IASB

Iowa Association of School Boards

Iowa School Finance Basics

ISFLC New Superintendents

September 20, 2022

IASB
Iowa Association of School Boards

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Materials

- Presentation (Download from website)
- Financial Glossary – there are lots of key terms!
- Financial Focus Booklet
- Key financial Excel files (labeled 1 through 13 – download from website) – we will go through these

    1: General Fund Fiscal Facts
    2: District Cost Per Pupil (DCPP) comparisons
    3: New Money History
    4: SSA/New Money Calculator
    5: Enrollment Information
    6: Weighting Information
    7: Dropout Prevention Program
    8: Unspent Authorized Budget (UAB) Report
    9: School District Tax Rates
    10: School District Taxable Valuation Per Pupil Comparisons
    11: Income Surtax Information
    12: Categorical Fund Balances
    13: Management Fund Balances

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Goals for Today

- Fiscal Facts
- History, Dillon’s Rule and “Home Rule”
- School Finance Formula Principles
- Spending Authority
- Property Taxes
- Fund Accounting – Funding Silos
- Wrap up: Other Helpful Information

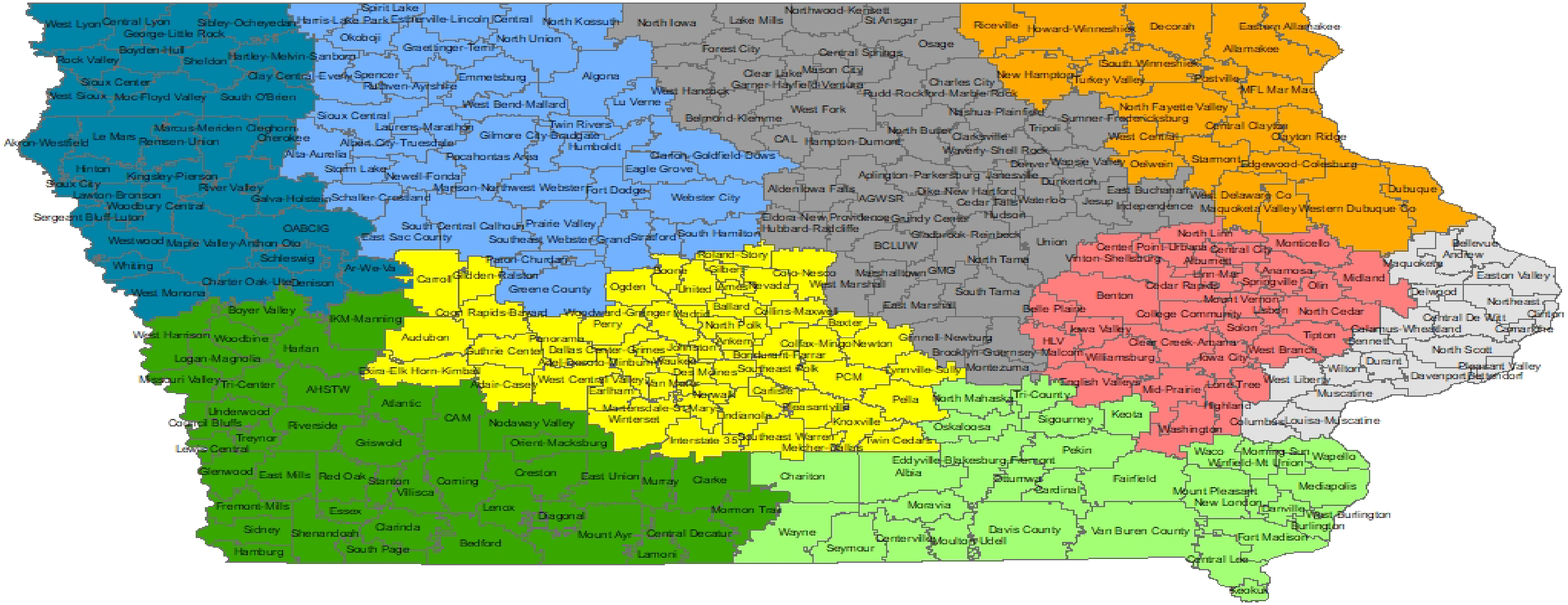
5. Fiscal Responsibility

Sustain and enhance district resources through planning and fiduciary oversight.

- Financial Health – Monitors and evaluates the financial health of the district, ensuring accountability and transparency in board decision making.
- Financial Forecasting – Ensures strong financial planning for the district.
- Budgeting – Ensures the district budget aligns with district goals and multi-year plans.

Fiscal Facts

Iowa Association of School Boards
2022-2023 (FY 2023) School Districts and Area Education Agencies (AEAs)



Legend

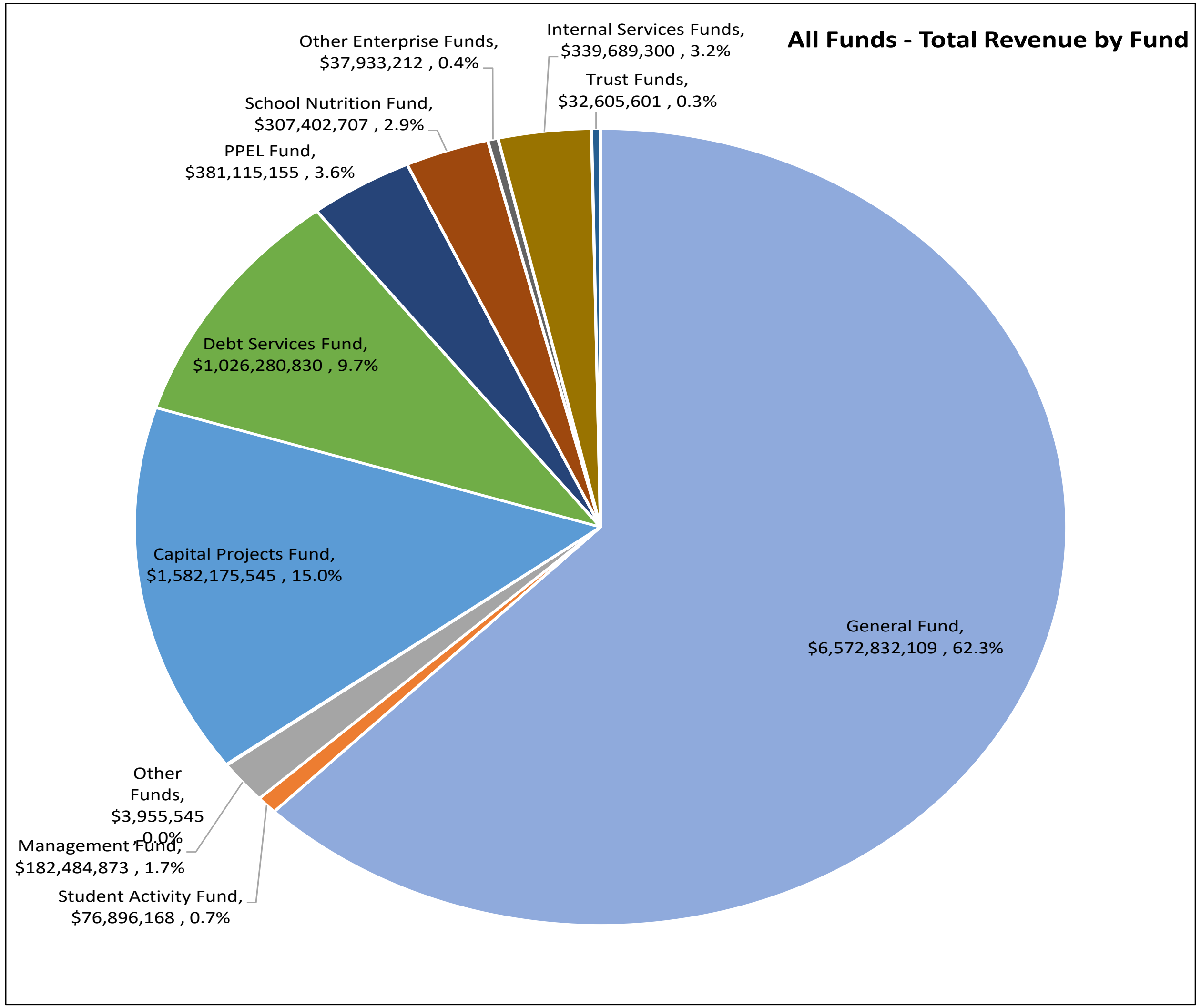
Iowa School Districts FY 2023

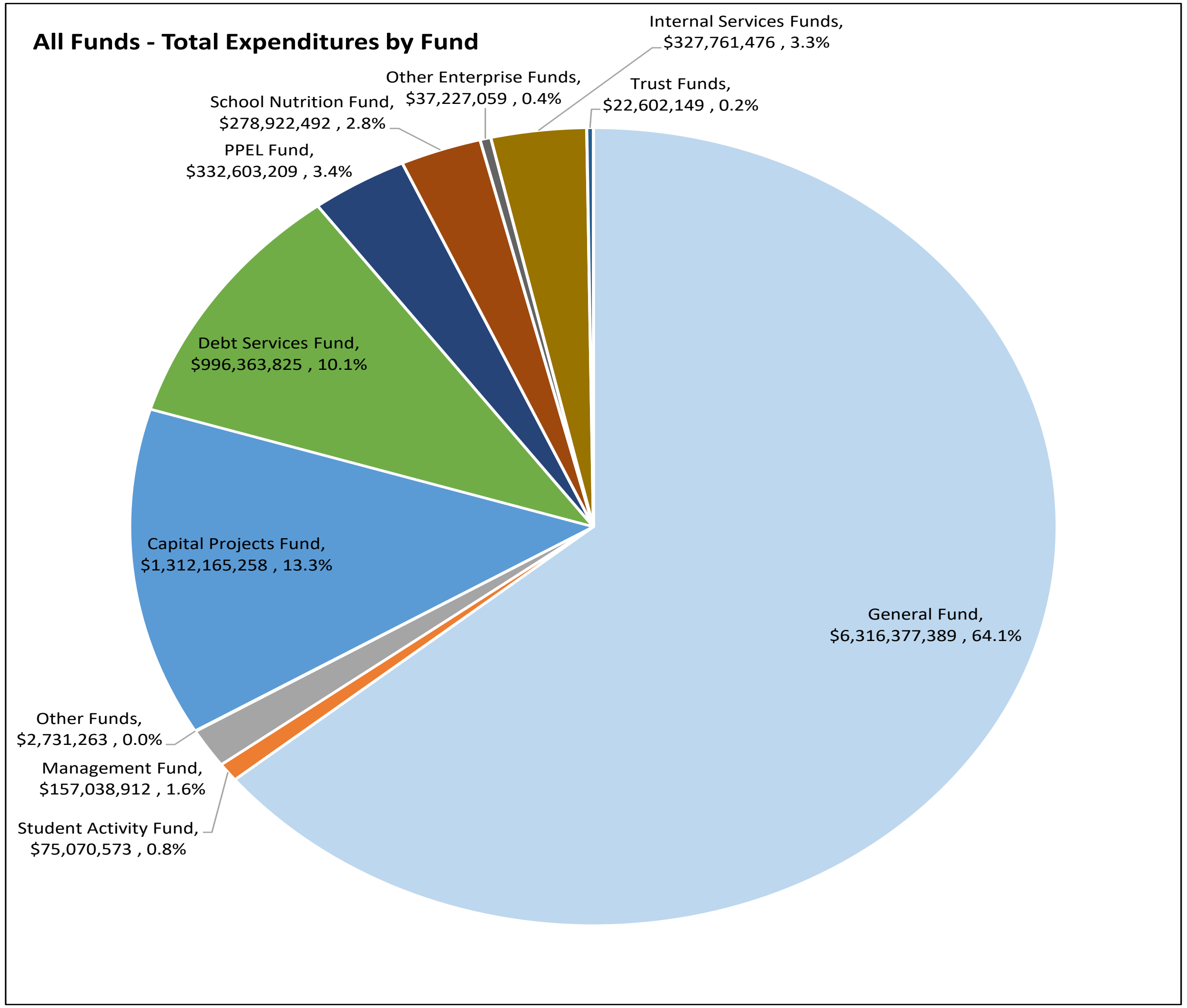
Area Education Agencies (AEAs)

