



School Finance Formula Review Committee

December 16, 2024

Categorical Funding

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Categorical Funding

- State aid formula (Iowa Code § 257.10) includes four categorical components.
 - Teacher Leadership & Compensation Supplement (TLC) (281 IAC 98.25)
 - Professional Development (PD) (281 IAC 98.26)
 - Early Intervention Childhood (EIC) (281 IAC 98.23)
 - Teacher Salary Supplement (TSS) (281.98.24)
- Appropriate uses of categorical funding are statutorily restricted.

Categorical Funding: Statewide Ranges

Categorical	State Cost	Minimum	Maximum	Range of Variance	Districts at or Below SCPP	Districts Above SCPP
TLC	\$377.74	\$377.74	\$377.74	\$0	325	0
EIC	\$82.78	\$55.18	\$126.80	\$71.62	208	117
PD	\$76.00	\$49.95	\$104.70	\$54.75	178	147
TSS	\$671.05	\$699.19	\$2,852.23	\$2,153.04	0	325

Categorical Funding: Open Enrollment

- Categorical funding is generated by all resident students included in the certified enrollment count. The service arrangement (i.e., how the student receives educational services) may require the categorical funds to be paid to another entity.

Categorical	Served by Resident District	Open Enrollment
TLC	Resident district	Serving district*
EIC	Resident district	Serving district*
PD	Resident district	Serving district*
TSS	Resident district	Resident district

- Prorated if student attends less than the full year

Categorical Funding: Other Service Arrangements

Categorical	Served by Resident District	Open Enrollment	Charter School	Education Savings Account Participant
TLC	Resident district	Serving district*	Charter school*	Resident district
EIC	Resident district	Serving district*	Charter school*	Resident district
PD	Resident district	Serving district*	Charter school*	Resident district
TSS	Resident district	Resident district	Resident district	Resident district

- Prorated if student attends less than the full year

Other Select Categorical Funds

- Statewide Voluntary Preschool Program (SWVPP)
 - Generated by students reported as SWVPP participants
 - Restricted for SWVPP purposes (281 IAC 98.13)
- Home School Assistance Program (HSAP)
 - Generated for students reported as participants
 - Restricted for HSAP purposes (281 IAC 98.12)
- Gifted and Talented (TAG)
 - Restricted portion of per pupil funding (1.0 funds)
 - Restricted for TAG purposes (281 IAC 98.20)

Leveraging Resources: Flexibility Account

- Prior year balances of the categorical funds below may be transferred to the flexibility account to use for any General Fund purpose (Iowa Code § 298A.2).
 - SWVPP
 - HSAP
 - PD
 - TLC
 - Other categorical sources if the program, purpose, or requirements for the expenditure of such moneys have been repealed or are no longer in effect

Flexibility Account: Components of the Resolution

- Flexibility account expenditures
- Approve through board resolution, after a public hearing ([Iowa Code § 24.9](#))
- Board resolution must include the following ([Iowa Code § 298A.2](#)):

1. Original source and purpose
2. Use
3. Amount of expenditure
4. FY from carryforward
5. Confirm met source requirements

A RESOLUTION DIRECTING EXPENDITURES OF THE SCHOOL FLEXIBILITY FUND

WHEREAS, HF 565 School Flexibility Fund, was established in the 2017 Legislative Session to provide local control and flexibility regarding the use of ending balances in certain categorical funds effective July 1, 2018; and HF 847 Education Matters was established in the 2021 Legislative Session to expand opportunities for transfer ending balances to the Flexibility Account; and

WHEREAS, [REDACTED] conducted a public hearing on 8/15/22 as required by Iowa Code 298A.2(d), using the form of public hearing prescribed by the Iowa Department of Education, which was published in the same manner as required in Iowa Code 24.9, to provide adequate notice to stakeholders and transparency of intended board action; and

WHEREAS, [REDACTED] has fulfilled the needs intended to be met by the following categorical funds, as hereby certified by the Board of Directors, and the statutory requirements for the following original sources of funds have been met, have been repealed, or are no longer in effect as noted below.

1

Professional Development funds received under Iowa Code 257.10 (10) were used to meet all statutory requirements of Iowa Code 284 and a balance remains unencumbered and unobligated at the close of FY 21.

WHEREAS, [REDACTED] has transferred the following funds authorized pursuant to HF 565 into the School Flexibility Fund.

4

Professional Development funds received under Iowa Code 257.10 (10) ending balance of \$100,000 of which \$70,000 was transferred to the Flexibility Fund from FY 21

WHEREAS, [REDACTED] has determined the needs of students would be better served by the flexible expenditure of these funds during the budget year beginning in or after the calendar year in which the transfer to the flexibility fund occurs, for the following purposes:

2 & 3

Any school district general fund purpose. \$70,000 from the flexibility account will be used for any general fund purposes.

Flexibility Account: Statewide Balances

- Preliminary FY24 Statewide Balances: Eligible for Flexibility Account Transfers

Categorical	Preliminary FY24 Statewide Carryforward Balances	Eligible for Flexibility Account
HSAP	\$13,179,052	Yes
TLC	\$45,941,408	Yes
SWVPP	\$21,712,272	Yes
PD	\$27,235,137	Yes
Total	\$108,067,869	

- Preliminary FY24 – 63 districts used the flex account totaling ~\$10m.

Leveraging Resources: Increased Uses for TSS

- Use other sources for Teacher Salary Supplement (TSS) purposes
- Use current year allocation (different from flex – prior year balance only)
 - TAG
 - PD
 - TLC

Increased Use of TSS: Statewide Balances

- Preliminary FY24 Statewide Balances: Funds able to be used for TSS purposes. Current allocations of these funds can also be used for TSS purposes.

Categorical	Preliminary FY24 Statewide Carryforward Balances	Eligible for TSS Purposes
TAG	\$24,811,288	Yes
TLC	\$45,941,408	Yes
PD	\$27,235,137	Yes
Total	\$97,987,833	

- Preliminary FY24 – 4 districts used under \$2m for TSS purposes.

Statewide Balances

- Preliminary FY24 Statewide Balances for Select Categorical Funds

Categorical	Preliminary FY24 Statewide Carryforward Balances	Eligible for Flexibility Account	Eligible for TSS Purposes
HSAP	\$13,179,052	Yes	No
TAG	\$24,811,288	No	Yes
TLC	\$45,941,408	Yes	Yes
SWVPP	\$21,712,272	Yes	No
PD	\$27,235,137	Yes	Yes

Thank you.