

CHAPTER 1112

REGULATION OF PRIMARY AND SECONDARY EDUCATION AND SCHOOL DISTRICT FUNDING

H.F. 2441

AN ACT relating to school district funding and the authorized purposes for the expenditure of school district funding, and including effective date and applicability provisions.

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

Section 1. **NEW SECTION. 256.9A Limitation on guidance and interpretations.**

1. For the purposes of [this section](#), “guidance” means a document or statement issued by the department, the state board, or the director 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.

2. The department, the state board, or the director shall not issue guidance inconsistent with any statute, rule, or other legal authority and shall not issue guidance 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.

3. [This section](#) shall not apply to a rule adopted pursuant to [chapter 17A](#), a declaratory order issued pursuant to [section 17A.9](#), 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.

4. Guidance issued by the department, the state board, or the director in violation of [subsection 2](#) shall not be deemed to be legally binding.

Sec. 2. [Section 257.10, subsection 11](#), paragraph d, Code 2018, is amended to read as follows:

d. ~~The use of the funds calculated under [this subsection](#) shall comply with the requirements of [chapter 256D](#) may be used for any school general fund purpose.~~

Sec. 3. [Section 257.31, subsection 16](#), Code 2018, is amended to read as follows:

16. The committee shall perform the duties assigned to it under [sections 257.32, 257.40, and 260C.18B](#).

Sec. 4. [Section 257.38, subsection 1](#), unnumbered paragraph 1, Code 2018, is amended to read as follows:

Boards of school districts, individually or jointly with boards of other school districts, requesting to use a modified supplemental amount for costs in excess of the amount received under [section 257.11, subsection 4](#), for programs for at-risk students, secondary students who attend alternative programs and alternative schools, and returning dropouts and dropout prevention, shall ~~submit~~ approve, by resolution, comprehensive program plans for the programs and budget costs, including annual requests for a modified supplemental amount for funding the programs, ~~to the department of education as a component of the comprehensive school improvement plan submitted to the department pursuant to [section 256.7, subsection 21](#).~~ The program plans shall include:

Sec. 5. [Section 257.38, subsection 1](#), paragraph j, Code 2018, is amended by striking the paragraph.

Sec. 6. [Section 257.38, subsection 2](#), Code 2018, is amended to read as follows:

2. Program plans shall identify the parts of the plan that will be implemented first upon ~~approval~~ adoption of the ~~request~~ program plan. If a district is requesting to use a modified supplemental amount to finance the program, the school district shall ~~not identify more than five percent of~~ include in the request the number of students in its budget enrollment for the budget year identified as returning dropouts and potential dropouts.

Sec. 7. [Section 257.40](#), Code 2018, is amended to read as follows:

257.40 Approval of programs for at-risk pupils, alternative programs and schools, and returning dropouts and dropout prevention requests for modified supplement amounts for adopted program plans.

The board of directors of a school district requesting to use a modified supplemental amount for costs in excess of the funding received under [section 257.11, subsection 4](#), for programs for at-risk students, secondary students who attend alternative programs and alternative schools, or returning dropouts and dropout prevention shall submit requests for a modified supplemental amount, including budget costs, to the department school budget review committee not later than ~~December 15~~ January 15 of the year preceding the budget year during which the program will be offered. The department school budget review committee shall review the request and shall ~~prior to January 15~~ either grant approval for the request or return the request for approval with comments of the department included if the amount requested does not exceed an amount equal to the limitation of [section 257.41, subsection 3](#), minus any funds for the adopted program carried forward from the year prior to the base year. ~~An unapproved request for a program may be resubmitted with modifications to the department not later than February 1.~~ The board of directors shall certify by resolution that the request complies with the school district's adopted program plan. If the amount requested exceeds an amount equal to the limitation of [section 257.41, subsection 3](#), minus any funds for the adopted program carried forward from the year prior to the base year, the amount approved by the school budget review committee shall equal the limitation amount minus any funds for the adopted program carried forward from the year prior to the base year. Not later than ~~February~~ March 15, the department school budget review committee shall notify the department of management and the school budget review committee of the names of the school districts for which programs using a modified supplemental amount for funding have been approved and the approved budget of each program listed separately for each school district having an approved request. If requested, the board of directors shall provide the adopted program plan for any audit performed under [chapter 11](#) or other provision of law.

