

CHAPTER 6
DUTIES AND OPERATIONAL PROCEDURES

289—6.1(257) Definitions. For the purposes of this chapter, the following definitions shall be used.

“*Actual enrollment*” is determined on the third Friday of September in each year.

“*Additional enrollment*” because of special education is determined by multiplying the weighting of each category of child under Iowa Code section 256B.9 times the number of children in each category totaled for all categories.

“*Allowable growth*” means the amount by which state cost per pupil and district cost per pupil will increase from one budget year to the next.

“*Authorized budget*” is the total dollars available as the expenditure limit for a school district for a specific fiscal year. This total is the combined district cost plus miscellaneous income actually received during the fiscal year, plus the unspent balance of the previous year.

“*Base year*” means the school year ending during the calendar year in which a budget is certified.

“*Basic enrollment for a budget year*” is a school district’s actual enrollment for the base year.

“*Basic enrollment for the base year*” is a school district’s actual enrollment for the year preceding the base year.

“*Budget adjustment*” is an adjustment to the regular program district cost of a school district for school districts in which the regular program budget for a year would be less than its regular program budget for the previous year.

“*Budget enrollment for the budget year*” shall be calculated by adding together the enrollment adjustment percents generated by the enrollment matrix determined by enrollment decline in the school district’s basic enrollment from one base year to the preceding base year for each of the five preceding base years, commencing with the percent of change between the basic enrollment for the budget year and the basic enrollment for the base year, adding the sum of the percents to one hundred and multiplying the total by the basic enrollment for the budget year as calculated under Iowa Code section 257.6.

“*Budget year*” means the school year beginning during the calendar year in which a budget is certified.

“*Certified budget*” is the (document) amount which has been published and certified as provided for in Iowa Code chapter 24 and contains the amount proposed to be expended during the budget year. If the authorized budget exceeds the certified budget, the certified budget must be amended to expend those excess funds.

“*Combined district cost per pupil*” is an amount determined by adding together the regular program district cost per pupil for a year and the special education support services cost per pupil for that year as calculated under Iowa Code section 257.10.

“*Combined state cost per pupil*” is a per pupil amount determined by adding together the regular program state cost per pupil for a year and the special education support services state cost per pupil for that year as calculated under Iowa Code section 257.9.

“*Committee*” means the school budget review committee (SBRC).

“*Expenditures*” means the total amounts paid from the general operating fund of a school district.

“*Miscellaneous income*” means the receipts deposited to the general operating fund of the school district but not including any of the following:

1. Foundation aid.
2. Revenue obtained from the foundation property tax.
3. Cash reserve levy.
4. Revenue obtained from the additional property tax under Iowa Code section 257.4.

“*Property tax adjustment*” means state aid distributed to those school districts in which the property tax revenues generated under Iowa Code chapter 257 would be higher than the revenues generated under Iowa Code chapter 442.

“*Regular program district cost*” is equal to the regular program district cost per pupil for the budget year multiplied by the budget enrollment for the budget year.

“*School district*” means a school corporation organized under Iowa Code chapter 274.

“*Special needs adjustment*” means a state grant made by the school budget review committee to school districts who have demonstrated that they have special needs for additional money.

“*State percent of growth*” means a percent of economic growth determined under Iowa Code chapter 257 which is based upon an averaging of state and federal growth indicators, and which is used in determining the allowable growth.

“*Unexpended cash balance*” is the district’s cash position at any given time. (It does NOT have a direct relationship to the “unspent balance carried forward.”)

“*Unspent balance*” is the amount of the authorized budget not expended during the budget year. (These funds are also commonly termed “unspent balance carried forward,” or “carryover dollars.”)

“*Weighted enrollment*” is the budget enrollment plus the school district’s additional enrollment because of special education calculated on December 1 of the base year plus additional pupils added due to the application of the supplementary weighting.

289—6.2(257) Hearings.

6.2(1) *Number.* The committee shall meet and hold hearings each year and shall continue in session until it has reviewed budgets of school districts and completed the other duties as found in Iowa Code section 257.31. A minimum of four hearings shall be scheduled each fiscal year and shall be held on the second Monday of September, December, March and May. Minor revisions to these regularly scheduled hearings may be made if schedule conflicts warrant. Additional hearings may also be scheduled as deemed necessary.

6.2(2) *Notification to legislators and the public.*

a. Legislators shall be notified of hearings of the SBRC that affect specific school districts in their constituencies.

b. Public notice shall be made of all hearings scheduled by the committee through the general media distribution by the department of education.

6.2(3) *Hearing procedures.* The committee shall utilize the general provisions of Robert’s Rules of Order in the conduct of its hearings.

6.2(4) *Quorum.*

a. Three members present shall constitute a quorum, and a quorum must be present to conduct a hearing at which official action is taken.

b. If only three members are present, three favorable votes are necessary to pass a motion.

289—6.3(257) Hearing procedures.

