

CHAPTER 154

PUBLIC SCHOOL FUNDING — TRANSFER AND EXPENDITURE OF FUNDS — FLEXIBILITY ACCOUNTS

H.F. 565

AN ACT relating to public school funding by authorizing the establishment of school district flexibility accounts and authorizing the transfer and expenditure of certain unexpended and unobligated funds.

Be It Enacted by the General Assembly of the State of Iowa:

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

e. Preschool foundation aid funding shall not be used for the costs of constructing a facility in connection with an approved local program. Preschool foundation aid funding may be used by approved local programs and community providers for professional development for preschool teachers, for instructional equipment, for material and equipment designed to develop pupils' large and small motor skills, and for other direct costs. Preschool foundation aid funding may be used by approved local programs for the costs of transportation involving children participating in the preschool program. The costs of transporting other children associated with the preschool program or transported as provided in [section 256C.3, subsection 3](#), paragraph "h", may be prorated by the school district. Preschool foundation aid funding received by an approved local program that ~~remain~~ remains unexpended ~~or and~~ unobligated at the end of a fiscal year beginning on or after July 1, 2017, shall be used to build the approved local program's preschool program capacity in the next succeeding fiscal year excluding that portion of such unexpended and unobligated funding that the school district authorizes for transfer for deposit in the school district's flexibility account established under [section 298A.2, subsection 2](#), if the statutory requirements for the use of such funding are met. For purposes of determining whether a school district has authority to transfer preschool foundation aid funding for deposit in the school district's flexibility account established under [section 298A.2, subsection 2](#), the school district must have provided preschool programming during the fiscal year for which funding remains unexpended and unobligated to all eligible students for whom a timely application for enrollment was submitted.

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

d. The use of the funds calculated under [this subsection](#) and any amount designated for professional development purposes from the school district's flexibility account under [section 298A.2, subsection 2](#), shall comply with the requirements of [chapter 284](#). If all professional development requirements of [chapter 284](#) are met and funds received under [this subsection](#) remain unexpended and unobligated at the end of a fiscal year beginning on or after July 1, 2017, the school district may transfer all or a portion of such unexpended and unobligated funds for deposit in the school district's flexibility account established under [section 298A.2, subsection 2](#).

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

1. *Budget.* The budget of an approved program for at-risk students, secondary students who attend alternative programs or alternative schools, or returning dropouts and dropout prevention for a school district, after subtracting funds received under [section 257.11, subsection 4](#), paragraphs "a" through "c", and from other sources for that purpose, including any previous carryover or amount designated from the school district's flexibility account under [section 298A.2, subsection 2](#), shall be funded annually on a basis of one-fourth or more from the district cost of the school district and up to three-fourths through establishment of a modified supplemental amount. Annually, the department of management shall establish a modified supplemental amount for each such school district equal to the difference between the approved budget for the program for that district and the sum of the amount funded from

the district cost of the school district plus funds received under [section 257.11, subsection 4](#), and from other sources for that purpose, including any previous carryover or amount designated from the school district's flexibility account under [section 298A.2, subsection 2](#).

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

1. The budget of an approved gifted and talented children program for a school district, after subtracting funds received from other sources for that purpose, including any amount designated from the school district's flexibility account under [section 298A.2, subsection 2](#), shall be funded annually on a basis of one-fourth or more from the district cost of the school district.

Sec. 5. Section 284.6, subsection 9, Code 2017, is amended to read as follows:

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

Sec. 6. Section 298A.2, Code 2017, is amended to read as follows:

298A.2 General fund — flexibility account.

1. All moneys received by a school corporation from taxes and other sources must be accounted for in the general fund, except moneys required by law to be accounted for in another fund.

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

(1) An approved local program under the statewide preschool program for four-year-old children under [chapter 256C](#).

(2) Professional development funds received under [section 257.10, subsection 10](#).

(3) The home school assistance program under [section 299A.12](#).

b. In addition to the transfers to the flexibility account authorized by law, a school district may transfer to the flexibility account all or a portion of any unexpended and unobligated moneys in any other school district fund or school district general fund account if the program, purpose, or requirements for the expenditure of such moneys have been repealed or are no longer in effect.

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

(1) Start-up costs for an approved local program under the statewide preschool program for four-year-old children under [chapter 256C](#).

(2) Professional development requirements under [chapter 284](#).

(3) The home school assistance program under [section 299A.12](#).

(4) At-risk pupils programs, alternative programs and alternative school programs, and returning dropout and dropout prevention programs under [section 257.40](#).

