

257.31 Duties of the committee.

1. The school budget review committee may recommend the revision of any rules, regulations, directives, or forms relating to school district budgeting and accounting, confer with local school boards or their representatives and make recommendations relating to any budgeting or accounting matters, and direct the director of the department of education or the director of the department of management to make studies and investigations of school costs in any school district.

2. The committee shall specify the number of hearings held annually, the reasons for the committee's recommendations, information about the amounts of property tax levied by school districts for a cash reserve, and other information the committee deems advisable on the department of education's internet site.

3. The committee shall review the proposed budget and certified budget of each school district, and may make recommendations. The committee may make decisions affecting budgets to the extent provided in [this chapter](#). The costs and computations referred to in [this section](#) relate to the budget year unless otherwise expressly stated.

4. Not later than January 1, 1992, the committee shall adopt recommendations relating to the implementation by school districts and area education agencies of procedures pertaining to the preparation of financial reports in conformity with generally accepted accounting principles and submit those recommendations to the state board of education. The state board shall consider the recommendations and adopt rules under [section 256.7](#) specifying procedures and requiring the school districts and area education agencies to conform to generally accepted accounting principles commencing with the school year beginning July 1, 1996.

5. If a district has unusual circumstances, creating an unusual need for additional funds, including but not limited to the circumstances enumerated in [this subsection](#), the committee may grant supplemental aid to the district from any funds appropriated to the department of education for the use of the school budget review committee for the purposes of [this subsection](#). The school budget review committee shall review a school district's unexpended fund balance prior to any decision regarding unusual finance circumstances. Such aid shall be miscellaneous income and shall not be included in district cost. In addition to or as an alternative to granting supplemental aid the committee may establish a modified supplemental amount for the district. The school budget review committee shall review a school district's unspent balance prior to any decision to establish a modified supplemental amount under [this subsection](#).

- a. Any unusual increase or decrease in enrollment.
- b. Unusual natural disasters.
- c. Unusual initial staffing problems.
- d. The closing of a nonpublic school, wholly or in part, or the opening or closing of a charter school.
- e. Substantial reduction in miscellaneous income due to circumstances beyond the control of the district.
- f. Unusual necessity for additional funds to permit continuance of a course or program which provides substantial benefit to pupils.
- g. Unusual need for a new course or program which will provide substantial benefit to pupils, if the district establishes the need and the amount of necessary increased cost.
- h. Unusual need for additional funds for special education or compensatory education programs.
- i. Year-round or substantially year-round attendance programs which apply toward graduation requirements, including but not limited to trimester or four-quarter programs. Enrollment in such programs shall be adjusted to reflect equivalency to normal school year attendance.
- j. Unusual need to continue providing a program or other special assistance to non-English speaking pupils after the expiration of the five-year period specified in [section 280.4](#).
- k. Circumstances caused by unusual demographic characteristics.

l. Any unique problems of school districts.

m. The addition of one or more teacher librarians pursuant to [section 256.11, subsection 9](#), one or more guidance counselors pursuant to [section 256.11, subsection 9A](#), or one or more school nurses pursuant to [section 256.11, subsection 9B](#).

n. Unusual need for additional funds for the costs associated with providing competent private instruction pursuant to [chapter 299A](#).

o. (1) The percentage of students enrolled in the school district as the result of open enrollment under [section 282.18](#) is equal to or greater than forty-five percent of the total number of students enrolled in the school district. The committee shall not approve supplemental aid or a modified supplemental amount that exceeds an amount equal to fifty percent of the product of the net change in the school district's expected enrollment due to open enrollment multiplied by the sum of the following amounts:

(a) The difference between the district's regular program district cost per pupil minus the regular program state cost per pupil.

(b) The professional development supplement district cost per pupil.

(c) The early intervention supplement district cost per pupil.

(2) Prior to filing a request for supplemental aid or a modified supplemental amount based on the grounds specified in this paragraph, the board of directors shall hold a public hearing on the issue and shall publish the notice of the time and place of the public hearing. Notice of the time and place of the public hearing shall be published not less than ten nor more than twenty days before the public hearing in a newspaper that is a newspaper of general circulation in the school district.

(3) A school district is not eligible for supplemental aid or a modified supplemental amount under this paragraph if a majority of the students enrolled in the school district as the result of open enrollment are students receiving online instruction from a private provider under [section 256.43, subsection 2](#).

(4) If a school district is granted a modified supplemental amount under this paragraph for a budget year beginning on or after July 1, 2025, the school district's combined property tax rate per one thousand dollars for all school district levies for the succeeding budget year shall not exceed the combined property tax rate for all such levies for the budget year for which the modified supplemental amount was granted.