6.3(1) *Request for appearance.*

a. A school district requesting an appearance before the SBRC is required to submit a written request to the committee stating the reason for the appearance. Confirmation of each request will be sent to the school district upon receipt of the request.

b. A request must be received by the committee at least one month prior to the date of the scheduled hearing.

c. School districts with similar requests may appear and present their requests jointly.

6.3(2) *Notification to districts.*

a. School districts scheduled for hearings will be notified three weeks prior to the hearing.

b. School districts scheduled for hearings will be listed as to time and place, and notice will be sent to school officials involved not later than two weeks prior to the hearing.

c. A school district desiring to withdraw its request to appear before the SBRC should immediately inform the committee, local media, and legislators.

6.3(3) *Material for agenda.*

a. Any information requested by the committee must be provided by the school district within the timelines requested by the committee in order for the school district to be included on the agenda for a hearing. Ten copies of written material shall be submitted at least two weeks prior to the scheduled

hearing. A summary not to exceed two pages of the school district's request must be submitted to the committee.

b. It shall be the responsibility of the administrative officials and board members to present information and materials in support of the school district's request to the committee.

6.3(4) *Permission to speak during the hearing.* Any person wishing to appear before the committee shall submit a request in writing prior to the hearing date. Permission may be granted to a request made at the hearing upon a majority vote of the committee members present.

6.3(5) *Decisions by the committee.*

a. A decision shall be made no later than the end of the day of the hearing to either table, deny, or grant an adjustment where a school district has made a request.

b. If the decision is made when the school district representatives are not present, the school district shall be informed of the decision by telephone the next working day following the hearing.

c. On all decisions, the school district shall receive written confirmation of the final action taken by the committee.

6.3(6) *Routine action by the committee.* School districts do not need to be represented when action under consideration is for such items as cash reserve levies, gifted and talented, drop-out programs, special education negative balances or other situations which could be considered "class action" decisions.

289—6.4(257) General duties.

6.4(1) *Review of rules, regulations, directives and forms.* The 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.

6.4(2) *Report to general assembly.* The committee shall report to each session of the general assembly any recommended changes in laws relating to school districts and shall specify the number of hearings held annually, information about the amounts of property tax levied by school districts for a cash reserve, and other information the committee deems advisable.

289—6.5(257) Budgets.

6.5(1) *Generally accepted accounting principles.* All school districts shall budget on the generally accepted accounting principles (GAAP) basis of budgeting beginning with fiscal year 2006-2007. In order to effect this change in accounting/budgeting methods, the SBRC shall direct the departments of education and management to adjust calculations from the 2004-2005 certified annual report (CAR) related to the 2004-2005 unspent balances carried forward to the 2005-2006 unspent balances in order to hold districts harmless.

a. If the net amount of actual expenditures less miscellaneous income on the GAAP basis is greater than the net amount of actual expenditures less miscellaneous income on the non-GAAP basis, the SBRC shall grant modified allowable growth in an amount equal to the excess of the net amount on the GAAP basis over the net amount on the non-GAAP basis.

b. If the net amount of actual expenditures less miscellaneous income on the GAAP basis is less than or equal to the net amount of actual expenditures less miscellaneous income on the non-GAAP basis or if the district budgeted on the GAAP basis in any previous fiscal year, the district does not qualify to receive modified allowable growth under paragraph "a."

c. Any district that determines that the amount of modified allowable growth granted for the change in accounting/budgeting methods is not adequate may make a request for additional modified allowable growth pursuant to Iowa Code section 257.31 at the May 2006 regular meeting of the SBRC.

d. Districts shall not be required to amend their 2005-2006 certified budgets for this change in accounting/budgeting methods unless the district would have had to amend its budget without regard to the change in accounting/budgeting methods.

6.5(2) Review of proposed and certified budgets. The committee shall review the proposed budget and certified budget of each school district and may make recommendations for modification or change.

6.5(3) Negative unspent balances (exceeding authorized budgets).

a. A listing of the unspent balance as well as the unexpended cash balance of each school district for each fiscal year shall be reviewed by the committee.

b. The amount of any negative unspent balance shall be automatically subtracted from the authorized budget of a given school district during the subsequent fiscal year.

c. The state board of education shall be notified of the school districts with negative unspent balances each year. The notification shall include the amount the school district exceeded its authorized budget.

d. The board members of districts with negative unspent balances shall be notified of the amount the school district exceeded its authorized budget. The school districts shall inform the SBRC at its next official hearing of the plans that are being implemented to avoid future negative unspent balances.

6.5(4) Cash reserve levy.

a. Annually the school budget review committee shall review the amount of property tax levied by each school district for the cash reserve authorized in Iowa Code section 298.10.

b. 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 school district's tax levy computed under Iowa Code section 257.4 for the following budget year by the amount the cash reserve levy is deemed excessive.

c. Notwithstanding any other action approved by the committee, cash reserve levies for the budget year (reference lines 15.9/15.10 of the Aid & Levy Worksheet) shall not exceed 25 percent of the (SAR reference Item L, column 9, cell 602) operating fund expenditures for the year previous to the base year minus the (SAR reference Item J, column 1, cell 293) operating fund unspent cash balance for the year previous to the base year.

d. A reduction in a district's property tax levy for a budget year for cash reserve shall not affect the school district's authorized budget.