- Keystone AEA (21 Districts)
- Prairie Lakes AEA (38 Districts)
- Central Rivers AEA (53 Districts)
- Mississippi Bend AEA (21 Districts)
- Grant Wood AEA (32 Districts)
- Heartland AEA (53 Districts)
- Northwest AEA (34 Districts)
- Green Hills AEA (43 Districts)
- Great Prairie AEA (32 Districts)

9 AEAs
327 School Districts

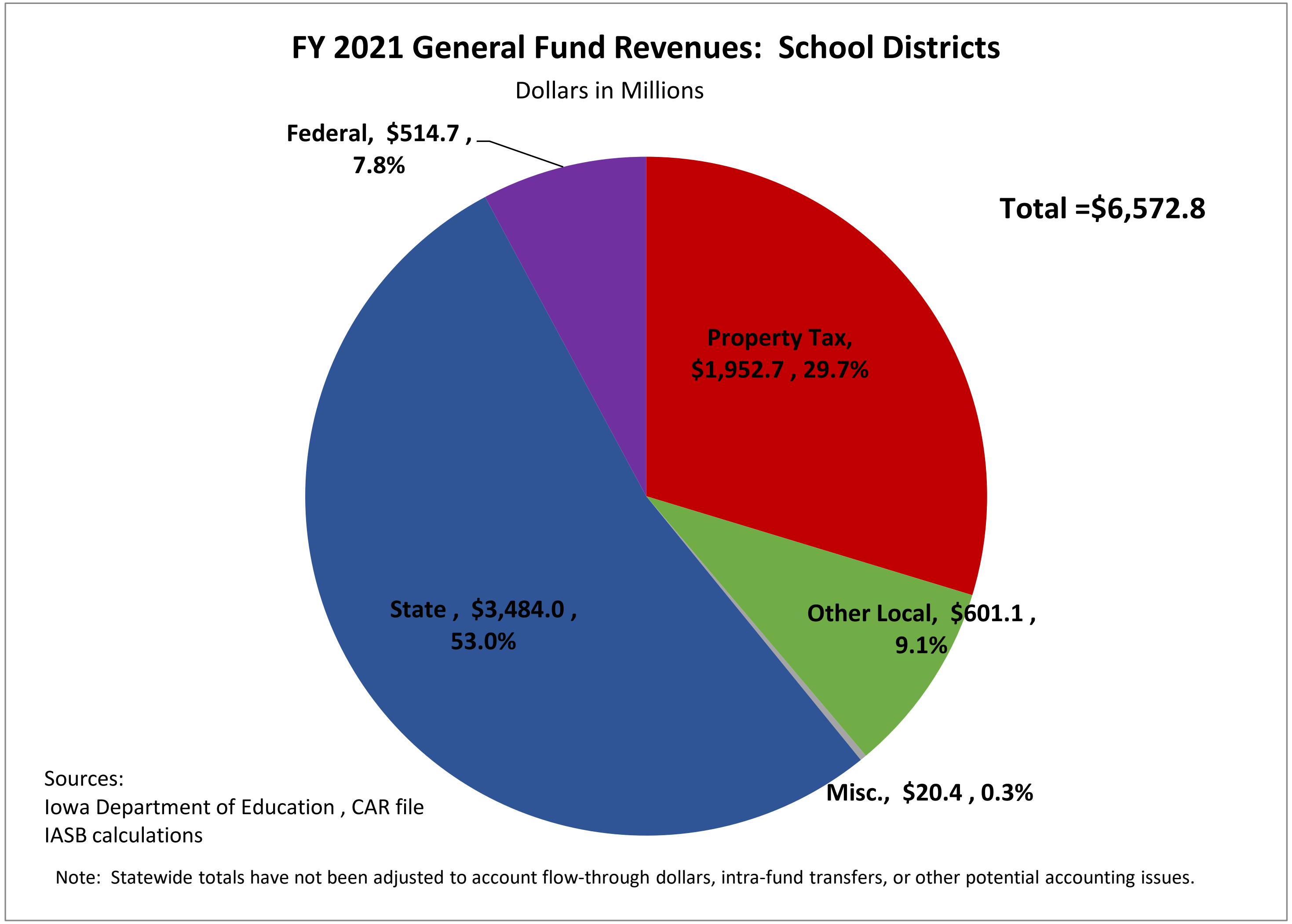
All Funds: Revenues and Expenditures by Fund





General Fund Revenues – Sources

(See: 1_GeneralFundFiscalFacts.xls)

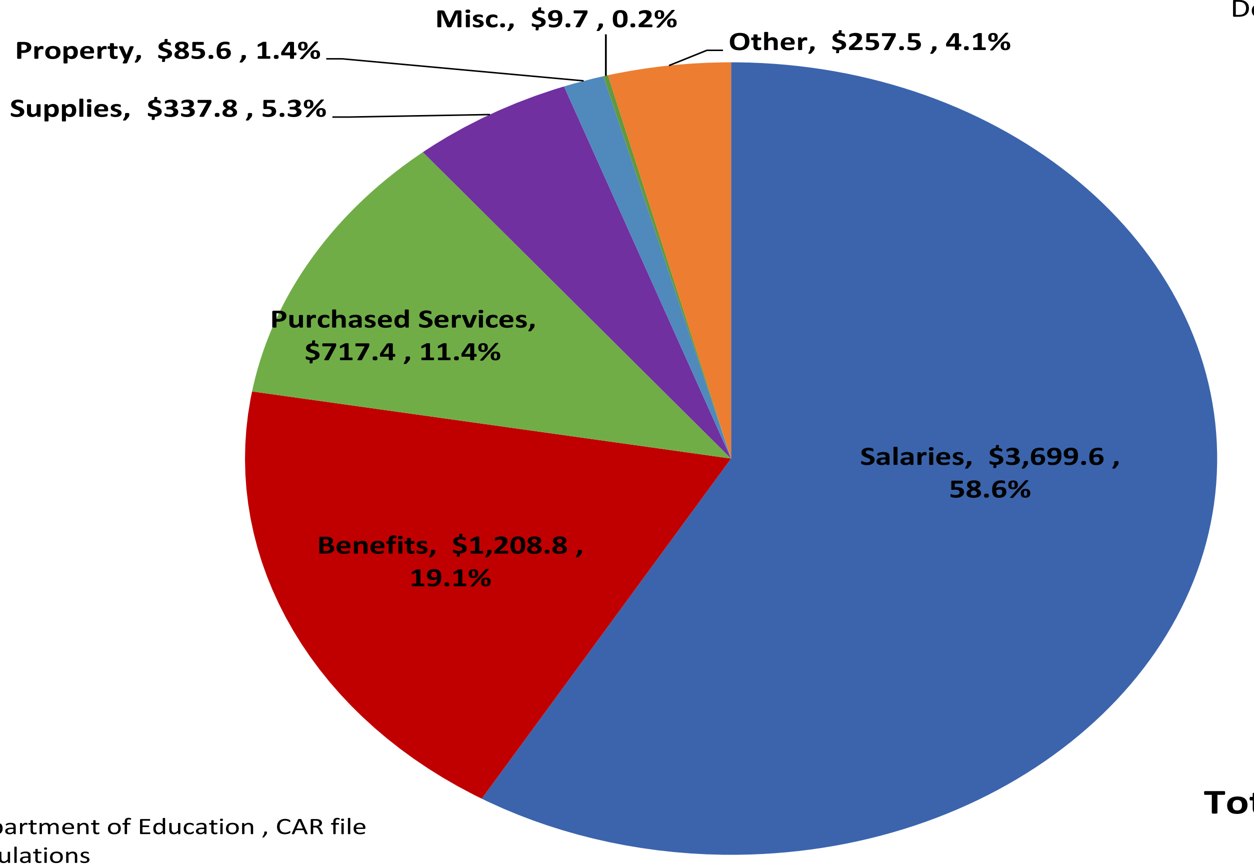


General Fund Expenditures

(See: 1_GeneralFundFiscalFacts.xls

FY 2021 General Fund Expenditures by Object: School Districts

Dollars in Millions



Total =$6,316.4

Sources:
Iowa Department of Education , CAR file
IASB calculations

Note: Statewide totals have not been adjusted to account flow-through dollars, intra-fund transfers, or other potential accounting issues.

