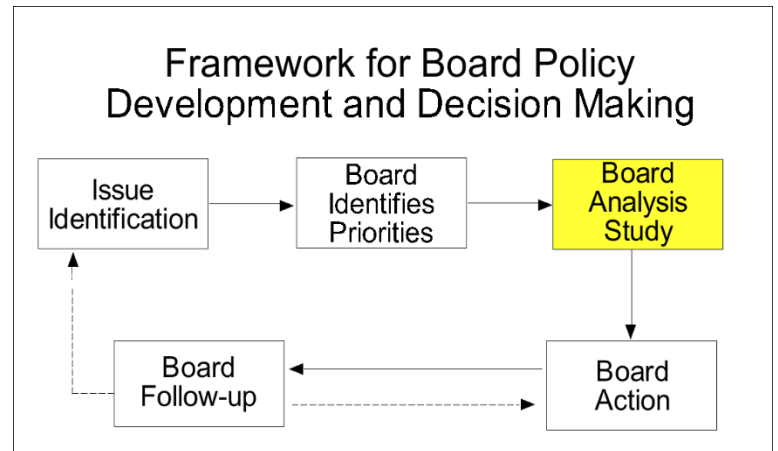


Iowa State Board of Education

Executive Summary

January 11, 2024



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
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 December 12, 2023. This update will provide highlights from the hearing.

SCHOOL BUDGET REVIEW COMMITTEE
Summary of Action
December 12 ,2023

The School Budget Review Committee met to hold hearings beginning at 10:00 a.m. on Tuesday, December 12, 2023, 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. Director Kraig Paulsen was absent. 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. Iowa City
 - b. Camanche
 - c. Central DeWitt
- 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 | \$26,872 | \$9,018 | 1 | 32 | 32 |
| 2 | \$8,973 | \$7,268 | 33 | 64 | 33 |
| 3 | \$7,226 | \$6,242 | 66 | 97 | 32 |
| 4 | \$6,083 | \$5,177 | 98 | 129 | 33 |
| 5 | \$5,160 | \$4,386 | 131 | 162 | 33 |
| 6 | \$4,376 | \$3,708 | 164 | 195 | 32 |
| 7 | \$3,705 | \$3,195 | 196 | 227 | 33 |
| 8 | \$3,183 | \$2,487 | 229 | 260 | 32 |
| 9 | \$2,485 | \$1,862 | 261 | 292 | 33 |
| 10 | \$1,803 | (\$1,734) | 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 | \$26,437 | \$7,107 | 1 | 32 | 32 |
| 2 | \$8,652 | \$6,474 | 33 | 65 | 33 |
| 3 | \$6,935 | \$5,080 | 66 | 97 | 32 |
| 4 | \$5,784 | \$4,182 | 98 | 130 | 33 |
| 5 | \$4,999 | \$3,215 | 131 | 163 | 33 |
| 6 | \$4,220 | \$2,839 | 164 | 195 | 32 |
| 7 | \$3,524 | \$2,071 | 196 | 228 | 33 |
| 8 | \$3,002 | \$644 | 229 | 260 | 32 |
| 9 | \$2,377 | \$165 | 261 | 293 | 33 |
| 10 | \$1,758 | (\$2,001) | 294 | 325 | 32 |

The Committee reviewed the average balances per pupil over the past five years.

| 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 (Prelim) | \$5,153 | \$4,608 | \$545 |

- Corrective Action Plan of Late Filers of CAR, SES, or ATR. Reported late filers and reviewed historical list (FY09-FY23) 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 2025 Hearing Session Schedule. Identified hearing dates for FY25.
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 \$19,136,332 modified supplement amount for the 2023-2024 fiscal year for increased enrollment for the 113 eligible districts making requests.
 4. Open Enrollment Out Applications. Approved \$48,909,697 of modified supplemental amount for fiscal 2023-2024 for tuition costs incurred for open enrollment out students not included on the previous year's certified enrollment report for the 282 eligible districts making requests.

5. Limited English Proficiency Applications. Approved \$13,744,814 of modified supplemental amount for the 2023-2024 fiscal year for costs of providing instructional services to limited English proficient students being served beyond the five years of weightings for the 191 eligible districts making requests.
6. Excess Costs of Providing the LEP Program. Approved \$22,940,903 of modified supplemental amount for the 2022-2023 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 2022-2023 to the 151 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, 2023 fund balances in the AEAs because none exceed 10% of special education expenditures.
8. Special Education Balances. Approved \$170,488,326 of modified supplemental amount for fiscal year 2022-2023 related to the special education deficit for 290 eligible and requesting districts, certified the FY23 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. Accepted the recommendation of the Director of the Department of Education relating to the special education weighting plan, which was to not change the weighting levels. Requested the School Finance Formula Review Committee review the funding of special education programs.
10. Riceville Community School District. Approved the recommendation of the task force regarding the certificate of need request and made a recommendation to the Department to approve the request to use SAVE allocations to pay off an anticipated bank loan in the amount of \$4,500,000 for program expansion involving new construction.
11. Audubon Community School District. Approved modified supplemental amount for fiscal year 2023-2024 in the amount of \$134,066.25 for environmental hazard abatement
12. Eagle Grove Community School District. Approved modified supplemental amount for fiscal year 2023-2024 in the amount of \$95,590 for environmental hazard abatement.
13. Southeast Valley Community School District. Approved modified supplemental amount for fiscal year 2023-2024 in the amount of \$63,505 for environmental hazard abatement.
14. Clear Creek Amana Community School District. Approved modified supplemental amount for the 2023-2024 fiscal year in the amount of \$150,510.62 for initial staffing of a new building. The hearing for the fiscal update was an informational item and no action was required.

15. CAM Community School District. Accepted with reservations 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. PCM 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. Southeast Polk 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. Iowa City 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.

The Committee also accepted the district's corrective action plan due to a negative unspent balance (FY23) and approved the related modified supplement amount of \$474,032. The district shall not spend more than \$148,596,523 in the General Fund for FY24, 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 the auditor on request.

19. Camanche Community School District. Accepted the district's corrective action plan due to a negative unspent balance (FY23) and grant the related modified supplement amount of \$654,439. The district is directed to operate its expenditures in compliance with Iowa Code. The district shall not expend in the General Fund for FY24 more than \$8,203,878, 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.

20. Central DeWitt Community School District. Accepted the district's corrective action plan due to a negative unspent balance for FY23 and denied the related request for \$1,523,742 of modified supplemental amount. The district was directed to work with its auditor to correct expenditures coded to sources the district had no authority to use for related costs.

The district was directed to operate its expenditures in compliance with Iowa Code. The district shall have the proper oversight to assure the expenditures are properly recorded. The district is 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.