6. *a.* The committee shall establish a modified supplemental amount for a district when the district submits evidence that it requires additional funding for removal, management, or abatement of environmental hazards due to a state or federal requirement. Environmental hazards shall include but are not limited to the presence of asbestos, radon, or the presence of any other hazardous material dangerous to health and safety.

b. The district shall include a budget for the actual cost of the project that may include the costs of inspection, reinspection, sampling, analysis, assessment, response actions, operations and maintenance, training, periodic surveillance, developing of management plans, recordkeeping requirements, and encapsulation or removal of the hazardous material.

7. *a.* The committee may authorize a district to spend a reasonable and specified amount from its unexpended fund balance for the following purposes:

(1) Furnishing, equipping, and contributing to the construction of a new building or structure for which the voters of the district have approved a bond issue as provided by law or the tax levy provided in [section 298.2](#).

(2) The costs associated with the demolition of an unused school building, or the conversion of an unused school building for community use, in a school district involved in a dissolution or reorganization under [chapter 275](#), if the costs are incurred within three years of the dissolution or reorganization.

(3) The costs associated with the demolition or repair of a building or structure in a school district if such costs are necessitated by, and incurred within two years of, a disaster as defined in [section 29C.2, subsection 4](#).

b. Other expenditures, including but not limited to expenditures for salaries or recurring costs, are not authorized under [this subsection](#). Expenditures authorized under [this subsection](#) shall not be included in a modified supplemental amount or district cost, and the portion of the unexpended fund balance which is authorized to be spent shall be regarded as

if it were miscellaneous income. Any part of the amount not actually spent for the authorized purpose shall revert to its former status as part of the unexpended fund balance.

8. The committee may approve or modify the initial base year district cost of any district which changes accounting procedures.

9. When the committee makes a decision under [subsections 3 through 8](#), it shall make all necessary changes in the district cost, budget, and tax levy. It shall give written notice of its decision, including all such changes, to the school board through the department of education.

10. All decisions by the committee under [this chapter](#) shall be made in accordance with reasonable and uniform policies which shall be consistent with [this chapter](#). 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 [this chapter](#) 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.

11. Failure by any school district to provide information or appear before the committee as requested for the accomplishment of review or hearing is justification for the committee to instruct the director of the department of management to withhold any state aid to that district until the committee's inquiries are satisfied completely.

12. The committee shall review the recommendations of the director of the department of education relating to the special education weighting plan, and shall establish a weighting plan for each school year pursuant to [section 256B.9](#), and report the plan to the director of the department of education.

13. The committee may recommend that two or more school districts jointly employ and share the services of any school personnel, or acquire and share the use of classrooms, laboratories, equipment, and facilities as specified in [section 280.15](#).

14. As soon as possible following June 30 of the base year, the school budget review committee shall determine for each school district the balance of funds, whether positive or negative, raised for special education instruction programs under the special education weighting plan established in [section 256B.9](#). The committee shall certify the balance of funds for each school district to the director of the department of management.

a. If the amount certified for a school district to the director of the department of management under [this subsection](#) for the base year is positive, the director of the department of management shall subtract the amount of the positive balance exceeding ten percent of the additional funds generated for special education, not to include any previous carryover, from the amount of state aid remaining to be paid to the district during the budget year. If the positive amount exceeding the ten percent amount exceeds the amount of state aid that remains to be paid to the district, not including any previous carryover, the school district shall pay the excess on a quarterly basis prior to June 30 of the budget year to the director of the department of management from other funds received by the district. The director of the department of management shall determine the amount of the positive balance that exceeds the ten percent amount that came from local property tax revenues and shall increase the district's total state school aids available under [this chapter](#) for the next following budget year by the amount so determined and shall reduce the district's tax levy computed under [section 257.4](#) for the next following budget year by the amount necessary to compensate for the increased state aid.

b. (1) If the amount certified for a school district to the director of the department of management under [this subsection](#) for the base year is negative, the director of the department of management shall determine the amount of the deficit that would have been state aid and the amount that would have been property taxes for each eligible school district.

(2) There is appropriated from the general fund of the state to the school budget review committee for each fiscal year an amount equal to the state aid portion of five percent of the receipts for special education instruction programs in all districts that have a positive balance determined under paragraph "a" for the base year, or the state aid portion of all of the positive balances determined under paragraph "a" for the base year, whichever is less, to

be used for supplemental aid payments to school districts. Except as otherwise provided in this paragraph “b”, supplemental aid paid to a district is equal to the state aid portion of the district’s negative balance. The school budget review committee shall direct the director of the department of management to make the payments to school districts under this paragraph “b”.