COVID Stimulus Federal Funding

- **CARES: Coronavirus Aid, Relief, and Economic Security Act** – March 2020
  - Emergency stabilizing funding in response to the COVID pandemic
- **CRSSA: Coronavirus Response and Relief Supplemental Appropriations Act** – December 2020
  - Relief package, not a stimulus package, and not subject to supplement not supplant
- **ARP: American Rescue Plan** – March 2021
  - Additional relief package with guidance on new evidence-based requirements

COVID Stimulus Funding to Iowa (Millions of Dollars)

		Total Funding	District Allocation	Other Allocation		School Districts	State Activities**
CARES Act	ESSER I	$ 71.6	$ 64.4	$ 4.5	ESSER I - Amount Remaining*	$ 0.01	
	GEER I	$ 19.2	$ 19.2				
CRRSA Act	ESSER II	$ 344.8	$ 310.3		ESSER II - Amount Remaining*	$ 27.4	$ 1.3
	GEER II	$ 37.8	$ 8.6				
ARP Act	ESSER III	$ 774.5	$ 697.0		ESSER III - Amount Remaining*	$ 443.5	$ 16.0

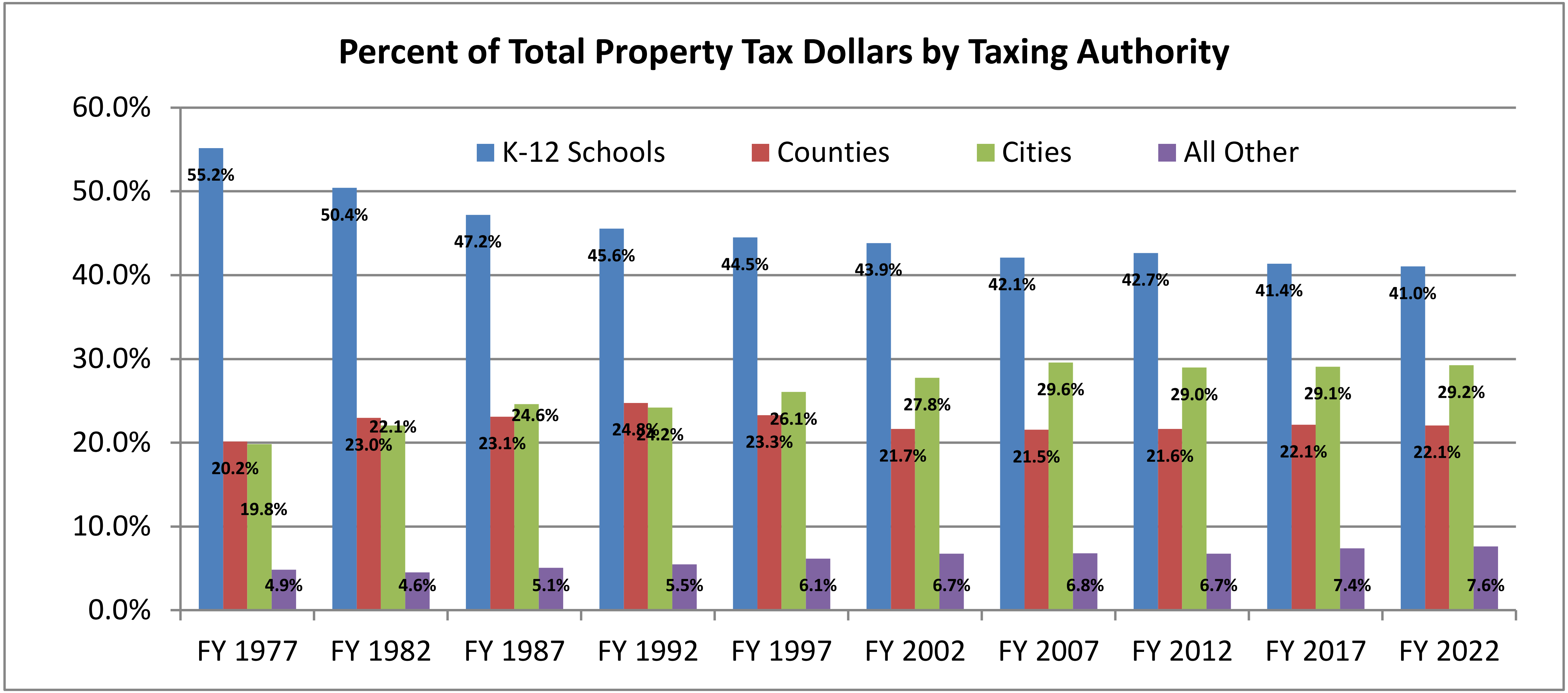
*The balances listed are as of August 16, 2022 and do not indicate all incurred expenses through 8/16/22 have been reimbursed. Furthermore, these listed balances do not demonstrate the encumbered funds for projects currently implemented or those to be implemented in the future.

**State Activities amounts reflect the status as of Aug. 31, 2022.

Source: Iowa Department of Education files and information

ESSER II must be obligated by September 30, 2023

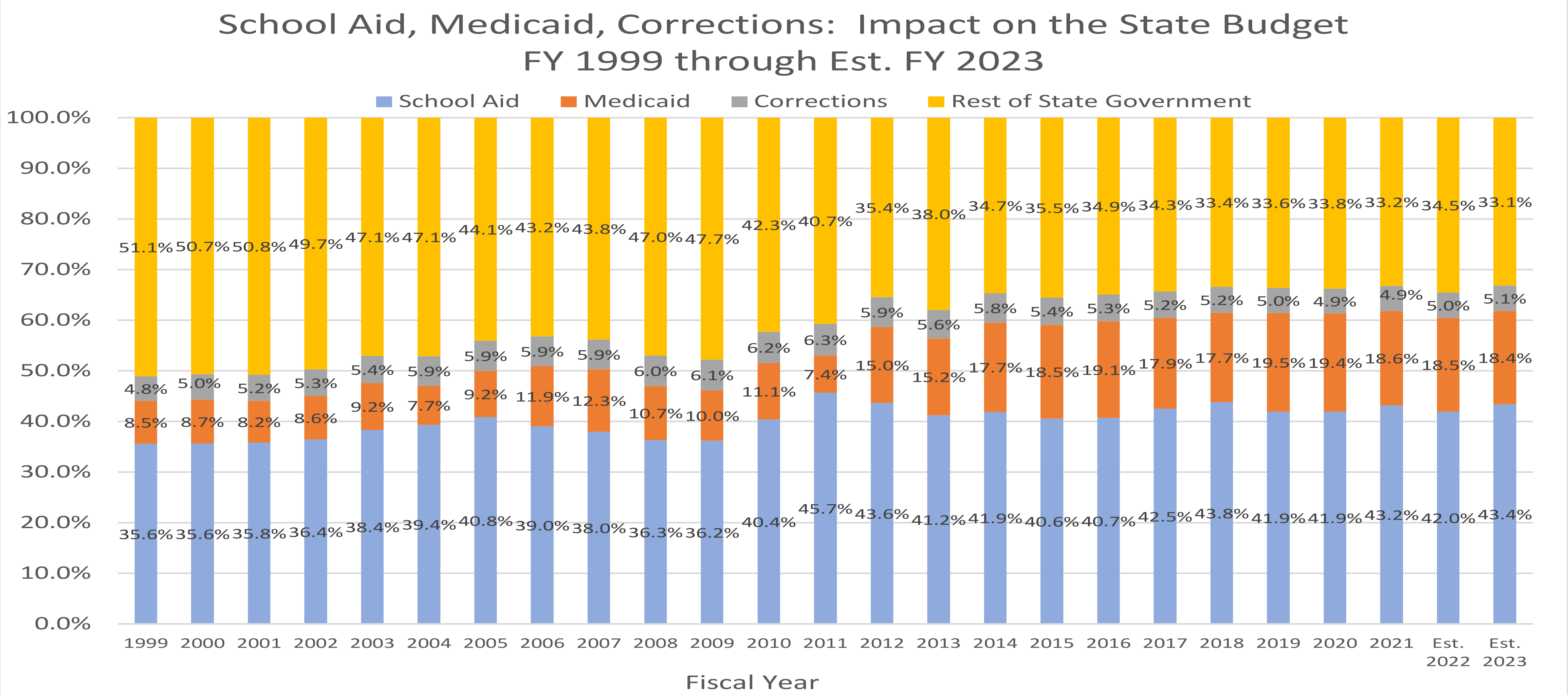
ESSER III must be obligated by September 30, 2024



Schools still account for the largest portion – but notice the decrease over time.

School aid formula provides a simple property tax relief mechanism because of foundation level.

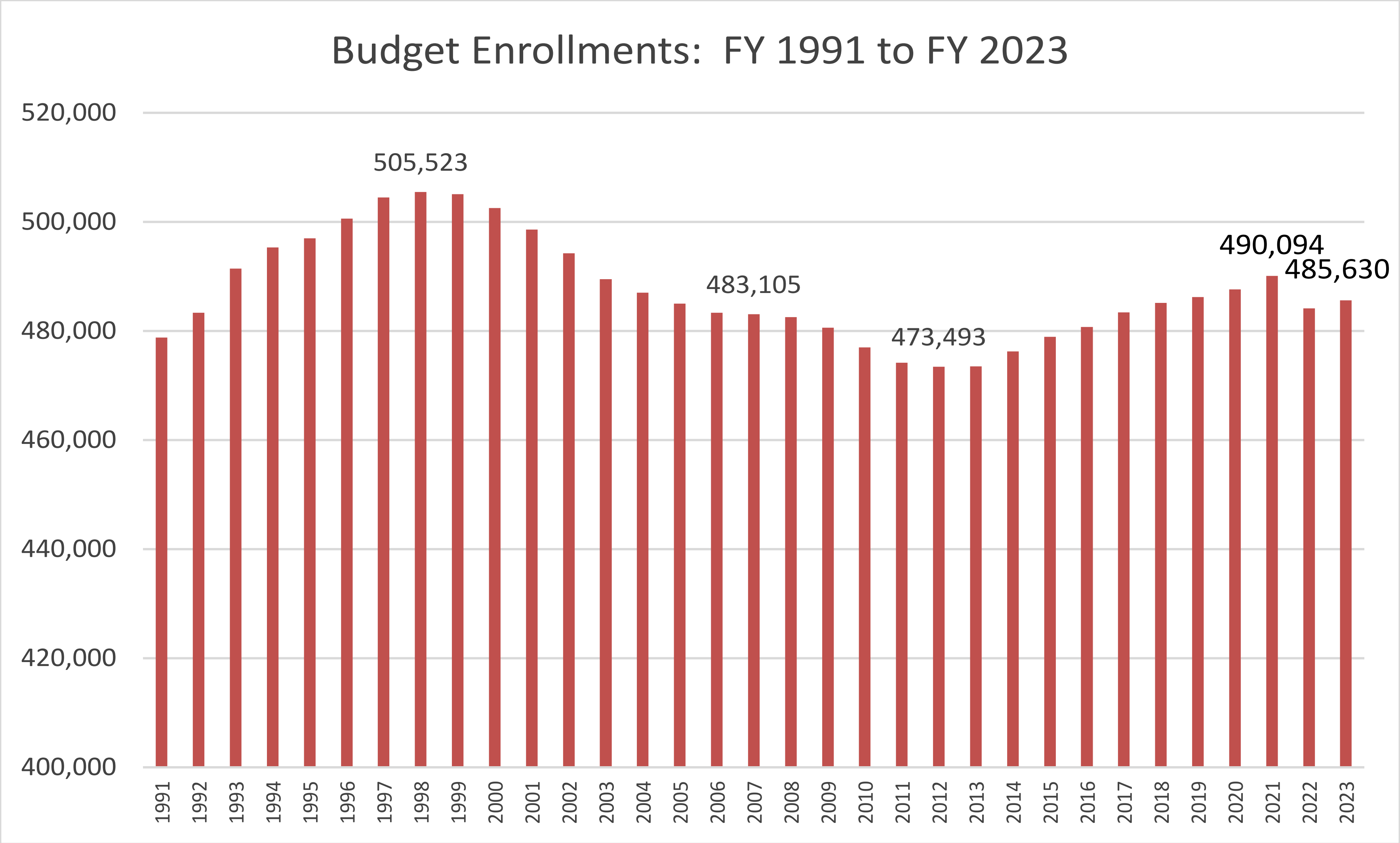
State School Aid: Impact on the State's Budget