Sec. 8. [Section 257.41, subsection 1](#), Code 2018, is amended to read as follows:

1. *Budget.* The budget of an ~~approved~~ adopted 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. 9. [Section 257.41, subsection 2](#), unnumbered paragraph 1, Code 2018, is amended to read as follows:

Appropriate uses of the funding for an ~~approved~~ adopted program include but are not limited to the following:

Sec. 10. [Section 257.41, subsection 2](#), paragraphs a and b, Code 2018, are amended to read as follows:

a. Salary and benefits for staff including but not limited to instructional staff, instructional support staff, administrative staff, and guidance counselors, salary and benefits or contract payments for psychologists licensed under [chapter 154B](#), licensed independent social workers or master social workers under [chapter 154C](#), licensed mental health counselors under [chapter 154D](#), and salary and benefits for school-based youth services staff who are

working with ~~students who are participating in~~ at-risk or dropout prevention programs, alternative programs, and alternative schools, in a traditional or alternative setting, or who are working with students who are participating in such programs or schools, if the staff such person's or counselor's time is dedicated to working with the program or with such students in order to provide services beyond those which are provided by the school district to students who are not participating in such programs or alternative schools. However, if ~~the staff~~ such person or counselor works part-time with students who are participating in a program or alternative school and the ~~staff person or counselor~~ has another unrelated staff assignment, only the portion of the ~~staff person's or counselor's~~ time that is related to the program or alternative school may be charged to the program or school. For each such ~~staff person or counselor~~ who works part time or on a contract basis with the program or with students who are participating in a program or alternative school, the school district shall have the authority to designate the portion of the ~~staff person's or counselor's~~ time and the corresponding amount of salary and benefits or contract payment amount that is related to the program or alternative school and shall include such designation as part of the program plan under [section 257.38](#), if applicable. For purposes of this paragraph, if an alternative setting is necessary to provide for a program which is offered at a location off school grounds and which is intended to serve student needs by improving relationships and connections to school, decreasing truancy and tardiness, providing opportunities for course credit recovery, or helping students identified as at risk to accelerate through multiple grade levels of achievement within a shortened time frame, the tuition costs for a student identified as at risk shall be considered an appropriate use of the program funding under [this section](#).

b. Professional development for all teachers, counselors, and staff identified in paragraph "a" who are working with at-risk students under a program or an alternative school setting.

Sec. 11. [Section 257.41, subsection 2](#), Code 2018, is amended by adding the following new paragraphs:

NEW PARAGRAPH. *f.* Any purpose determined by the board of directors that directly benefits students participating in the adopted program.

NEW PARAGRAPH. *g.* School security personnel costs.

Sec. 12. [Section 297.22, subsection 2](#), paragraph b, Code 2018, is amended to read as follows:

b. The board of directors of a school district may lease a portion of an existing school building in which the remaining portion of the building will be used for school purposes for a period of not to exceed five years or lease a portion of existing school property. The lease may be renewed at the option of the board. The notice and public hearing requirements of [subsection 1](#) of [this section](#) do not apply to the lease of a portion of an existing school building. A school district shall pay out of the revenue from a lease to the state of Iowa, and to the city, school district and any other political subdivision authorized to levy taxes, an amount as determined by [this section](#). The amount shall be determined by applying the annual tax rate of the taxing district to the assessed value of the portion of the building leased, prorated for the term of the lease during the appropriate taxing period. The provisions of [this section](#) relating to the payment of property tax because of leases shall only apply to leases to private, for-profit entities which lease a portion of a school building for a period of thirty or more consecutive days, but shall not apply to property or equipment leased as part of a project designed to generate electricity for the school district.

