



## 2021 Legislation Related to School Business and Finance

### Introduction

The 2021 legislative session included several bills that impact school finance. These bills are summarized by the following topics:

- [Supplemental State Aid](#),
- [Transportation Equity](#),
- [Supplemental Weighting for English Learners](#),
- [Flexibility Account Changes](#),
- [Teacher Salary Supplement Balance](#),
- [Modified Supplement Amount for Statewide Voluntary Preschool Program](#),
- [Documentation for Medicaid-Eligible Services](#),
- [Funding Calculation for Children in Facilities](#),
- [Nonprofit School Organization Report](#),
- [Limited General Fund Transfer to the Student Activity Fund](#),
- [Operational Function Sharing](#),
- [Facility-Related Cost Thresholds for AEAs](#),
- [District Sale or Disposition of Real or Other Property](#),
- [School Association Report](#), and
- [Publication of Notices](#)

### Supplemental State Aid

[Senate File \(SF\) 269](#) established the supplemental state aid (SSA) growth rate at 2.4% for fiscal year 2022 (FY22) for the regular program state cost per pupil and for the area education agency (AEA) and district categorical supplements (Iowa Code § 257.8(1)-(2), as amended). Additionally, \$10 was added to the regular program base (Iowa Code § 257.9(2)“e,” as amended), bringing the state cost per pupil to \$7,227. With the implemented changes, the range in regular program district cost per pupil (DCPP) is reduced to \$145.

Resulting categorical state costs per pupil are as follows:

- Teacher Salary Supplement: \$620.11 per pupil
- Professional Development Supplement: \$70.23 per pupil
- Early Intervention Supplement: \$76.50 per pupil
- Teacher Leadership Supplement: \$349.07 per pupil

## Transportation Equity

SF 269 addressed changes to transportation equity payments for FY22 (see Iowa Code § 257.16C(3)“d”(3), as amended). Funding is provided to bring districts to the state average of \$334.80 per pupil. The appropriation is modified for FY22 to provide only the amount needed for this purpose, so not all districts will receive payment.

The transportation costs from which the state average was determined, and from which payments will be based, were generated from the FY21 Annual Transportation Report (available in the EdPortal). The district’s net operating cost for transportation is found on Line 8 of the Miscellaneous tab of the report. This amount is then divided by the district’s certified enrollment, less any nonpublic shared time students. The resulting amount is then compared to the state average.

## Supplemental Weighting for English Learners

[House File \(HF\) 605](#) changed the supplementary weighting for students identified as English learners (ELs) and created two tiers of EL funding: intensive (0.26) and intermediate (0.21; Iowa Code § 280.4, as amended). These changes become effective in the budget year beginning July 1, 2021.

### EL Weightings

To determine student funding levels for EL supplementary weighting, the Iowa Department of Education (Department) will use the results of the most recent English Language Proficiency Assessment for the 21st Century’s (ELPA21) summative assessment along with Student Reporting in Iowa (SRI) and certified enrollment data. In the absence of a summative ELPA21 score report, results from the dynamic screener will be used. ELPA21 results will be used as follows:

- A student with Emerging proficiency will be funded at the intensive support level (0.26),
- A student with Progressing proficiency will be funded at the intermediate support level (0.21), and
- A student with Proficient proficiency is not eligible for funding or EL services.

This information is also summarized in Table 1.

*Table 1. Summary of EL Weightings by Funding Level*

ELPA21 Summative or Screener Proficiency	Funding Level	Weighting
Emerging	Intensive	0.26
Progressing	Intermediate	0.21
Proficient	None, students not eligible for EL funding	0.00

### EL Open Enrollment Billing

Districts will not be able to bill for open enrolled students for whom funds were generated at the new weightings (0.26 or 0.21) until the 2022-2023 school year (the year the related funding is generated). For the 2021-2022 school year, serving districts will continue to bill resident districts for students served in an EL program, who were included in the resident district’s fall 2020 certified enrollment EL weighted count at the 0.22 weighting (see the [billing chart](#)). If the student was funded in the prior year’s certified enrollment EL weighted count, the amount to be paid is the weighting identified in the prior year times the resident district’s cost per pupil in the current year (refer to [281— Iowa Administrative Code 17.10](#)).

