional services to English Learner proficient students in excess of weightings generated, modified supplemental amount granted, or other resources in school year 2023-2024 to the 150 eligible districts making requests, pending further Department review.
5. On Time Funding for Increased Enrollment Applications. Approved \$19,110,457 modified supplement amount for the 2024-2025 fiscal year for increased enrollment for the 118 eligible districts making requests, pending further Department review.
6. Open Enrollment Out Applications. Approved \$50,982,812 of modified supplemental amount for fiscal 2024-2025 for tuition costs incurred for open enrollment out students not included on the previous year's certified enrollment report for the 286 eligible districts making requests, pending further Department review.
7. Open Enrollment 45% or Greater of Enrollment Served. Approved \$1,369,438.18 of modified supplemental amount for fiscal year 2024-2025 for districts whose percentage of students enrolled in the school district as a result of open enrollment is equal to or greater than 45% of the total number of students enrolled for 5 eligible districts making requests.
8. Supplementary Weighting. Certified to the Department of Management the supplementary weightings, pending further Department review.
9. Special Education Balances. Approved \$207,605,449.52 of modified supplemental amount for fiscal year 2023-2024 related to the special education deficit for 298 eligible and requesting districts, certified the FY24 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.
10. Special Education Weightings. Action is not required in even-numbered years.
11. 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, 2024 fund balances in the Central Rivers, Grant Wood, Great Prairie, Heartland, Keystone, Mississippi Bend, or Prairie Lakes AEAs because none exceed 10% of special education expenditures and to table the decision of whether or not to make deductions for Green Hills AEA and Northwest AEA, pending individual AEA appearances
12. Green Hills Area Education Agency. Approved the recommendation to the Departments of Education and Management that no deductions be made for excess special education support services assigned and unassigned June 30, 2024 fund balances, so that the AEA's fiscal error does not adversely impact special education services and supports in the region. This action shall not be considered to set a precedent for AEAs to retain an excess balance due to fiscal errors, including accounting errors.

13. Northwest Area Education Agency. Approved the recommendation to the Departments of Education and Management that no deductions be made for excess special education support services assigned and unassigned June 30, 2024 fund balances, so that the AEA's fiscal error does not adversely impact special education services and supports in the region. This action shall not be considered to set a precedent for AEAs to retain an excess balance due to fiscal errors, including accounting errors.
14. Ankeny Community School District. Approved modified supplemental amount for the 2024-2025 fiscal year in the amount of \$1,268,568.27 for initial staffing of a new building.
15. Colfax-Mingo Community School District. The hearing was an informational item and no action was required.
16. Clarinda 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.
17. Council Bluffs 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.
18. Southeast Polk Community School District. Tabled the plan provided by the district and directed the district to appear at the March SBRC hearing with an updated corrective action plan. 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.
19. Woodbine 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.
20. Camanche Community School District. Tabled the district's corrective action plan due to a negative unspent balance (FY24) and related modified supplement amount of \$787,648 and directed the district to appear at the March 11, 2025 SBRC hearing with an updated plan. The district was directed to operate its expenditures in compliance with Iowa Code. The district shall not expend in the General Fund for FY25 more than \$9,166,358, 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.

The district was directed 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.

21. Iowa City Community School District. Accepted the district's corrective action plan due to a negative unspent balance for FY24. The district was directed to operate its expenditures in compliance with Iowa Code. The district shall not expend in the General Fund for FY25 more than \$158,640,481, 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.

The district was directed 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.

22. Tripoli Community School District. Accepted the district's corrective action plan due to a negative unspent balance (FY24) and granted the related modified supplement amount of \$470,413.73 due to a one-time audit adjustment that inadvertently expended unrelated authority. The district was directed to operate its expenditures in compliance with Iowa Code. The district shall not expend in the General Fund for FY25 more than \$4,455,977, 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.

The district was directed 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.