Sources: LSA Tracking files and IASB analysis and calculations

School Aid Formula – Funding is Driven By Enrollments

- Down nearly 20,000 students from all time high
- Had been trending up lately – but COVID impact
- Amounts vary by district

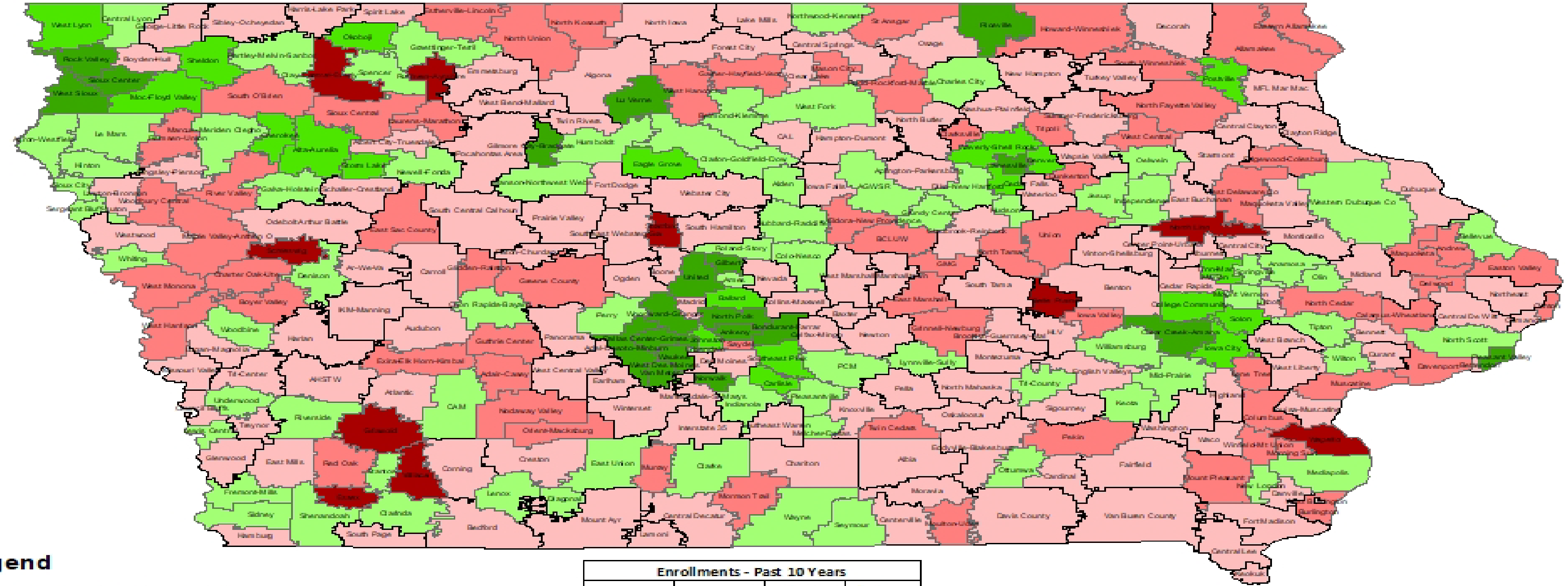


Sources: Iowa Department of Education, Enrollment files and Iowa Department of Management, School Aid files

Last 10 Years: Overall enrollment up, but most districts down

Iowa Association of School Boards
Percentage Change in Certified Enrollments: 2011-12 vs. 2021-2022 School Years

Click Here for Districts Specific Information



Legend

% Change in Enrollments

- -29.6% to -20.00% (10 Districts)
- -19.99% to -10.00% (68 Districts)
- -9.99% to 0.00% (135 Districts)
- 0.1% to 10.00% (74 Districts)
- 10.01% to 20.00% (20 Districts)
- 20.01% to 120.59% (20 Districst)

Enrollments - Past 10 Years			
2021-22	2011-12	Change	% Change
485,630.4	473,504.2	12,126.2	2.6%
		Average Change:	37.1
		Average % Change:	2.6%
		Median Change:	(22.5)
		Median % Change:	-3.4%
		Number of Districts with Increase:	114
		% of Districts with Increase:	34.9%
		Number of Districts with Decrease:	213
		% of Districts with Decrease:	65.1%

Note:
Enrollments from 2011-12 have been summed together for districts that have reorganized.

Sources:
Iowa Department of Education, Certified Enr. file
IASB analysis and calculations

Spending Authority – Most Important Concept

- General Fund only
- Not cash, just a long calculation
- Go negative → broken the law → work out plan needed
- **#1** Financial measure is Unspent Authorized Budget (UAB) Ratio
- UAB Ratio recommendation is 5% - 15% of Maximum Authorized Budget

UAB Ratio Equation

$$\frac{\text{Unspent Authorized budget balance}}{\text{Maximum spending authority}}$$

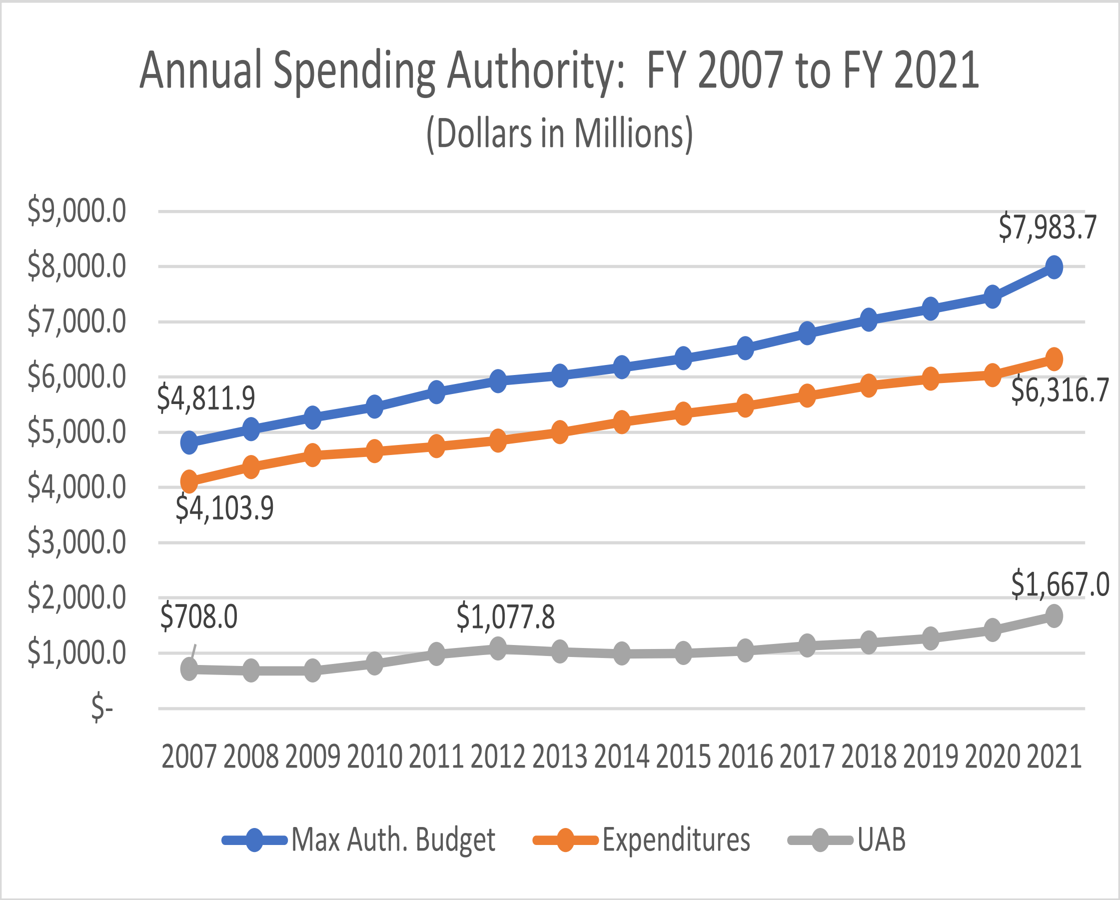
Spending Authority – #1 Important Concept

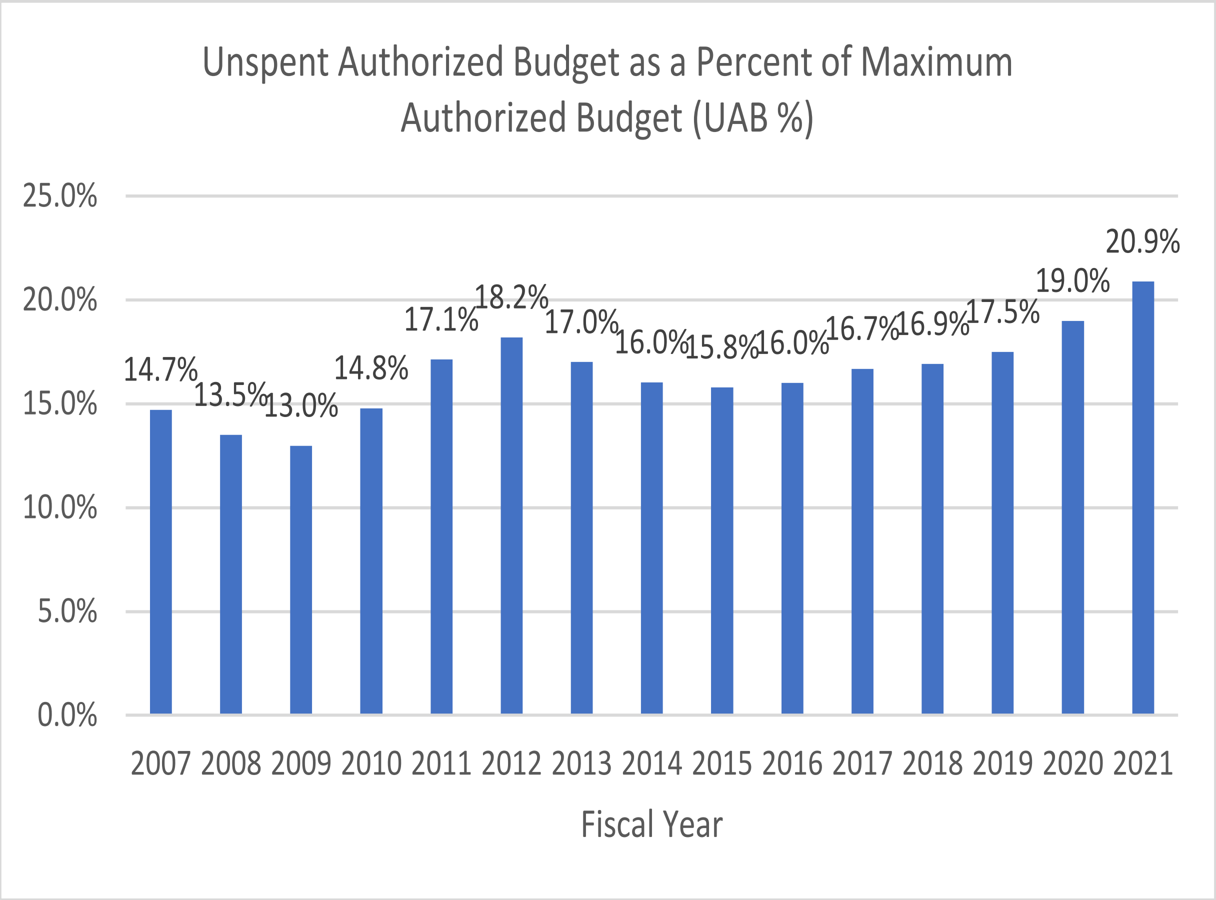
- **Maximum Authorized Budget**: By law, districts are limited on the amount they can spend each year. Note that the Maximum Authorized Budget amount is the sum of the UAB amount and spending authority generated in for the specific fiscal year.
- **Unspent Authorized Budget (UAB):** The amount of spending authority remaining at the end of a fiscal year. This is also called **Unspent Balance**.
- **Not all spending authority comes with revenue** (so not the same as cash)
- Managing spending authority and **establishing goals** for an unspent balance is key in financial management of a district

