

House File 565 - Reprinted

HOUSE FILE 565
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HF 446)

(As Amended and Passed by the House March 15, 2017)

A BILL FOR

1 An Act relating to public school funding by authorizing the
2 establishment of school district flexibility fund accounts
3 and authorizing the transfer and expenditure of certain
4 unexpended and unobligated funds.

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

1 Section 1. Section 256C.4, subsection 1, paragraph e, Code
2 2017, is amended to read as follows:

3 e. Preschool foundation aid funding shall not be used for
4 the costs of constructing a facility in connection with an
5 approved local program. Preschool foundation aid funding may
6 be used by approved local programs and community providers
7 for professional development for preschool teachers, for
8 instructional equipment, for material and equipment designed
9 to develop pupils' large and small motor skills, and for other
10 direct costs. Preschool foundation aid funding may be used
11 by approved local programs for the costs of transportation
12 involving children participating in the preschool program.
13 The costs of transporting other children associated with
14 the preschool program or transported as provided in section
15 256C.3, subsection 3, paragraph "h", may be prorated by the
16 school district. Preschool foundation aid funding received by
17 an approved local program that ~~remain~~ remains unexpended ~~or~~
18 and unobligated at the end of a fiscal year beginning on or
19 after July 1, 2017, shall be used to build the approved local
20 program's preschool program capacity in the next succeeding
21 fiscal year excluding that portion of such unexpended and
22 unobligated funding that the school district authorizes for
23 transfer for deposit in the school district's flexibility fund
24 account established under section 298A.16.

25 Sec. 2. Section 257.10, subsection 10, paragraph d, Code
26 2017, is amended to read as follows:

27 d. The use of the funds calculated under this subsection
28 and any amount designated for professional development purposes
29 from the school district's flexibility fund account under
30 section 298A.16 shall comply with the requirements of chapter
31 284. If all professional development requirements of chapter
32 284 are met and funds received under this subsection remain
33 unexpended and unobligated by the teacher quality committee
34 under section 284.4, subsection 1, paragraph "c", at the end of
35 a fiscal year beginning on or after July 1, 2017, the school

1 district may transfer all or a portion of such unexpended
2 and unobligated funds for deposit in the school district's
3 flexibility fund account established under section 298A.16.

4 Sec. 3. Section 257.41, subsection 1, Code 2017, is amended
5 to read as follows:

6 1. *Budget.* The budget of an approved program for at-risk
7 students, secondary students who attend alternative programs
8 or alternative schools, or returning dropouts and dropout
9 prevention for a school district, after subtracting funds
10 received under [section 257.11, subsection 4](#), paragraphs
11 "a" through "c", and from other sources for that purpose,
12 including any previous carryover or amount designated from
13 the school district's flexibility fund account under section
14 298A.16, shall be funded annually on a basis of one-fourth or
15 more from the district cost of the school district and up to
16 three-fourths through establishment of a modified supplemental
17 amount. Annually, the department of management shall establish
18 a modified supplemental amount for each such school district
19 equal to the difference between the approved budget for the
20 program for that district and the sum of the amount funded from
21 the district cost of the school district plus funds received
22 under [section 257.11, subsection 4](#), and from other sources
23 for that purpose, including any previous carryover or amount
24 designated from the school district's flexibility fund account
25 under section 298A.16.

26 Sec. 4. Section 257.46, subsection 1, Code 2017, is amended
27 to read as follows:

28 1. The budget of an approved gifted and talented children
29 program for a school district, after subtracting funds received
30 from other sources for that purpose, including any amount
31 designated from the school district's flexibility fund account
32 under section 298A.16, shall be funded annually on a basis
33 of one-fourth or more from the district cost of the school
34 district.

35 Sec. 5. Section 284.6, subsection 9, Code 2017, is amended

1 to read as follows:

2 9. Moneys received pursuant to section 257.10, subsection
3 10, or section 257.37A, subsection 2, shall be maintained
4 as a separate listing within a school district's or area
5 education agency's budget for funds received and expenditures
6 made pursuant to this subsection. A school district shall
7 certify to the department of education how the school
8 district allocated the funds and that moneys received under
9 this subsection were used to supplement, not supplant, the
10 professional development opportunities the school district
11 would otherwise make available. For budget years beginning
12 on or after July 1, 2017, all or a portion of the moneys
13 received pursuant to section 257.10, subsection 10, that remain
14 unexpended and unobligated at the end of a fiscal year may,
15 pursuant to section 257.10, subsection 10, paragraph "d", be
16 transferred for deposit in the school district's flexibility
17 fund account established under section 298A.16.

18 Sec. 6. NEW SECTION. 298A.16 School district flexibility
19 fund account.

20 1. A flexibility fund account shall be established in
21 the general fund of each school corporation if the school
22 corporation has authorized the transfer of all or a portion
23 of the unexpended and unobligated funds from any of the
24 following sources following a determination that the statutory
25 requirements for such funds are met:

26 a. An approved local program under the statewide preschool
27 program for four-year-old children under chapter 256C.

28 b. Professional development funds received under section
29 257.10, subsection 10.

30 c. The home school assistance program under section 299A.12.

31 2. In addition to the transfers to the flexibility fund
32 account authorized by law, a school district may transfer to
33 the flexibility fund account all or a portion of any unexpended
34 and unobligated moneys in any other school district fund if the
35 program, purpose, or requirements for the expenditure of such

1 moneys have been repealed or are no longer in effect.

2 3. Moneys deposited in the flexibility fund account may be
3 used by the school district during a budget year beginning in
4 or after the calendar year in which the moneys were transferred
5 to the flexibility fund account for any of the following:

6 a. Start-up costs for an approved local program under the
7 statewide preschool program for four-year-old children under
8 chapter 256C.

