

MAR 14 2003
Place On Calendar

HOUSE FILE 568
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HF 335)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to state and local funding for the costs of
2 certain institutions for children under the jurisdiction of
3 the director of human services.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 568

1 Section 1. Section 256.7, subsection 10, Code 2003, is
2 amended to read as follows:

3 10. Adopt rules pursuant to chapter 17A relating to
4 educational programs and budget limitations for educational
5 programs pursuant to sections ~~282.28~~, 282.29, 282.30, and
6 282.31, and 282.33.

7 Sec. 2. Section 282.32, Code 2003, is amended to read as
8 follows:

9 282.32 APPEAL.

10 An area education agency or local school district may
11 appeal a decision made pursuant to section ~~282.28~~ or 282.31 to
12 the state board of education. The decision of the state board
13 is final.

14 Sec. 3. NEW SECTION. 282.33 FUNDING FOR CHILDREN
15 RESIDING IN STATE MENTAL HEALTH INSTITUTES OR INSTITUTIONS.

16 1. A child who resides in an institution for children
17 under the jurisdiction of the director of human services
18 referred to in section 218.1, subsection 3, 5, 7, or 8, and
19 who is not enrolled in the educational program of the district
20 of residence of the child, shall receive appropriate
21 educational services. The institution in which the child
22 resides shall submit a proposed program and budget based on
23 the average daily attendance of the children residing in the
24 institution to the department of education and the department
25 of human services by January 1 for the next succeeding school
26 year. The department of education shall review and approve or
27 modify the proposed program and budget and shall notify the
28 department of revenue and finance of its action by February 1.
29 The department of revenue and finance shall pay the approved
30 budget amount to the department of human services in monthly
31 installments beginning September 15 and ending June 15 of the
32 next succeeding school year. The installments shall be as
33 nearly equal as possible as determined by the department of
34 revenue and finance, taking into consideration the relative
35 budget and cash position of the state's resources. The

1 department of revenue and finance shall pay the approved
2 budget amount for the department of human services from the
3 moneys appropriated under section 257.16 and the department of
4 human services shall distribute the payment to the
5 institution. The institution shall submit an accounting for
6 the actual cost of the program to the department of education
7 by August 1 of the following school year. The department
8 shall review and approve or modify all expenditures incurred
9 in compliance with the guidelines adopted pursuant to section
10 256.7, subsection 10, and shall notify the department of
11 revenue and finance of the approved accounting amount. The
12 approved accounting amount shall be compared with any amounts
13 paid by the department of revenue and finance to the
14 department of human services and any differences added to or
15 subtracted from the October payment made under this subsection
16 for the next school year. Any amount paid by the department
17 of revenue and finance shall be deducted monthly from the
18 state foundation aid paid under section 257.16 to all school
19 districts in the state during the subsequent fiscal year. The
20 portion of the total amount of the approved budget that shall
21 be deducted from the state aid of a school district shall be
22 the same as the ratio that the budget enrollment for the
23 budget year of the school district bears to the total budget
24 enrollment in the state for that budget year in which the
25 deduction is made.

26 2. Programs may be provided during the summer and funded
27 under this section if the institution determines a valid
28 educational reason to do so and the department of education
29 approves the program in the manner provided in subsection 1.

30 Sec. 4. Section 282.28, Code 2003, is repealed.

31 Sec. 5. FY 2003-2004 FUNDING. For purposes of providing
32 funding for educational programs provided to children residing
33 in an institution for children under the jurisdiction of the
34 director of human services referred to in section 218.1,
35 subsection 3, 5, 7, or 8, the institution providing such

1 programs to children residing in the institution shall submit
2 an estimated proposed program and budget based on the
3 estimated average daily attendance of children who will likely
4 be provided educational programs during the fiscal year
5 beginning July 1, 2003, and ending June 30, 2004, to the
6 department of education and the department of human services
7 by August 1, 2003. The department of education shall review
8 and approve or modify the proposed program and budget and
9 shall notify the department of revenue and finance of its
10 action by September 1, 2003. The department of revenue and
11 finance shall pay the approved budget amount, and the
12 department of human services shall distribute payments, as
13 provided in section 282.33.

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EXPLANATION

15 This bill modifies the procedures for authorizing and
16 funding educational programs provided to children residing in
17 institutions under the jurisdiction of the director of human
18 services, specifically the mental health institutes at
19 Cherokee and Independence, the state training school at
20 Eldora, and the Iowa juvenile home at Toledo.

21 The bill requires the institution in which a child resides
22 to submit to the department of education a proposed program
23 and budget for approval or modification. Once a proposed
24 program and budget are approved, the department of revenue and
25 finance is directed to pay the approved budget amount in
26 monthly installments to the department of human services,
27 which will distribute the payments to the appropriate
28 institutions. Adjustments will be made to subtract or add to
29 the October payment in the following year if costs were
30 greater or less than proposed.

31 Currently, the funding for the programs is derived from an
32 appropriation made to the department of human services, though
33 the area education agencies provide the Iowa juvenile home and
34 the state training school with services under Code section
35 282.28, which the bill repeals. Under the bill, funding for

1 the education programs will come from the moneys appropriated
2 for school foundation aid.

3 For FY 2003-2004, the bill compresses the deadlines and
4 requires the institutions to provide to the department of
5 education, and the department of human services, an estimated
6 proposed program and budget based on the estimated average
7 daily attendance of children who will likely be provided
8 educational programs during the fiscal year.

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Description

House File 568 provides that the four institutions under the control of the Department of Human Services (DHS), that serve school-aged children, receive educational program funding through the School Aid Formula. Currently, similar private facilities receive funding from the School Aid Formula.

Assumptions

1. The Mental Health Institute at Cherokee has 12 available beds for school-aged children with an average enrollment of ten. An Individual Education Plan (IEP) has been developed for five of the ten enrollees.
2. The Mental Health Institute at Independence has 55 available beds with an average enrollment of 55. This includes the beds classified as Psychiatric Medical Institution for Children (PMIC) beds. An Individual Education Plan has been developed for 40 of the 55 enrollees.
3. The State Training School at Eldora has 189 beds with an average enrollment of 179. An Individual Education Plan has been developed for 89 of the 179 enrollees.
4. The Juvenile Home at Toledo has 100 beds with an average enrollment of 100. An Individual Education Plan has been developed for 50 of the 100 enrollees.
5. Funding for students at the four institutions is currently included in the DHS budget but generally is not included in the School Aid Formula.
6. The FY 2003 average cost per student with an Individual Education Plan, paid to the private juvenile facilities, is \$15,000 per student.
7. The FY 2003 average cost per student without an Individual Education Plan, paid to the private juvenile facilities, is \$4,557 per student.

Fiscal Impact

House File 568 will result in a new net off-the-top allocation from the General Fund appropriation for School Aid of \$2.9 million as follows:

- An increase of \$3.5 million in a new allocation to the Department of Human Services (DHS) for education services at the four affected institutions.
- A decrease of \$600,000 in the allocation to the area education agencies because AEA VI will no longer be required to provide direct education services to the students at the State Training School in Eldora or the Juvenile Home at Toledo.

The new allocation to the DHS from School Aid funds will result in a General Fund reduction of \$3.5 million in the DHS budget.

Since School Aid off-the-top allocations have the effect of reducing the actual funds available to the 371 school districts in Iowa, they will have the option of recouping the funds through increased cash reserve levies (property tax). The maximum impact to property tax is an increase of \$2.9 million. No data exists to determine how many of the school districts will seek to recoup the funds.

Sources

Department of Education
Department of Human Services

/s/ Dennis C Prouty

March 27, 2003