Spending Authority – Important Concept

- **Districts are limited on what they can spend annually**
- **Spending Authority: Generated on an annual basis**
  - Applies to general fund only
  - School aid formula generates majority (about 67% on average)
  - Others: tuition-in, state grants, federal grants
- **Maximum Authorized Budget – the sum of Spending Authority generated and the prior year's UAB amount**:
  - Spending is capped at that level
  - **Overspending violates the law**
- **Unspent Authorized Budget – UAB (also called Unspent Balance) – the amount of spending authority remaining at the end of the year**
  - Needed balance to have a buffer from overspending and manage through uncertain financial times
  - **Should not be less than $0**

Spending Authority – Statewide Look





Categorical Fund Balances Impact UAB

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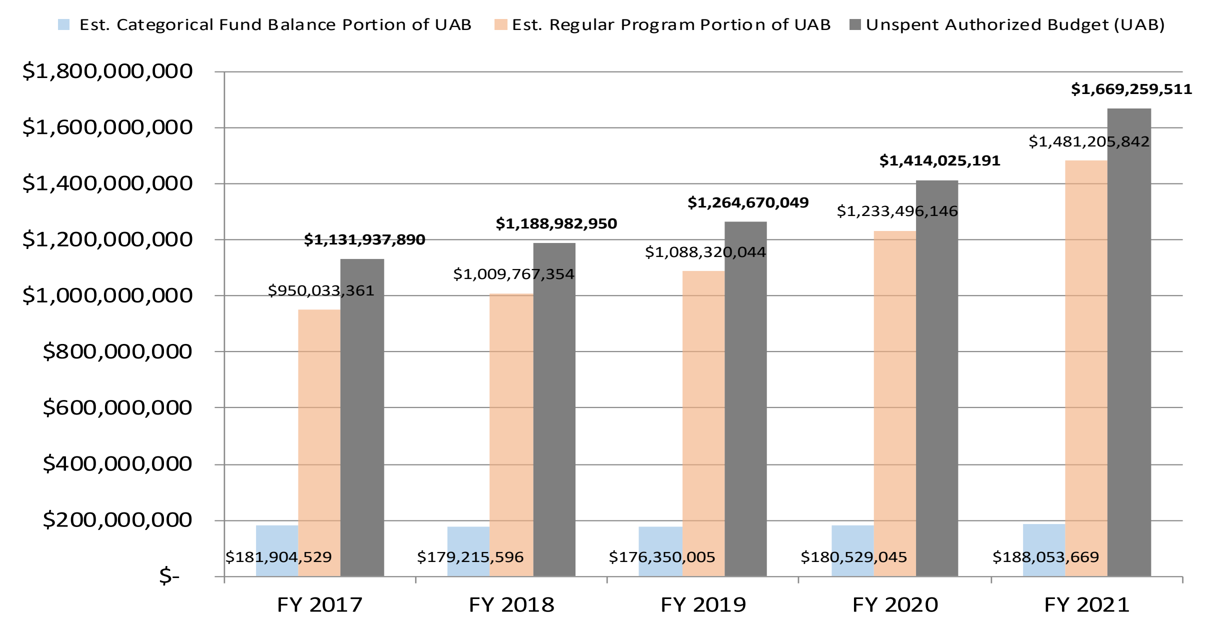
Table - Select Categorical Fund Balances for: State Totals

Program Area	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Four-year-old Preschool	$ 22,553,223	$ 21,842,017	$ 20,822,731	$ 19,707,951	$ 22,798,211
Gifted and Talented Programs	$ 22,095,791	$ 23,153,627	$ 24,094,629	$ 25,166,086	$ 26,488,269
Prof. Dev. for Model Core Curriculum	$ 16,329,232	$ 7,609,403	$ 3,953,243	$ 3,032,952	$ 2,458,610
Returning Dropoutsand Dropout Prevention	$ 12,220,719	$ 11,152,466	$ 8,383,608	$ 7,024,734	$ 7,886,249
Teacher Salary Supplement	$ 11,724,448	$ 11,621,442	$ 9,434,472	$ 9,688,353	$ 9,475,095
Professional Development	$ 13,934,709	$ 18,848,285	$ 21,426,498	$ 27,222,053	$ 29,780,267
Home School Assistance Program	$ 10,775,357	$ 11,616,657	$ 10,326,784	$ 11,565,627	$ 12,553,996
Successful Progression for Early Readers	$ 10,401,567	$ 10,958,757	$ 10,717,939	$ 11,034,371	$ 10,562,825
Teacher Leadership Grants	$ 7,163,398	$ 61,403	$ -	$ -	$ -
Teacher Leadership State	$ 21,844,566	$ 34,924,579	$ 39,799,076	$ 45,034,269	$ 44,481,818
Flex Account	$ -	$ 1,017,148	$ 3,377,226	$ 2,077,756	$ 3,060,533
Other Programs	$ 24,356,694	$ 20,487,064	$ 20,602,547	$ 16,092,571	$ 12,960,176
Sub-Total Categorical Fund Balance*	**$ 173,399,704**	**$ 173,292,849**	**$ 172,938,751**	**$ 177,646,723**	**$ 182,506,048**
Special Education Balance	$ 8,504,825	$ 5,922,747	$ 3,411,254	$ 2,882,322	$ 5,547,620
Total Categorical Fund Balance**	**$ 181,904,529**	**$ 179,215,596**	**$ 176,350,005**	**$ 180,529,045**	**$ 188,053,669**

Graph - Spending Authority Breakdown for: State Totals



	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Unspent Authorized Budget (UAB)	**$1,131,937,890**	**$ 1,188,982,950**	**$ 1,264,670,049**	**$ 1,414,025,191**	**$ 1,669,259,511**
UAB Percentage	**16.7%**	**16.9%**	**17.5%**	**19.0%**	**20.9%**
Est. Regular Program Portion of UAB	$ 950,033,361	$ 1,009,767,354	$ 1,088,320,044	$ 1,233,496,146	$ 1,481,205,842
Est. Reg. Program UAB Percentage	14.0%	14.4%	15.1%	16.6%	18.5%
Est. Categorical Fund Balance Portion of UAB	$ 181,904,529	$ 179,215,596	$ 176,350,005	$ 180,529,045	$ 188,053,669
Est. Categorical Fund UAB Percentage	2.7%	2.5%	2.4%	2.4%	2.4%

Restricted Fund Balance = Categorical Fund Bal.

Has an impact on the overall UAB

SBRC is monitoring this

Fiscal Facts – Final Thoughts

- A district's **general fund** accounts for the largest portion of revenues and expenditures
- On average, **state aid** accounts for about 55% of general fund revenue and property tax accounts for 30%
- School district percent of overall **tax revenue** continues to decrease
- On average, **salaries/benefits** account for about 80% of general fund expenditures
- The **school aid formula** funding accounts for most of the general fund revenues (and spending authority)
- **Enrollments** drive school district funding amounts
- ***Spending authority*** *is key – districts have a ceiling (Maximum Authorized Budget) and spending above that amount violates the law.*

History, Dillon’s Rule and “Home Rule”

School Finance Context - Changes

YEAR	# DISTS	NOTES
Before		*Schools created when money raised*
1864		*New state governance system established*
1868		*Dillon's Rule established*
1950	4,652	*Adopted Code of Iowa 275.1*
1965	1,098	*1967–equalized property taxes per pupil basis*
1970	972	*1971- adopted 1st state finance formula*
1975	450	
1985	437	
1995	384	*1991- Adopted Code of Iowa-Chapter 257*
2005	367	*School aid Formula changes – ex: categorical funding and property tax relief*
2015-16	336	
2016-17	333	*Flexibility for certain categoricals; "Home Rule Lite" legislation; Additional property tax relief; Per pupil funding equalization*
2017-18	333	
2018-19	330	
2019-20	327	

Dillon’s Rule versus Home Rule

School Districts	**Dillon's Rule** - Doctrine of enumerated powers to construe school board authority.
	Meaning: Schools can only do what is expressly authorized in law or rule.
	Iowa Code 274.3 (2016 Session) - New law that allows district to exercise any board and implied power not inconsistent with the law...(Consider this Home-Rule Lite)
	Meaning: There may be some oppurtunity to innovate if law doesn't prohibit it.

Cities/Counties	**Home Rule** - Constitutional provision that provides cities/counties a broad interpretation of authority.
	Meaning: Cities and Counties can manage their own affairs as they deem appropriate long as the law doesn't expressly prohibit it.

Home Rule - Lite?

What is it *not*?

School boards **do not** have the authority to:

- **Levy a tax** unless expressly authorized by the legislature;
- Charge students or families a mandatory **fee** unless expressly authorized by the legislature;
- Adopt or enforce policies that would unreasonably interfere with the duties and responsibilities of local, state, or federal **law enforcement agencies**; and
- Adopt a policy or initiative that conflicts with **municipal or county government** or is inconsistent with **federal or state laws or administrative rules**.

“Home Rule - Lite”

Considerations:

- Is it may or shall Code language?
- Can existing school law be broadly interpreted?

- Not full Home Rule, just “lite”
- Expect pushback
- Seek school attorney advice upfront

School Finance Formula Principles

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Purpose of the Finance Formula

Stated in *Iowa Code*, 257.31:

- “Equalize educational opportunity,
- provide a good education for all children of Iowa,
- provide property tax relief,
- decrease the percentage of school costs paid from property taxes,
- and to provide reasonable control of school costs.”