Sec. 13. [Section 298A.8, subsection 2](#), Code 2018, is amended to read as follows:

2. For school budget years beginning on or after July 1, 2016, the board of directors of a school corporation may, by board resolution, transfer from the school corporation's general fund to the student activity fund an amount necessary to purchase or recondition protective and safety equipment required for any extracurricular interscholastic athletic contest or competition that is sponsored or administered by an organization as defined in [section 280.13](#).

Sec. 14. [Section 298A.12](#), Code 2018, is amended to read as follows:

298A.12 Child care fund.

1. A child care fund is an enterprise fund. A child care fund must be established in any school corporation receiving moneys from the child care program authorized under [section 279.49](#).

2. If the sum of the fees collected under [section 279.49](#) for participation in a before and after school program and other moneys deposited in the fund as the result of the before and after school program exceeds the amount necessary to operate the before and after school program, the excess amount may, following a public hearing, be transferred by resolution of the board of directors of the school corporation for deposit in the general fund of the school corporation to be used for school district general fund purposes. 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 resolution transferring the excess amount shall state the original source and purpose of the funds, the method used to establish fee amounts for the before and after school program under [section 279.49, subsection 4](#), the proposed use of such funds, and the amount of the transfer. The department of education shall prescribe the form for public hearing notices. The board shall provide a copy of the resolution to the department of education and shall make the resolution available for any audit performed under [chapter 11](#). A transfer under [this subsection](#) does not increase a school district's authorized expenditures as defined in [section 257.7](#).

Sec. 15. [Section 299A.12](#), Code 2018, is amended by adding the following new subsection: **NEW SUBSECTION.** 3A. The purposes for and limitations on the expenditure of funds under [subsections 2 and 3](#) shall not be construed to prohibit a school corporation from authorizing the use of items and materials purchased for the home school assistance program for school district purposes other than the home school assistance program so long as the authorized use does not prevent or interfere with the item or material's use by parents or students utilizing the program.

Sec. 16. **EFFECTIVE DATE.** The following, being deemed of immediate importance, take effect upon enactment:

1. The section of this Act enacting section 256.9A.
2. The section of this Act amending section 257.10, subsection 11.
3. The section of this Act amending section 297.22, subsection 2, paragraph "b".
4. The section of this Act amending section 298A.8, subsection 2.
5. The section of this Act amending section 298A.12.
6. The section of this Act amending section 299A.12.

Sec. 17. **APPLICABILITY.** The following apply to school budget years beginning on or after July 1, 2018:

1. The section of this Act enacting section 256.9A.¹
2. The section of this Act amending section 257.10, subsection 11.
3. The section of this Act amending section 297.22, subsection 2, paragraph "b".
4. The section of this Act amending section 298A.8, subsection 2.
5. The section of this Act amending section 298A.12.
6. The section of this Act amending section 299A.12.

Sec. 18. **APPLICABILITY.** The following apply to school budget years beginning on or after July 1, 2019:

1. The section of this Act amending section 257.31, subsection 16.
2. The section of this Act amending section 257.38, subsection 1, unnumbered paragraph 1.
3. The section of this Act amending section 257.38, subsection 1, paragraph "j".
4. The section of this Act amending section 257.38, subsection 2.
5. The section of this Act amending section 257.40.
6. The section of this Act amending section 257.41, subsection 1.

¹ See chapter 1172, §9 herein

7. The section of this Act amending section 257.41, subsection 2, unnumbered paragraph 1.
8. The section of this Act amending section 257.41, subsection 2, paragraphs “a” and “b”.
9. The section of this Act enacting section 257.41, subsection 2, paragraphs “f” and “g”.

Approved April 11, 2018