



## Flexibility for Categorical Fund Usage

Several bills have been enacted over the past several years that gave school districts more discretion in the use of their categorical funding. The following highlights the additional flexibility for school districts.

- Requires the board to approve, by resolution, a district-wide plan, including the number of students identified as returning or potential dropouts, and any modified supplement amount (MSA). The plan is not required to go to the Department of Education. However, by January 15, the request for the MSA will need to be submitted to the School Budget Review Committee (SBRC) and the SBRC must approve the MSA by March 15 if calculated within plan limits and net of any carry forward.
- Removes the 5.0% expenditure limitation and adds grade specific as allowed expenses for programming that is targeted to students who are not deemed to be at-risk.
- Allows costs associated with time spent and professional development of administrators, or employed or contracted psychologists, social workers or licensed mental health counselors as eligible expenses.
- Adds guidance counselors that work with at-risk students as an allowable expenditure from at-risk or dropout prevention funds.
- Provides school districts the authority to pro-rate at-risk staff salary and benefits to at-risk or dropout prevention expenditures, based on the portion of time these staff devote to the at-risk or dropout prevention programming.
- Allows at-risk and dropout prevention funds to be used for programs that are intended to address high rates of absenteeism, truancy or frequent tardiness.
- Allows funds to be used for school security personnel costs.
- Allows funds to be used for any purpose determined by the board to directly benefit students participating in the approved plan.

### **Early Intervention Funding IAC 281.98.23, Iowa Code 257.9(8)**

- This funding, originally earmarked for K-3 class size reduction, can be used for any General Fund purpose.

#### **Home School Assistance Program Funding IAC 281.98.12, Iowa Code 299A**

- Allows items and materials from this program to be used for other authorized purposes if the use does not prevent or interfere with the use by the Home School program.

#### **Professional Development Funds IAC 281.98.26, Iowa Code 284.15 and 256.7**

- Expands uses to include textbooks and curriculum materials and the costs of administering assessments if these include professional development.

#### **Statewide Voluntary Preschool Funding IAC 281.98.13, Iowa Code 256C.3**

- Specifies that preschool funds can be used for any purpose determined by the board of directors of the school district to meet standards for high-quality preschool instruction and for purposes that directly or indirectly benefit students enrolled in the approved local program.
- Additionally, expands the use of preschool funds to include supplies, transportation services, playground equipment, food and beverages, safety equipment, facility rental fees, and other items that enhance the program, including by contracting with community partners for any of these services.
- Allows costs of attendance for students younger or older than 4 years old enrolled in the program to be paid from these funds, or from another school district account or fund from which preschool program expenditures are authorized by law, if space and funding are available but does not allow the district to include these students in their certified enrollment.

#### **TSS Increased Authority Iowa Code 284.3A**

- Allows balances carried forward from prior year, as well as the current year's allocation of:
  - Professional Development (PD);
  - Teacher Leadership Compensation (TLC); and
  - Gifted and Talented (TAG) to be transferred into Teacher Salary Supplement (TSS) and distributed to teachers.

## Additional Flexibility

### **Leases Iowa Code 297.22**

Allows districts to lease a portion of a school building or other school property to a for-profit organization for any duration of time. Payments from the revenue of the lease for property tax amounts must be sent to any political subdivision authorized to levy taxes if the lease is greater than 30 consecutive days. However, leases designed to generate electricity are exempt from these payments.

### **School District Flexibility Account IAC 281.98.27, Iowa Code 298A.2, 298A.8, and 298A.12**

Creates a “Flexibility Account” in which eligible funds may be transferred and used for specified purposes.

- **Balances from the following programs may be transferred to the flexibility account:**
  - Statewide Voluntary Preschool Program—If all students with timely enrollment applications have been provided preschool programming during that fiscal year.
  - Professional Development—If all professional development requirements under Chapter 284 have been met.
  - Home School Assistance Program – if all requirements of Chapter 299A.12 are met and the district has funded all requests for services and materials from parents or guardians of students eligible to access the program.
  - Teacher Leadership Supplement—If all requirements under Chapter 257.10 (12) for the use of these funds are met.
  - Expired or repealed state or local programs.
- **The flexibility funds may be used for:**
  - Start-up costs for a statewide voluntary preschool program.
  - Professional development costs.
  - Home school assistance program costs.
  - Programs for at-risk students and dropout prevention costs.
  - Gifted and talented program costs.
  - Deposit in an Unpaid Student Meals Account (HF 2467).

- Any approved flexible student and school support program.
- Any school district general fund purpose.
- Requires that expenditures from the flexibility account be approved by a board resolution and included in the budget certification process. Additional requirements include:
  - A public hearing on resolution with notice as prescribed by the Department of Education.
  - Approved resolution submitted to the Department of Education
  - Proposed use and number of proposed expenditure(s), source and purpose of funds, the fiscal year from which the transfer of such funds to the flexibility account occurred, and certification that the statutory requirements of the source of the original funds were met, repealed or no longer in effect.
- Specifies that the Department of Education gives deference to decisions of school boards.

**Child Care Funding Iowa Code 298.A12**

- Allows excess funds from this enterprise fund to be transferred to and used for any General Fund purpose. However, prior to transfer, the board must publish notice of and hold a public hearing on a resolution to transfer these funds. The resolution must state the original purpose and source of funds, the method used to establish fee amounts, the proposed use of funds and the amount to be transferred. A copy of the resolution must be sent to the Department of Education and made available for audit.

**Deference to School Districts Iowa Code 257.10(13), 298.A.2**

- Directs the Department of Education to give deference to decisions of school boards for the expenditure of funds in the areas of Teacher Salary Supplement (TSS), Professional Development Supplement (PDS), Early Intervention Supplement (EIS) and the Flexibility Fund Account.
- The Department of Education is directed to only issue guidance that is consistent with the statute and is not allowed to issue guidance that restricts districts beyond the statute, rule or any other authority.

**Student Activity Fund Iowa Code 298A.8**

- Allows, upon board resolution, a transfer from the district's general fund to the student activity fund to cover the costs of purchasing or reconditioning protective and safety equipment for extracurricular athletic events.