“State School Foundation Program”

Iowa’s School Aid Formula:

- Impacted by legislative policy decisions (Supplemental State Aid and others)
- Implemented by the Department of Management (Aid and Levy Worksheet)
- Determines generated spending authority
- Determines the state aid and property tax mix based on the foundation levels
- Driven by district enrollments/weightings and per pupil funding levels
- Allows for some local discretion

Principles and Goals – School Finance Formula

- Equity in Expenditure
- Property Tax Relief
- Equalization in Taxation
- Provide Uniform State Aid Allocation Formula
- Predictable
- Simple
- Pupil Driven
- Provide for Local Discretion/Incentives
- Establish Maximum Spending Control→**Spending Authority**

Does Iowa's school aid formula meet these criteria?

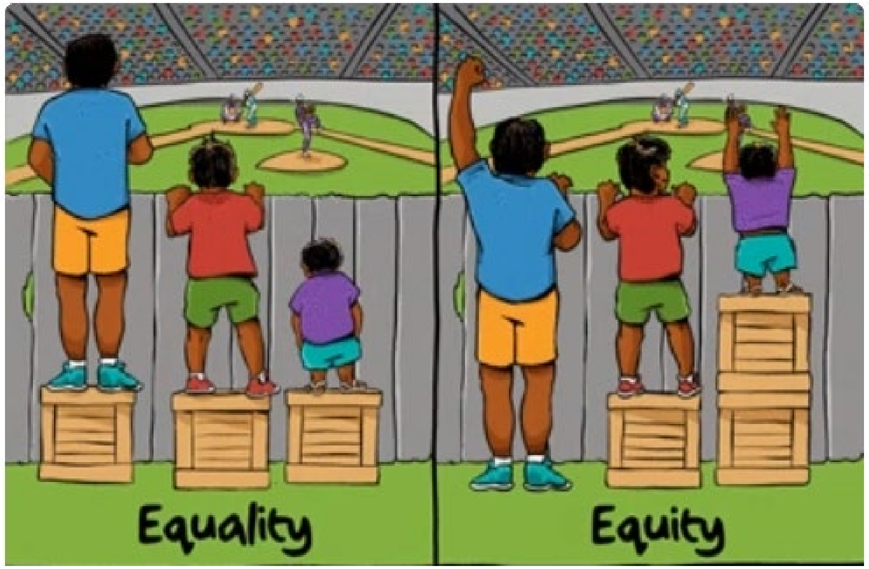
Spending Authority

Spending Authority – What is it?

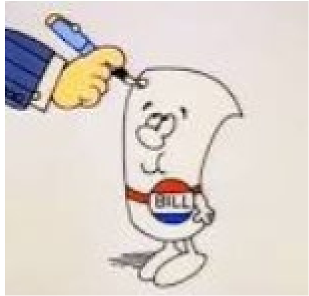
- Applies only to the School District General Fund
- Legislative concept – DOM calculation
    - **Not a measure of cash**, just a long calculation
    - Won't be found in your audit report
- Establishes maximum annual spending authority
- Approximately 80% of the authority generated through the school finance formula
- What happens if you overspend the maximum level
    - Negative unspent balance
    - Violation of law → trip to the SBRC
    - Can overspend cash but not spending authority

Spending Authority – Why so important?

- Provides funding equity



- It's the law



- **#1** measure of district's financial health

Is spending authority more important than cash?

Spending Authority vs. Cash

	Spending Authority	Cash
Determination	Legislative Calculation - Annual	Accounting calculation – Point in time
Related fiscal measure	UAB Ratio	Solvency Ratio
If negative balance at year end?	On your way to the SBRC	You could borrow cash

Not All Spending Authority Comes with Cash

SPENDING AUTHORITY VS. CASH		
Spending Authority	→	Revenue Source
Regular Program District Cost	→	State Aid & Property Tax
Supplementary Weighting	→	State Aid & Property Tax
Special Ed District Cost	→	State Aid & Property Tax
Teacher Salary Supplement	→	State Aid
Prof Dev Supplement/Iowa Core	→	State Aid
Early Intervention	→	State Aid
Teacher Leadership Compensation	→	State Aid
AEA Support	→	State Aid & Property Tax
SBRC Modified Amounts	→	**No Cash Source**
Preschool Foundation Aid	→	State Aid
Instructional Support Authority	→	Income Surtax & Property Tax
Ed Improvement Authority	→	Income Surtax & Property Tax
Other Miscellaneous Income	→	All Revenues, except State Aid/Property Tax
Unspent Authority Budget - Previous Year	←	**No additional cash**
No Spending Authority		Cash Reserve Levy

Comparison of Concepts

KEY MEASURE	DEFINITION	TARGET	QUESTION TO BE ANSWERED?
Solvency Ratio	Percent of unobligated funds (cash)	7-17%, recommended not to exceed 25%	Can we manage short and long-term unexpected demands on cash?
Unspent Authorized Budget (UAB)	Percent of remaining spending authority	5-15%, recommended not to exceed 25% (<0%: report to SBRC)	Are we within legal minimums? What do trends tell us? Required SBRC workout plan if negative
Annual Unspent Spending Authority	Percent of annual authority that is spent in current year	Build to UAB Ratio goal – stabilize at 100%	Are we spending authority generated for a given year, using prior years spending authority or building levels too high?

Unspent Authorized Budget Ratio and Solvency Ratio Where's Your District? (See: 1_GeneralFundFiscalFacts.xls)

Status of Districts - Based on FY 2021 Data		
Very High Concern	0	0.0%
High Concern	4	1.2%
Concern	4	1.2%
Caution - May be Excessive	177	54.1%
Acceptable	8	2.4%
Good	106	32.4%
Best	28	8.6%

UAB/Solvency		SOLVENCY RATIO				
	Status	Less than 0.0%	0.0% to 7.0%	7.0% to 17.0%	17.0% to 25.0%	Above 25.0%
Uspent Authorized Budget (UAB) Ratio	Less than 0.0%	Very High Concern	Very High Concern	Very High Concern	Very High Concern	Very High Concern
	0.0% to 5.0%	High Concern	Concern	Concern	Concern	Concern
	5.0% to 15.0%	High Concern	Acceptable	Best	Best	*Caution - May be Excessive*
	15.0% to 25.0%	High Concern	Acceptable	Good	Good	*Caution - May be Excessive*
	Above 25.0%	High Concern	*Caution - May be Excessive*	*Caution - May be Excessive*	*Caution - May be Excessive*	*Caution - May be Excessive*

IASB Recommendations for UAB and Solvency:

- UAB ratio between 5.0%-15.0%, not to exceed 25.0%
- Solvency ratio between 7.0% to 17.0%, not to exceed 25.0%

Building Blocks of Spending Authority

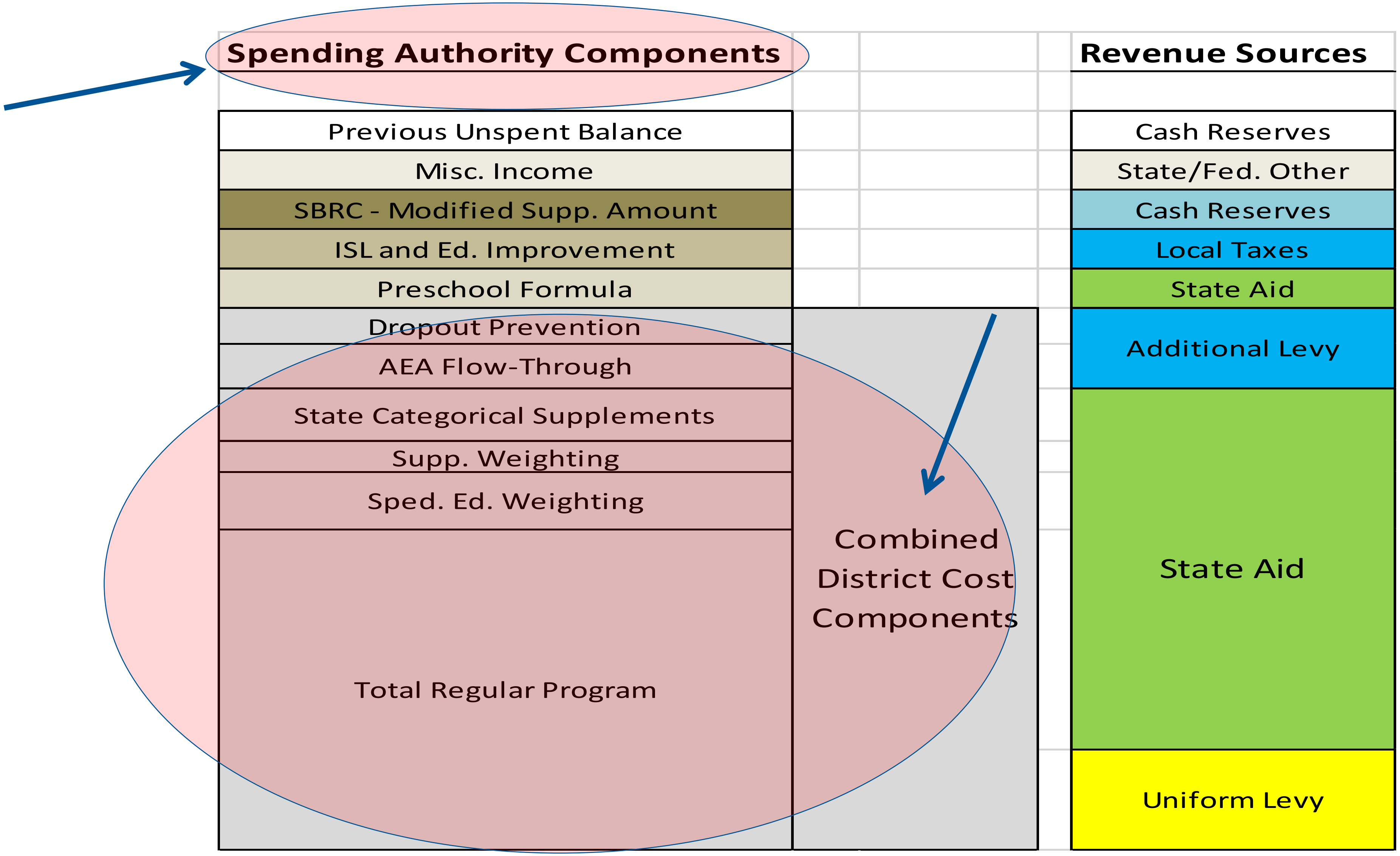
Building Blocks to Determine District's Maximum Spending Authority

