



[HF 2482](#) – Education Funding Transparency (LSB5803HV.1)
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Fiscal Note Version – New

Description

[House File 2482](#) requires the Department of Management (DOM) to establish a searchable online school district budget database. This database is required to be updated by the school district quarterly and is required to contain the following information regarding the school district's spending:

- The school district's certified budget under Iowa Code chapter [24](#).¹
- Any state audit or other report.
- Quarterly financial statements and other financial information including accounts payable check registers and credit, debit, and purchase card statements.

It is unclear whether "other financial information" includes teacher and staff salary. The Bill states that the creation of the database does not require or authorize the inclusion of information that is protected from public disclosure under State or federal law.

The Bill requires that the DOM have the database Internet site available beginning January 1, 2020. School districts are required to provide the selected data to the DOM. The Bill requires that the site be updated no less than quarterly beginning on July 1, 2020 (FY2021). The Bill does not include penalties for a school district that fails to comply with the requirements of the Bill. The Bill also requires the DOM to conduct a study on the development, implementation, compliance, and use of the searchable site. The Department is required to submit a report to the General Assembly on the study on or before January 1, 2025.

Assumptions

- Districts will need to provide the DOM with previous years' data as available beginning in FY 2022.
- It is estimated that each district would need between an additional 0.10 and 0.50 full-time equivalent (FTE) staff position to complete the data collection and input regarding financial data; however, the cost of this FTE would vary significantly by school district.
- Districts may need to work with the service providers that currently supply the accounting systems to ensure that the systems would be compatible with the DOM's online system.

Fiscal Impact

There are two levels of fiscal impact of the Bill; the first is to the DOM for the creation and maintenance of the searchable online database, and the second is to school districts in order to provide this data to the DOM.

¹ School district budgets are certified annually on April 15. It is unclear if this provision requires the districts to provide a quarterly portion of their certified budget, or to upload the district's annual budget each quarter.

Department of Management (DOM)

The DOM reports that it will cost an estimated \$335,000 in FY 2019 to create the data collection system so that the system is ready by January 1, 2020. For fiscal years FY 2020 and beyond, the Department expects to have an ongoing cost of \$15,000 to pay for the application license fee for the online system.

The estimate of fiscal impact to the Department does not include any additional staff time that might be required in future fiscal years to ensure that school districts are properly and accurately reporting the data.

School Districts

School districts would incur additional costs in multiple ways. It is likely that any cost incurred by the accounting system providers to align the systems with the DOM's system would be passed on to school districts. It is not possible at this time to determine the potential cost of this process.

Districts would also most likely need additional staff time in order to complete the requirements of the Bill on a quarterly basis; currently, districts report financial information in the [Certified Annual Report](#) (CAR) to the Department of Education. Districts report that the process of completing the CAR takes multiple weeks to months annually in the summer and fall. Increased staff time would be necessary for data processing throughout the year. Also, many districts do not adjust financial records for accruals until the end of the fiscal year; for this reason, it is possible that three of the reported quarters would be on a cash basis, while the final reported quarter would be on an accrual basis. Administrative rules establishing any additional requirements for the alignment of these quarterly reports could also affect total cost to school districts.

Assuming an FTE cost of \$40,000, the potential estimated cost to the 330 school districts hiring an additional 0.10 to 0.50 FTE position would be \$1.3 million to \$6.6 million. This cost would be ongoing.

Sources

Department of Management
Department of Education
Urban Education Network of Iowa, Survey of School Business Officials
LSA analysis and calculations

/s/ Holly M. Lyons

April 9, 2018

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.