The weighting changes will be reflected in the related School Budget Review Committee (SBRC) applications for the year in which the changed funding is generated. A summary of changes is provided in Table 2.

Table 2. SBRC Applications and Weighting Changes

Application	0.22 EL Weighting	0.21 and 0.26 EL Weightings
Certified Enrollment – EL Weighted Funding		Begins October 1, 2021 for funding to be received in 2022-2023.
SBRC – EL Beyond Five Years	Due December 1, 2021 for a modified supplemental amount (MSA) granted in 2021-22.	Due December 1, 2022 for MSA granted in 2022-23.
SBRC – Excess LEP Costs	Due October 1, 2021 for the 2020-21 school year and October 1, 2022 for the 2021-22 school year (years EL funds are paid at the 0.22 weighting factor).	Due October 1, 2023 for the 2022-23 school year (first year funds received will be calculated using the new weightings).

## Flexibility Account Changes

[HF 847](#) made two changes impacting use of the flexibility account.

### Teacher Leadership Supplement

Districts will have the option to transfer any unexpended, unobligated balance remaining at the end of a fiscal year for the Teacher Leadership Supplement (Source/Project 3116; also referenced as Teacher Leadership and Compensation (TLC)) to the district’s flexibility account, provided all requirements for use of the funds have been met (Iowa Code §§ 257.10(12)"d" and 298A.2(2)"a," as amended). This provision begins with balances remaining at the end of the current fiscal year (FY21).

### Flexible Student and School Support Program

HF 847 also created the Flexible Student and School Support (FS3) program (Iowa Code § 298A.2(2)"c"(8)). The FS3 program replaces the Innovative Waiver in Iowa Code section 256.11. The monies deposited into the district’s flexibility account may be used for this program. Additional information on this program is available in the [Accreditation and Continuous Improvement guidance](#).

## Teacher Salary Supplement Balance

HF 847 established a one year provision requiring that any unexpended, unobligated Teacher Salary Supplement (TSS) funds (Source/Project 3204) remaining at the conclusion of FY22 that exceed five percent of the amount received for FY22 be allocated and paid to eligible employees based on their full- or part-time status (Iowa Code § 284.3A(5)). Distribution of these funds, if any, should be made to eligible individuals employed during the 2022-2023 school year. This requirement applies to both districts and AEAs.

## Modified Supplement Amount for Statewide Voluntary Preschool Program

[Division IV of HF 868](#) allows districts that meet specific eligibility requirements to apply to the SBRC for a MSA for increased enrollment in the Statewide Voluntary Preschool Program (SWVPP) for FY22. The eligible amount is determined through a formula provided in the legislation. Awarding of the MSA is subject to funding being provided for this purpose. Additional information will be provided at a later date.

## Documentation for Medicaid-Eligible Services

Per [SF 260](#), effective July 1, 2021, districts receiving open enrolled students who are provided Medicaid-eligible special education services are required to provide information and documentation to the resident district to allow for Medicaid billing, as applicable, by the resident district (Iowa Code § 228.18(8)). The Department has started rulemaking to implement this provision.

## Funding Calculation for Children in Facilities

[HF 317](#) modified the calculation used to determine the amount of funding a school district can request by changing the calculation from number of months to number of days that a student is enrolled in the district in order to provide education services to children living in approved or licensed shelter homes or other approved facilities (Iowa Code § 282.31(1)"b"(2), as amended). This change reflects current practice of the Department.

## Nonprofit School Organization Report

Beginning with the current year (FY21) Certified Annual Report (CAR), districts are no longer required to report to the Department revenues, expenditures, and activities of entities or organizations established by the school district as a 501(c)(3) organization that solely benefits the school district (i.e., the Nonprofit School Organization Report; Iowa Code § 279.62, as amended). Typically, districts had to seek this information from other entities, as the information was not maintained directly by the districts.

Please note that while reporting to the Department was removed by [HF 386](#), districts must continue to make this information available to the local community annually (Iowa Code § 279.62, as amended).