9 b. Professional development requirements under chapter 284.

10 c. The home school assistance program under section 299A.12.

11 d. At-risk pupils programs, alternative programs and
12 alternative school programs, and returning dropout and dropout
13 prevention programs under section 257.40.

14 e. Gifted and talented children programs under section
15 257.46.

16 f. Any school district general fund purpose.

17 4. Expenditures from the flexibility fund account shall be
18 approved by resolution of the board of directors of the school
19 corporation and shall be included in the budget certified in
20 accordance with chapter 24. Before the board of directors
21 may adopt the resolution approving expenditures from the
22 flexibility fund account, the board shall hold a public hearing
23 on the proposed resolution. The proposed resolution must state
24 the original source and purpose of the funds, the proposed use
25 of such funds, the amount of the proposed expenditure, and
26 the fiscal year from which the transfer of such funds to the
27 flexibility fund account occurred. The board shall publish
28 notice of the time and the place of the public hearing in the
29 same manner as required in section 24.9. The department of
30 education shall prescribe the form for public hearing notices.
31 Within ten days following adoption, a copy of the resolution
32 shall be provided to the auditor of state for inclusion in any
33 audit performed under chapter 11.

34 5. a. When exercising authority to carry out an agency
35 action, as defined in section 17A.2, or to perform an activity

1 or make a decision specified in section 17A.2, subsection
2 11, paragraphs "a" through "l", if applicable, related to the
3 provisions of this section, the department of education, the
4 director of the department of education, and the state board
5 of education shall carry out, perform, or make such agency
6 action, activity, or decision in a manner that gives deference
7 to decisions of school districts' boards of directors, promotes
8 flexibility for school districts, and minimizes intrusions into
9 school district operations and decision making by boards of
10 directors.

11 **b.** (1) In addition to paragraph "a", the department of
12 education, the director of the department of education, and
13 the state board of education shall not issue guidance related
14 to the provisions of this section, that is inconsistent with
15 any statute, rule, or other legal authority or that imposes
16 any legally binding obligations or duties upon any person
17 unless such legally binding obligations or duties are required
18 or reasonably implied by any statute, rule, or other legal
19 authority. Guidance issued in violation of this paragraph "b"
20 shall not be deemed to be legally binding.

21 (2) For the purposes of this paragraph "b", "guidance" means
22 a document or statement issued by the department of education,
23 the director of the department of education, or the state
24 board of education that purports to interpret a law, a rule,
25 or other legal authority and is designed to provide advice
26 or direction to a person regarding the implementation of or
27 compliance with the law, the rule, or the other legal authority
28 being interpreted. "Guidance" does not include any action,
29 activity, or decision governed by paragraph "a", a document or
30 statement required by federal law or a court, or a document or
31 statement issued in the course of a contested case proceeding,
32 an administrative proceeding, or a judicial proceeding to which
33 the department, the state board, or the director is a party.

34 Sec. 7. Section 299A.12, subsection 1, Code 2017, is amended
35 to read as follows:

1 1. The board of directors of a school district shall expend
2 moneys received pursuant to [section 257.6, subsection 1,](#)
3 [paragraph "a", subparagraph \(5\), and amounts designated from](#)
4 [the school district's flexibility fund account under section](#)
5 [298A.16](#) for purposes of providing a home school assistance
6 program.

7 Sec. 8. Section 299A.12, subsection 2, unnumbered paragraph
8 1, Code 2017, is amended to read as follows:

9 Purposes for which a school district may expend funds
10 received pursuant to [section 257.6, subsection 1,](#) paragraph
11 ["a", subparagraph \(5\), or amounts designated from the school](#)
12 [district's flexibility fund account under section 298A.16](#) shall
13 include but not be limited to the following:

14 Sec. 9. Section 299A.12, subsection 2, paragraphs c and d,
15 Code 2017, are amended to read as follows:

16 *c.* Salary and benefits for the supervising teacher of
17 the home school assistance program students. If the teacher
18 is a part-time home school assistance program teacher and a
19 part-time regular classroom teacher, funds received pursuant to
20 [section 257.6, subsection 1, paragraph "a", subparagraph \(5\),](#)
21 [or amounts designated from the school district's flexibility](#)
22 [fund account under section 298A.16](#) may be used only for
23 the portion of time in which the teacher is a home school
24 assistance program teacher.

25 *d.* Salary and benefits for clerical and office staff of
26 the home school assistance program. If the staff members are
27 shared with other programs or functions within the district,
28 funds received pursuant to [section 257.6, subsection 1,](#)
29 [paragraph "a", subparagraph \(5\), or amounts designated from](#)
30 [the school district's flexibility fund account under section](#)
31 [298A.16](#) shall only be expended for the portion of time spent
32 providing the home school assistance program services.

33 Sec. 10. Section 299A.12, subsection 3, unnumbered
34 paragraph 1, Code 2017, is amended to read as follows:

35 Purposes for which a school district shall not expend funds

1 received pursuant to section 257.6, subsection 1, paragraph
2 "a", subparagraph (5), or amounts designated from the school
3 district's flexibility fund account under section 298A.16

4 include but are not limited to the following:

5 Sec. 11. Section 299A.12, Code 2017, is amended by adding
6 the following new subsection:

7 NEW SUBSECTION. 4. Unless otherwise prohibited by law,
8 all or a portion of the moneys received by a school district
9 pursuant to section 257.6, subsection 1, paragraph "a",
10 subparagraph (5), that remain unexpended and unobligated at the
11 end of a budget year beginning on or after July 1, 2017, may be
12 transferred for deposit in the school district's flexibility
13 fund account established under section 298A.16.