(3) A school district is only eligible to receive supplemental aid payments during the budget year if the school district certifies to the school budget review committee that for the year following the budget year it will notify the school budget review committee to instruct the director of the department of management to increase the district’s modified supplemental amount and will fund the modified supplemental amount increase either by using moneys from its unexpended fund balance to reduce the district’s property tax levy or by using cash reserve moneys to equal the amount of the deficit that would have been property taxes and any part of the state aid portion of the deficit not received as supplemental aid under [this subsection](#). The director of the department of management shall make the necessary adjustments to the school district’s budget to provide the modified supplemental amount and shall make the supplemental aid payments.

(4) If the amount appropriated under this lettered paragraph is insufficient to make the supplemental aid payments under [this subsection](#), the director of the department of management shall prorate the payments on the basis of the amount appropriated.

15. Annually the school budget review committee shall review the amount of property tax levied by each school district for the cash reserve authorized in [section 298.10](#). If in the committee’s judgment, the amount of a district’s cash reserve levy is unreasonably high, the committee shall instruct the director of the department of management to reduce that district’s tax levy computed under [section 257.4](#) for the following budget year by the amount the cash reserve levy is deemed excessive. A reduction in a district’s property tax levy for a budget year under [this subsection](#) does not affect the district’s authorized budget.

16. The committee shall perform the duties assigned to it under [sections 257.32, 257.40, and 260C.18B](#).

17. a. If a district’s average transportation costs per pupil exceed the state average transportation costs per pupil determined under paragraph “c” by one hundred fifty percent, the committee may grant transportation assistance aid to the district. Such aid shall be miscellaneous income and shall not be included in district cost.

b. To be eligible for transportation assistance aid, a school district shall annually certify its actual cost for all children transported in all school buses not later than July 31 after each school year on forms prescribed by the committee.

c. A district’s average transportation costs per pupil shall be determined by dividing the district’s actual cost for all children transported in all school buses for a school year pursuant to [section 285.1, subsection 12](#), less the amount received for transporting nonpublic school pupils under [section 285.1](#), by the district’s actual enrollment for the school year excluding the shared-time enrollment for the school year as defined in [section 257.6](#). The state average transportation costs per pupil shall be determined by dividing the total actual costs for all children transported in all districts for a school year, by the total of all districts’ actual enrollments for the school year.

d. Funds transferred to the committee in accordance with [section 321.34, subsection 22](#), are appropriated to and may be expended for the purposes of the committee, as described in [this section](#). However, highest priority shall be given to districts that meet the conditions described in [this subsection](#). Notwithstanding any other provision of the Code, unencumbered or unobligated funds transferred to the committee pursuant to [section 321.34, subsection 22](#), remaining on June 30 of the fiscal year for which the funds were transferred, shall not revert but shall be available for expenditure for the purposes of [this subsection](#) in subsequent fiscal years.

18. If a school district exceeds its authorized budget or carries a negative unspent balance for two or more consecutive years, the committee may recommend that the department

implement a phase II on-site visit to conduct a fiscal review pursuant to [section 256.11, subsection 10, paragraph “b”, subparagraph \(1\), subparagraph division \(e\).](#)

[89 Acts, ch 135, §31; 91 Acts, ch 267, §520; 93 Acts, ch 101, §202; 94 Acts, ch 1175, §3; 96 Acts, ch 1088, §1; 96 Acts, ch 1215, §22; 97 Acts, ch 23, §26; 2003 Acts, ch 79, §4, 7, 8; 2006 Acts, ch 1152, §25; 2006 Acts, ch 1182, §41, 54; 2007 Acts, ch 42, §2; 2007 Acts, ch 108, §8; 2008 Acts, ch 1191, §109; 2009 Acts, ch 41, §263; 2009 Acts, ch 54, §6; 2009 Acts, ch 65, §4; 2009 Acts, ch 133, §190, 250; 2010 Acts, ch 1004, §3 – 6, 10; 2013 Acts, ch 90, §257; 2013 Acts, ch 121, §27 – 30, 42; 2013 Acts, ch 140, §89; 2014 Acts, ch 1013, §6 – 9; 2014 Acts, ch 1026, §63; 2014 Acts, ch 1135, §12; 2018 Acts, ch 1112, §3, 18; 2021 Acts, ch 112, §16; 2024 Acts, ch 1152, §43, 44, 46, 47; 2025 Acts, ch 159, §31, 33, 34](#)

Referred to in [§256.11, 256C.4, 257.6, 257.8, 257.13, 257.16C, 257.30, 257.32, 284.13, 321.34](#)

2024 amendment to subsection 5, unnumbered paragraph 1 applies July 1, 2024, for school budget years beginning on or after that date; 2024 Acts, ch 1152, §47

Subsection 5, paragraph o applies July 1, 2024, for school budget years beginning on or after that date; 2024 Acts, ch 1152, §47

2025 amendment to subsection 5, paragraph o applies to school budget years beginning on or after July 1, 2025; 2025 Acts, ch 159, §34

Subsection 5, paragraph o amended