## Limited General Fund Transfer to the Student Activity Fund

The governor signed [HF 602](#) on May 10, 2021. Effective upon enactment, a school district's board of directors is authorized through a board resolution to transfer from the General Fund to the Student Activity Fund an amount necessary (as recommended by the superintendent) to fund co-curricular or extracurricular activities for which monies from student-related activities (e.g., admissions, student fundraising events) were insufficient to meet the activity's financial needs as a result of COVID-19 restrictions placed on the activity (Iowa Code § 298A.8(3)).

This authority is only effective for the following fiscal years: 2021, 2022, and 2023. The authority is set to be repealed effective July 1, 2023 (FY24).

The bill also added "extracurricular" to the type of programs for which the student activity fund shall be used, though this has previously been included in rule (281—IAC 98.70).

## Operational Function Sharing

Several changes to operational function sharing were made. Three new positions eligible for weighting were added:

- Mental health professional who holds a statement of professional recognition issued by the Board of Educational Examiners or BOEE (added by HF 868),
- Work-based learning coordinator (added by and defined in HF 847), and
- Special education director (added by HF 847).

Each of the added eligible positions are assigned a weighting of three pupils. Sharing of these positions during the 2021-2022 school year will generate funding in FY23.

Additionally, HF 847 implements reductions in supplemental weighting for most positions, effective with the budget year beginning July 1, 2022 (FY23). Positions previously assigned a weighting of five pupils will be

reduced to four and those previously assigned a weighting of three pupils will be reduced to two (see Table 3).

Table 3. Fall BEDS Staff Collection/Operational Sharing Request Period, Weighting, and Budget Year Distribution

Fall BEDS Staff Collection/Operational Sharing Request Period	Applicable FTE Weightings	Budget Year for Distribution of Funds
October 2020	3, 5, and 8	Beginning July 1, 2021 (FY22)
October 2021	2, 4, and 8	Beginning July 1, 2022 (FY23)
October 2022	2, 4, and 8	Beginning July 1, 2023 (FY24)
October 2023	2, 4, and 8	Beginning July 1, 2024 (FY25)

## Facility-Related Cost Thresholds for AEAs

The minimum cost threshold for facility lease, purchase, or lease purchase transactions for which AEAs must have approval from the Department is increased beginning July 1, 2021. [SF 289](#) changes the determining threshold from \$25,000 to the minimum competitive bid threshold defined in [Iowa Code section 26.3](#) (Iowa Code § 273.2(2), as amended). The bid threshold (vertical infrastructure), which is subject to annual review, is currently \$139,000.

## District Sale or Disposition of Real or Other Property

SF 289, effective July 1, 2021, authorizes a school district’s board of directors to take action to deposit the proceeds from the sale or disposition of real or other property in any school district account (fund) after holding a public hearing on the proposed board action (Iowa Code § 297.22(1)“b,” as amended). Previously, deposit of proceeds was limited to the fund from which the purchase occurred (if known) or the Physical Plant and Equipment Levy Fund.

Additionally, the value threshold for which a district is allowed to sell or dispose of property other than real property is increased from \$5,000 to \$25,000 (Iowa Code § 297.22(1)“d,” as amended).

## School Association Report

Beginning with the FY21 data collection, the School Association Report (SAR) will no longer require districts to include information regarding dues and services related to the Iowa Association of School Boards (IASB; Iowa Code § 279.38(1), as amended). SF 289 now requires IASB to provide this information to the Department (Iowa Code § 279.38(2), as amended).

## Publication of Notices

SF 289 included several changes to notice requirements pertaining to districts and AEAs:

- The requirement for publication of a notice before entering into a loan agreement for equipment purchases has been removed (Iowa Code § 279.48(3), as amended).
- For proposed budgets, an AEA shall post notice on its internet site and publish in one newspaper of general circulation in the agency’s territory (Iowa Code § 273.3(12), as amended). Previously, notification was required to be published in an official county newspaper of each county within the agency’s territory.
- Notice of a public hearing on resolutions regarding sale, lease exceeding one year, or disposal of district property will now follow the requirements of [Iowa Code section 24.9](#) (Iowa Code § 297.22(1)“c,” as amended).

## Questions and Additional Guidance

If you have questions, please contact Tom Cooley at [tom.cooley@iowa.gov](mailto:tom.cooley@iowa.gov). For additional guidance and information, please visit the Department's [School Business and Finance](#) webpage.