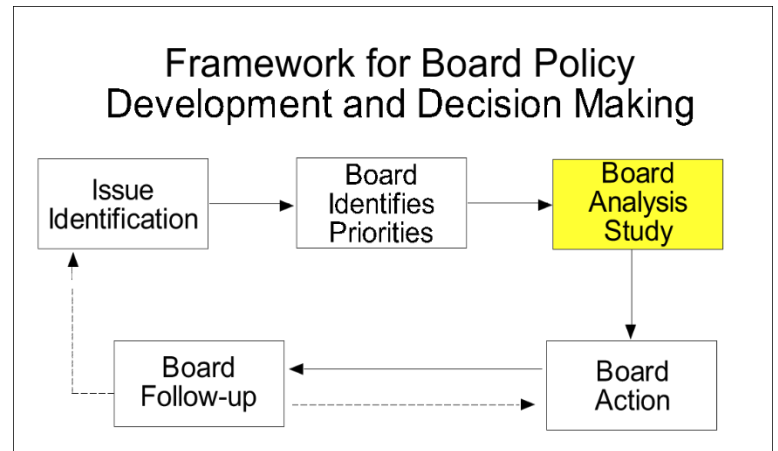


Iowa State Board of Education

Executive Summary

March 23, 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, 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 March 9, 2023. This update will provide highlights from the hearing.

SCHOOL BUDGET REVIEW COMMITTEE
Summary of Action
March 9, 2023

The School Budget Review Committee held hearings beginning at 9:00 a.m. on Thursday, March 9, 2023, at the Department of Education, State Board Room, Second Floor, Grimes State Office Building, 400 E. 14th St., Des Moines, Iowa 50319-0146. The following members of the Committee were present: Department of Management Director Kraig Paulsen and public members: Lee Tack, Patti Schroeder, and Keith England. Department of Education Director Ann Lebo and public member Susan Battani were absent. The director of the Department of Education is a non-voting member and the chair. Committee chair duties were delegated to Department of Education Bureau Chief Kassandra Cline. 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. Sidney Community School District. The Committee accepted the corrective action 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.
2. Central City Community School District. The Committee authorized the transfer from the General Fund to Fund 62 in the amount of \$100,780.08.
3. Johnston Community School District. The Committee approved modified supplemental amount for fiscal year 2022-2023 in the amount of \$324,387 for retention payments made to staff not otherwise eligible for the Governor's retention payments. Aye: Tack, England, Schroeder; Nay: Paulsen.
4. West Des Moines Community School District. The Committee unanimously approved modified supplemental amount for fiscal year 2022-2023 in the amount of \$27,135 for costs related to hazard abatement. The Committee approved modified supplemental amount for fiscal year 2022-2023 in the amount of \$464,539 for retention payments made to staff not otherwise eligible for the Governor's retention payments. Aye: Tack, England, Schroeder; Nay: Paulsen.
5. Special Education Administrative Costs. The Committee granted permission to use special education program funds for administrative costs of special education programs for fiscal year 2023-2024 to the districts approved by the Department of Education.

6. Returning Drop Out/ Drop Out Prevention. The Committee approved modified supplemental amount of \$144,189,820 for fiscal year 2023-2024 for on-time filing districts that have approved applications for At-Risk, Returning Dropout and Dropout Prevention programs.
7. Transportation Assistance. The Committee directed the Department to distribute the \$11,935 transportation assistance aid to the eligible districts on an equitable basis.
8. Des Moines Independent School District. The Committee approved modified supplemental amount for fiscal year 2022-2023 in the amount of \$320,716 for environmental hazard abatement.
9. Eldora-New Providence Community School District. The Committee approved modified supplemental amount for fiscal year 2022-2023 in the amount of \$88,433 for environmental hazard abatement.
10. Iowa City Community School District. The Committee approved modified supplemental amount for fiscal year 2022-2023 in the amount of \$399,983 for environmental hazard abatement.
11. Osage Community School District. The Committee approved modified supplemental amount for fiscal year 2022-2023 in the amount of \$10,340 for environmental hazard abatement.
12. Waterloo Community School District. The Committee approved modified supplemental amount for fiscal year 2022-2023 in the amount of \$117,217 for environmental hazard abatement.

13. Committee Informational Items

- A. FY24 Preliminary Cash Reserve Levy Limits were presented.

Districts	FY23 Final	FY24 Preliminary
Able to Levy for Cash Reserve	143	146
Not Able to Levy for Cash Reserve	184	179
Total Districts	327	325

- B. TAG Districts and Budgets

As required by Iowa Code 257.45, the list of budget amounts for FY24 gifted and talented children program for each school district were provided to the SBRC. The amount provided in the DCPD will be \$71 with an estimated required local match of \$24 from the regular program district cost per budget enrollment. Amounts for FY24 were calculated based on a three percent increase of state supplemental aid.

- C. UAB Per Pupil Update

During the October 2019 work session, the committee discussed additional metrics to build a broader context of perceived levels of unspent authority. As a result of this conversation,

state deciles (1-10) were established based on the most recent UAB Report published by the Department of Management. The version used for the calculations below was published January 11, 2023. A decile of 1 reflects the highest UAB per pupil values and a decile rank of 10 represents the lowest UAB per pupil values. The ranges of UAB per pupil in each decile were presented as provided below.

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	\$25,029	\$8,798	1	32	31
2	\$8,795	\$6,999	33	65	32
3	\$6,970	\$5,956	66	98	32
4	\$5,953	\$5,395	99	131	32
5	\$5,379	\$4,696	132	163	31
6	\$4,669	\$3,999	164	196	32
7	\$3,993	\$3,494	197	229	32
8	\$3,482	\$2,899	230	262	32
9	\$2,889	\$2,425	263	294	31
10	\$2,233	\$17	295	327	32

As a result of a conversation during the October 2020 SBRC work session, the UAB per pupil is also calculated after subtracting categorical balances. The ranges of per pupil values for UAB less any categorical balances were presented as provided below.

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	\$24,589	\$8,402	1	32	31
2	\$8,399	\$6,291	33	65	32
3	\$6,214	\$5,433	66	98	32
4	\$5,431	\$4,746	99	131	32
5	\$4,728	\$4,126	132	163	31
6	\$4,091	\$3,568	164	196	32
7	\$3,562	\$2,943	197	229	32
8	\$2,941	\$2,364	230	262	32
9	\$2,360	\$1,863	263	294	31
10	\$1,815	(\$208)	295	327	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 Less Categoricals Average	Variance Average
2018-2019	\$3,525	\$2,994	\$531
2019-2020	\$4,260	\$3,707	\$553
2020-2021	\$4,849	\$4,286	\$563
2021-2022	\$5,317	\$4,760	\$557

The decile rankings for each district were included in the department analysis for each district making a request to the SBRC outside of class action requests which includes an amount for either modified supplemental amount, use of the unexpended General Fund, or an interfund transfer.

D. Updated Corrective Action Plan

Hamburg Community School District appeared at the December 13, 2022 hearing to submit a correction action plan related to late fiscal filing of the certified annual report. The Committee approved the plan contingent upon the district making recommended changes to the plan. The plan, updated as directed, was provided as an informational item.