Spending Authority Components		Revenue Sources
Previous Unspent Balance		Cash Reserves
Misc. Income		State/Fed. Other
SBRC - Modified Supp. Amount		Cash Reserves
ISL and Ed. Improvement		Local Taxes
Preschool Formula		State Aid
Dropout Prevention	Combined District Cost Components	Additional Levy
AEA Flow-Through		
State Categorical Supplements		State Aid
Supp. Weighting		
Sped. Ed. Weighting		
Total Regular Program		
		Uniform Levy

Combined District Cost

- Largest portion of spending authority
- Generated through the school aid formula
- Generally driven by district enrollments
- Consists of many different programs

Building Blocks to Determine District's Maximum Spending Authority



Spending Authority – Building Blocks

Combined District Cost

=

Regular Program District Cost (RPDC) including budget guarantee

+

supplementary weightings,
special education,
AEA support,
teacher salary supplement,
professional development,
early intervention,
teacher leadership,
dropout prevention,
And enrollment adjustment

Regular Program District Cost (RPDC)

- **RPDC** is largest portion of:
  - Combined District Cost (CDC)
  - Spending authority
  - No strings attached (education/operations)
- **Two factors** in RPDC calculation:
  - **District Cost Per Pupil (DCPP):** Legislation determines increases to DCPP
  - **Enrollment** - changes impact RPDC

Calculation: Regular Program District Cost (RPDC)

Regular Program District Cost (RPDC)

=

\# of **Resident** Students

X

District Cost Per Pupil (DCPP)

Regular Program District Cost (RPDC)

Example Calculation:

Budget Enrollment x District Cost Per Pupil (DCPP)

500.0 Students x $7,413 = $3,706,500

Ex: Difference in the District Cost Per Pupil

Legislature working *slowly* to close the gap: now at $140 in FY 2023

FY 2018 – Before Legislation

District Per Pupil Amount	# of Districts	% of Districts	Top of Category over SCPP
$6,664	162	48.6%	$0
$6,665 to $6,699	65	19.5%	$35
$6,700 to $6,734	48	14.4%	$70
$6,735 to $6,769	25	7.5%	$105
$6,770 to $6,804	19	5.7%	$140
$6,805 to $6,838	9	2.7%	$174
$6,839	5	1.5%	$175

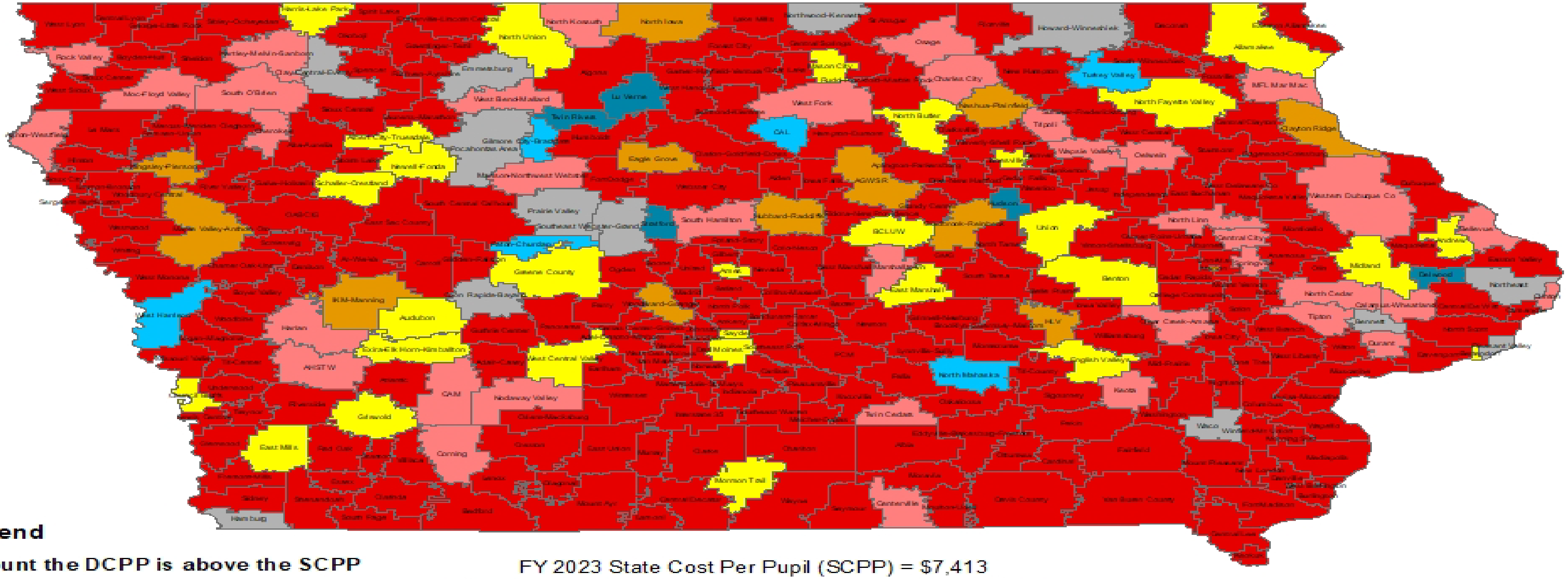
State Cost Per Pupil (SCPP) = $6,664 in FY 2018

FY 2023 – Five Years In

District Per Pupil Amount	# of Districts	% of Districts	Top of Category over SCPP
$7,413	224	68.5%	$0
$7,414 to $7,441	37	11.3%	$28
$7,442 to $7,469	29	8.9%	$56
$7,470 to $7,497	13	4.0%	$84
$7,498 to $7,525	13	4.0%	$112
$7,526 to $7,552	6	1.8%	$139
$7,553	5	1.5%	$140

State Cost Per Pupil (SCPP) = $7,413 in FY 2023

Iowa Association of School Boards
FY 2023 District Cost Per Pupil (DCPP) Differentials
Amount the DCPP is above the State Cost Per Pupil (SCPP) - By District



Legend

Amount the DCPP is above the SCPP

- $0: DCPP = SCPP (224 Districts)
- $1 - $28 (37 Districts)
- $29 - $56 (29 Districts)
- $57 - $84 (13 Districts)
- $85 - $112 (13 Districts)
- $113 - $139 (6 Districts)
- $140 (5 Districts)

FY 2023 State Cost Per Pupil (SCPP) = $7,413
FY 2023 Maximum District Cost Per Pupil (DCPP) = $7,553
FY 2023 DCPP Range = $140

Note:
During the past fivelegislative sessions, the General Assembly has reduced the DCPP range from $175 to $140 by adding an additional dollar amount each year to the SCPP and providing that increase to the eligible school districts as well.

Sources:
Iowa Department of Management, School Aid file
IASB analysis and calculations

Differences in DCPP (Find your District: “2_DCPP_Compare”)

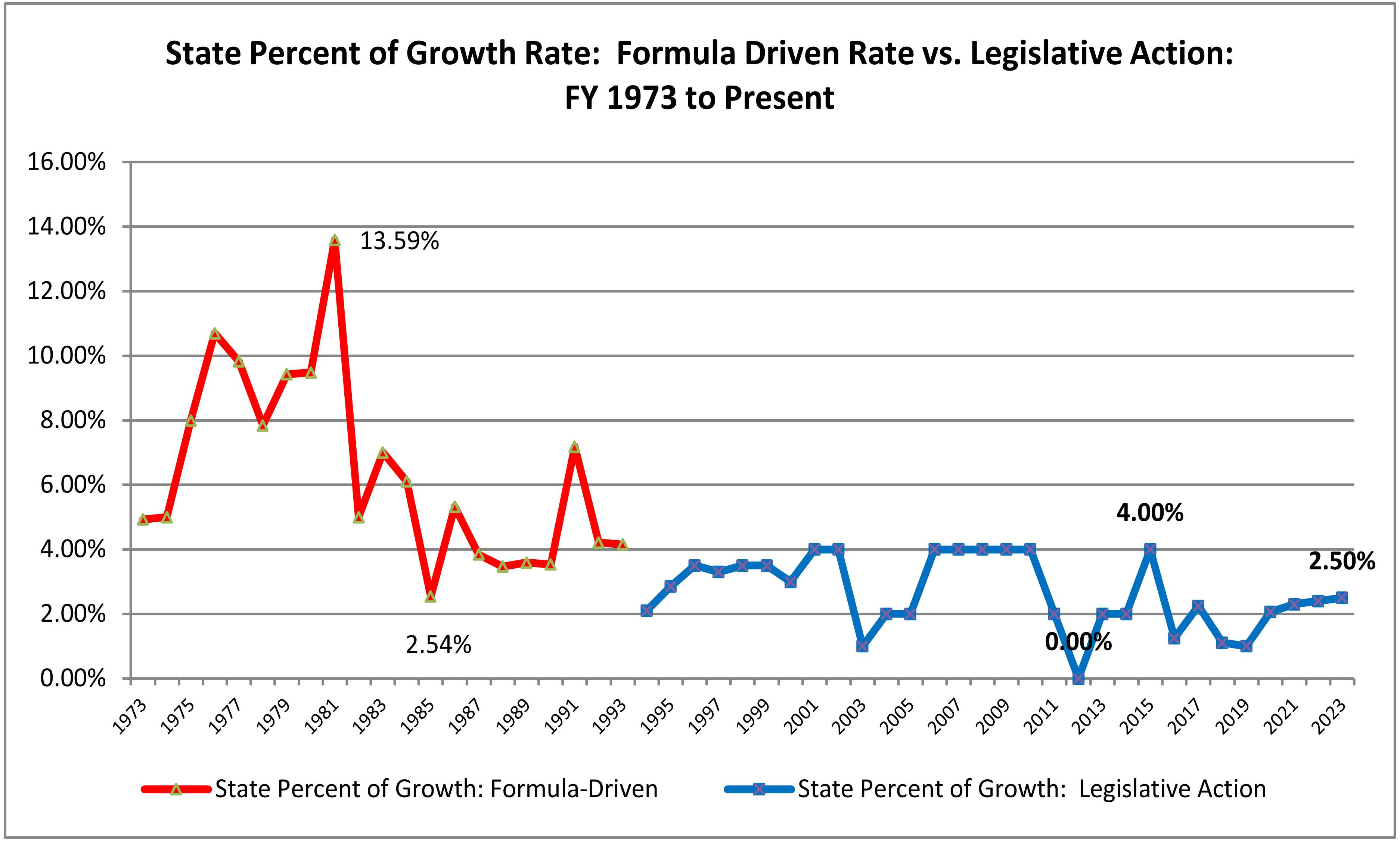
- What is your district’s DCPP?
- Did your district receive the additional $5 per student in FY 2023?
- How does your district compare to your neighboring district’s DCPP?
- Why is there a difference between districts?
- Why is this important?

Supplemental State Aid (SSA)

- Annual growth in District Cost Per Pupil
- Legislative decision (2.5% growth -FY 2023)
- Impacts per pupil funding that drives school aid formula
- Generates spending authority *and* cash
- Doesn't guarantee budget increase (enrollments play a part in that)
- Doesn't differentiate funding sources
- ***Law Change in 2016:*** SSA will now be set in session just prior to the school year affected.

