



[SF 247](#) – Open Enrollment, School Budget Review Committee (LSB1343SV)
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Fiscal Note Version – New

Description

[Senate File 247](#) adds a new circumstance under which a school district may request funding from the School Budget Review Committee (SBRC) or a modified supplemental amount (MSA) authorization from the SBRC. Specifically, if the percentage of students enrolled in a school district as the result of open enrollment is equal to or greater than 35.0% of the total students enrolled in the school district, then the school district may make such a request.

The SBRC must not approve supplemental aid or an MSA that exceeds an amount equal to 50.0% of the net increase in the school district's enrollment due to open enrollment multiplied by the sum of the following amounts:

- The difference between the district's regular program district cost per pupil minus the regular program State cost per pupil.
- The teacher salary supplement district cost per pupil.
- The professional development supplement district cost per pupil.
- The early intervention supplement district cost per pupil.

A school district is not eligible for supplemental aid or an MSA if a majority of the open enrollment students are receiving online instruction from private providers under Iowa Code section [256.43\(2\)](#).

This Bill takes effect upon enactment and applies July 1, 2023 (FY 2024), for school budget years beginning on or after that date.

Background

Iowa Code section [257.31](#) provides that if a school district has unusual circumstances creating an unusual need for additional funds, the SBRC may grant supplemental aid to the school district from certain funds appropriated to the Department of Education (DE) for the use of the SBRC, or the SBRC may establish an MSA for the school district, or both. The SBRC does not currently have funds appropriated to the DE for this purpose. The SBRC must review a school district's unexpended fund balance prior to any decision regarding these types of funding requests.

The SBRC's authorization of an MSA increases the spending authority for a school district. An authorized MSA does not result in additional State funding. A school district may choose to utilize the additional spending authority by using resources available for this purpose and might result in funding from property taxes.

Applications to the SBRC for an MSA related to FY 2024 programming must be submitted after January 15, 2023, and before March 1, 2023, as specified in Iowa Code section [257.40\(2\)](#).

Assumptions

- Estimates are based on FY 2023 data and October 2022 enrollments.
- All applications for an MSA will be for the maximum allowed.
- Districts will levy the maximum amount.
- Districts will not decrease other levies (management levy or cash reserve levy).
- Certified enrollment and district costs per pupil remain constant.
- School district carryforward amounts, which are required to be deducted from an MSA award, will be zero.
- There will be no additional cost to the State as a result of the Bill.
- The Department of Education will make modifications to the MSA application as part of the annual application update at no additional cost.

Fiscal Impact

Senate File 247 may result in MSAs totaling a maximum of \$1.4 million for 13 school districts, beginning with FY 2024. The funding for the MSAs will be paid from resources available to the school district or from increased property tax collections. If the Bill is enacted after February 28, 2023, the resources would not be available for school districts until FY 2025.

Sources

Department of Education
Iowa Association of School Boards
LSA analysis and calculations

/s/ Jennifer Acton

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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