(5) Gifted and talented children programs under [section 257.46](#).

(6) Any school district general fund purpose.

d. Expenditures from the flexibility account shall be approved by resolution of the board of directors of the school corporation and shall be included in the budget certified in accordance with [chapter 24](#). Before the board of directors may adopt the resolution approving expenditures from the flexibility account, the board shall hold a public hearing on

the proposed resolution. The proposed resolution must state the original source and purpose of the funds, the proposed use of such funds, the amount of the proposed expenditure, and the fiscal year from which the transfer of such funds to the flexibility account occurred. The proposed resolution must also include a certification that the statutory requirements for each original source of the money proposed to be used have been met, have been repealed, or are no longer in effect. The board shall publish notice of the time and the place of the public hearing in the same manner as required in [section 24.9](#). The department of education shall prescribe the form for public hearing notices. A copy of the resolution shall be provided by the board to the department of education and shall be made available by the board for any audit performed under [chapter 11](#).

e. (1) When exercising authority to carry out an agency action, as defined in [section 17A.2](#), or to perform an activity or make a decision specified in [section 17A.2, subsection 11](#), paragraphs “a” through “l”, if applicable, related to the provisions of [this subsection](#), the department of education, the director of the department of education, and the state board of education shall carry out, perform, or make such agency action, activity, or decision in a manner that gives deference to decisions of school districts’ boards of directors, promotes flexibility for school districts, and minimizes intrusions into school district operations and decision making by boards of directors.

(2) (a) In addition to subparagraph (1), the department of education, the director of the department of education, and the state board of education shall not issue guidance related to the provisions of [this subsection](#), that is inconsistent with any statute, rule, or other legal authority or that imposes any legally binding obligations or duties upon any person unless such legally binding obligations or duties are required or reasonably implied by any statute, rule, or other legal authority. Guidance issued in violation of this subparagraph (2) shall not be deemed to be legally binding.

(b) For the purposes of this subparagraph (2), “guidance” means a document or statement issued by the department of education, the director of the department of education, or the state board of education that purports to interpret a law, a rule, or other legal authority and is designed to provide advice or direction to a person regarding the implementation of or compliance with the law, the rule, or the other legal authority being interpreted. “Guidance” does not include any action, activity, or decision governed by subparagraph (1), a document or statement required by federal law or a court, or a document or statement issued in the course of a contested case proceeding, an administrative proceeding, or a judicial proceeding to which the department, the state board, or the director is a party.

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

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

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

Purposes for which a school district may expend funds received pursuant to [section 257.6, subsection 1](#), paragraph “a”, subparagraph (5), or amounts designated from the school district’s flexibility account under [section 298A.2, subsection 2](#), shall include but not be limited to the following:

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

c. Salary and benefits for the supervising teacher of the home school assistance program students. If the teacher is a part-time home school assistance program teacher and a part-time regular classroom teacher, funds received pursuant to [section 257.6, subsection 1](#), paragraph “a”, subparagraph (5), or amounts designated from the school district’s flexibility account under [section 298A.2, subsection 2](#), may be used only for the portion of time in which the teacher is a home school assistance program teacher.

d. Salary and benefits for clerical and office staff of the home school assistance program. If the staff members are shared with other programs or functions within the district, funds received pursuant to [section 257.6, subsection 1](#), paragraph “a”, subparagraph (5), or amounts designated from the school district’s flexibility account under [section 298A.2, subsection 2](#), shall only be expended for the portion of time spent providing the home school assistance program services.

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

Purposes for which a school district shall not expend funds received pursuant to [section 257.6, subsection 1](#), paragraph “a”, subparagraph (5), or amounts designated from the school district’s flexibility account under [section 298A.2, subsection 2](#), include but are not limited to the following:

Sec. 11. Section 299A.12, Code 2017, is amended by adding the following new subsection:
NEW SUBSECTION. 4. Unless otherwise prohibited by law, and if the statutory requirements for use of home school assistance program funding have been met, including funding all purposes listed in [subsection 2](#) and funding all requests for services and materials from parents or guardians of students eligible to access the program, all or a portion of the moneys received by a school district pursuant to [section 257.6, subsection 1](#), paragraph “a”, subparagraph (5), that remain unexpended and unobligated at the end of a budget year beginning on or after July 1, 2017, may be transferred for deposit in the school district’s flexibility account established under [section 298A.2, subsection 2](#).

Approved May 11, 2017