6.5(5) Supplemental aid and modified allowable growth. The committee may grant supplemental aid to school districts from any funds appropriated to the department of education for use of the school budget review committee or may establish a modified allowable growth for a school district by increasing its allowable growth for purposes outlined in Iowa Code subsection 257.31(5). Such aid shall be miscellaneous income and shall not be included in the combined district cost. These funds may be provided for, but not limited to, the following situations:

a. Unusual circumstances.

(1) Any unusual increase or decrease in enrollment.

(2) Unusual natural disasters.

(3) Unusual initial staffing problems.

(4) The closing of a nonpublic school, wholly or in part.

(5) Substantial reduction in miscellaneous income due to circumstances beyond the control of the district.

(6) Unusual necessity for additional funds to permit continuance of a course or program which provides substantial benefit to pupils.

(7) 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.

(8) Unusual need for additional funds for special education or compensatory education programs.

(9) 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.

(10) Unusual need to continue providing a program or other special assistance to non-English speaking pupils after the expiration of the three-year period specified in Iowa Code section 280.4.

(11) Circumstances caused by unusual demographic characteristics.

(12) Any unique problems of school districts.

b. Environmental hazard-asbestos. School districts may request modified allowable growth for removal, management, or abatement of environmental hazards due to state or federal requirements. 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.

c. Unexpended cash balance. School districts desiring to use a portion of the unexpended cash balance to furnish, equip and contribute to the construction of a new building must submit a formal request to the committee.

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

e. Circumstances relating to open enrollment as provided by Iowa Code section 282.18.

289—6.6(257) Special needs adjustment program.

6.6(1) Application.

a. An application form provided by the committee must be submitted to the committee not later than December 15 of the base year in order to be eligible for consideration for any given budget year.

b. A separate application form must be submitted for each separate project for which the district is requesting funds.

6.6(2) Qualifications for general operating fund expenditures.

a. Instructional support program. A school district must have the instructional support program approved for the maximum amount.

b. Executive administration costs. A school district's executive administration expenditures must be equal to or less than 110 percent of the state average executive administration expenditures for the base year.

c. Basic criteria. A school district must meet at least one of the four criteria found in Iowa Code subsection 257.31(11)“*b*” in order to be eligible for consideration of funds from the special needs adjustment program.

d. Other modified allowable growth.

(1) Gifted and talented. A school district must have received maximum additional allowable growth from the committee for programs for gifted and talented children.

(2) Dropout and dropout prevention programs. A school district must have received maximum additional allowable growth from the committee for programs for dropout prevention programs.

e. Previous modified allowable growth denied/inadequate. In order to be eligible for consideration of funds from the special needs adjustment program for expenditures that would qualify for additional allowable growth under Iowa Code subsection 257.31(5), the school district must have been denied approval of such funds or been granted inadequate funds for such requests.

f. Specific needs. School districts shall list the specific reasons for which the requested funds are to be expended.

g. Line item expenditures. A detailed explanation of all proposed expenditures shall be attached to the application including all line item expenditures.

6.6(3) Qualifications for schoolhouse fund expenditures.

a. Physical plant and equipment levy. A school district must have the voter-approved physical plant and equipment levy approved for the maximum amount.

b. Executive administration costs. A school district's executive administration expenditures must be equal to or less than 110 percent of the state average executive administration expenditures for the base year.

c. Basic criteria. A school district must meet at least one of the four criteria found in Iowa Code subsection 257.3(11)“*b*” in order to be eligible for consideration of funds from the special needs adjustment program.

d. Other modified allowable growth.

(1) Gifted and talented. In order to be eligible for consideration of funds from the special needs adjustment program for gifted and talented projects, a school district must have received maximum additional allowable growth from the committee for programs for gifted and talented children.

(2) Dropout and dropout prevention programs. In order to be eligible for consideration of funds from the special needs adjustment program for dropout and dropout prevention programs, a school district must have received maximum additional allowable growth from the committee for programs for dropout prevention programs.

e. Previous modified allowable growth denied/inadequate. In order to be eligible for consideration of funds from the special needs adjustment program for expenditures that would qualify for additional allowable growth under Iowa Code subsection 257.31(5), the school district must have been denied approval of such funds or been granted inadequate funds for such requests.

f. Specific needs. School districts shall list the specific reasons for which the requested funds are to be expended.

g. Line item expenditures. A detailed explanation of all proposed expenditures shall be attached to the application including line item costs.

289—6.7(257) Sharing. 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 Iowa Code section 280.15.

289—6.8 Transportation assistance aid. Reserved.

289—6.9 Special education. Reserved.

289—6.10 Area education budget review. Reserved.

These rules are intended to implement Iowa Code section 257.30.

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