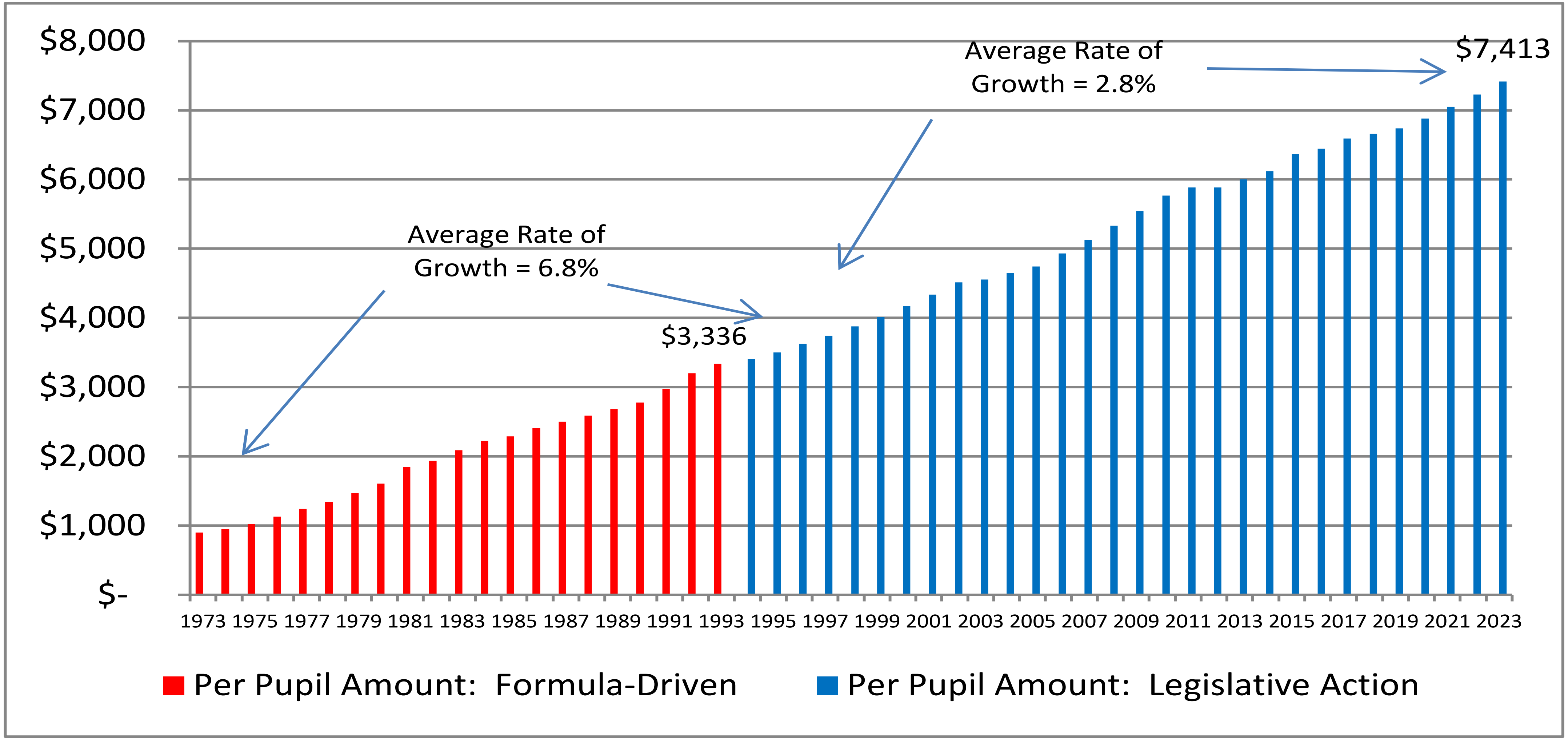
  → *Less planning time for district*

State Percent of Growth From FY 1973 - FY 2023



Sources: Legislative Services Agency and IASB historic files

Per Pupil Amounts From FY 1973 to FY 2023



Sources: Legislative Services Agency and IASB historic files

Supplemental State Aid (SSA) – Calculation

Calculation-State Cost Per Pupil (SCPP)		
FY 2022 State Cost Per Pupil (SCPP)		$7,227
FY 2023 State Rate of Growth	X	2.50%
Increase in FY 2022 SCPP	=	$ 181
FY 2023 SCPP Amount	=	$7,408
Equity Legislation Additional To SCPP	=	$ 5
New FY 2023 SCPP	=	$7,413

Example:	FY 2022 DCPP	Dollar Value Rate of Growth	FY 2023 DCPP
District A	$7,227	$181 + $5	$7,413
District B	$7,256	$181	$7,437

Spending Authority – Budget Guarantee

What is it? “Guaranteed” 101% of district’s prior year’s Regular Program District Cost amount – regardless of enrollment changes

- Districts with enrollment losses not outweighed by SSA will be on budget guarantee
- *If district eligible, requires* ***board approval as funded through local property taxes***

Spending Authority – Budget Guarantee

Implications?

- Impacted by:
  - SSA state percent of growth and
  - District's enrollment change
- **One-year buffer only** - districts get 1.0% increase in new money first year
- **More than one year** - Districts on budget guarantee for consecutive years will generally have "negative new money"
- Budget Guarantee is not a long-term funding solution
- →Long term requires **budget cutbacks**

“New Money” – Impact on the Total Regular Program Amount

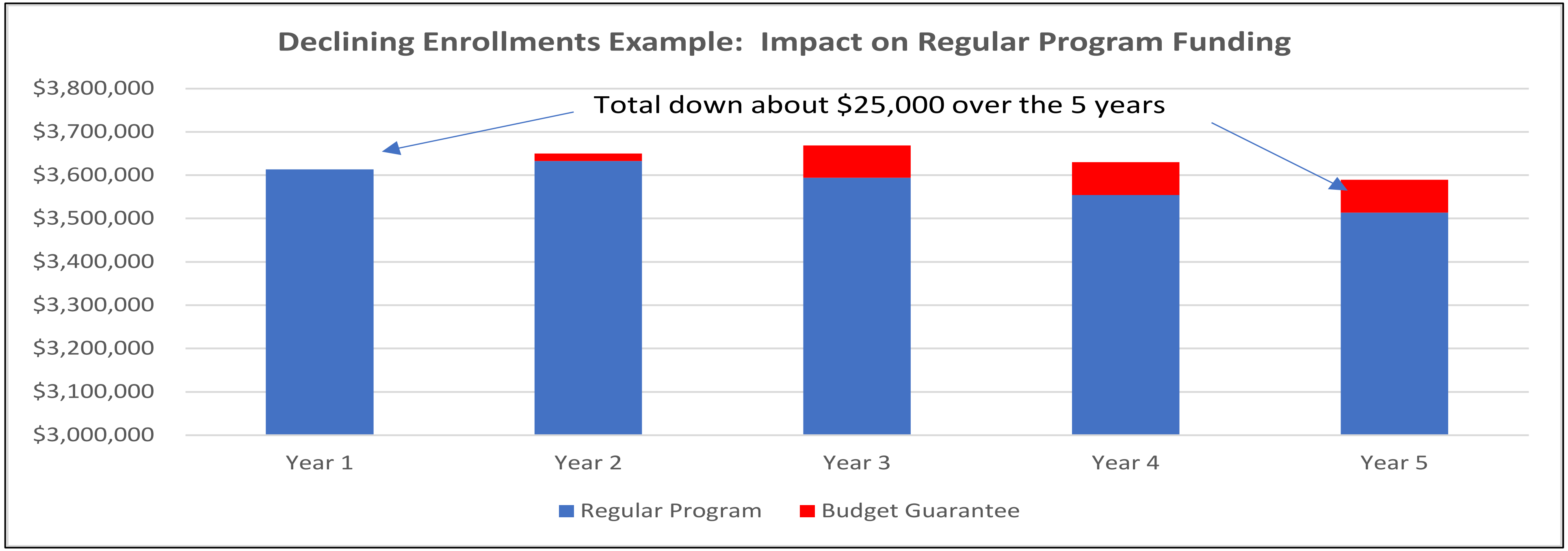
IASB

- District A:
  - Enrollment increase of 2.0%
  - New money = 4.6% new money
- District B:
  - Enrollment decrease of 2.0%
  - On budget guarantee (1.0% new money)

		District A			District B
FY 2022 Budget Enrollment:		500			500
Enr. Change:		10			(10)
FY 2023 Budget Enrollment:		**510**			**490**
FY 2023 DCPP:	**X**	**$ 7,413**		**X**	**$ 7,413**
FY 2023 Reg. Program Amount:		**$ 3,780,630**			**$ 3,632,370**
FY 2022 Reg. Program Amount:		$ 3,613,500			$ 3,613,500
FY 2023 RPC Vs. FY 2022 RPC:		4.6%			0.5%
If < 1.0%, Budget Guarantee Amount:		**N.A.**			**$ 17,265**
FY 2023 Reg. Program Amount w/B.G.:		**$ 3,780,630**			**$ 3,649,635**
"New Money":		**$ 167,130**			**$ 36,135**
"New Money Percent":		**4.6%**			**1.0%**

Example – Declining Enrollments Impact on Regular Program Funding

SSA = 1.0% Year 3 - Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
Enrollment	500	490	480	470	460
District Cost Per Pupil	$ 7,227	$ 7,413	$ 7,487	$ 7,562	$ 7,638
Regular Program Amount	$ 3,613,500	$3,632,370	$3,593,760	$3,554,140	$3,513,480
Budget Guarantee Amount	$ -	$ 17,265	$ 74,934	$ 75,558	$ 76,201
Total Regular Program Amount	**$ 3,613,500**	**$3,649,635**	**$3,668,694**	**$3,629,698**	**$3,589,681**
	New Money	$ 36,135	$ 19,059	$ (38,996)	$ (40,016)
	New Money %	1.0%	0.5%	-1.1%	-1.1%



“New Money” - Regular Program District Cost

What is it?

- Change in total regular program district cost from year to year
- Indicator of available additional funding to cover increased costs

Enrollment?	New Money	Spending
Increase →	Yes	New staff
Decrease→	No Negative new money	Budget reductions

Recap - Regular Program District Cost (RPDC) and Budget Guarantee

- Largest portion of spending authority
- Funding/spending authority with “no strings attached”
- **Impacted by supplemental state aid (SSA) & enrollments**
- Budget guarantee provides a buffer: not a solution
- Annual changes in total RPDC determine “new money”
- Negative “new money” leads to budget reductions

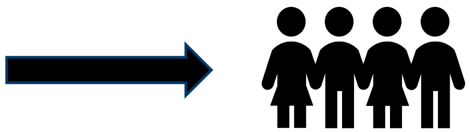
Budget Guarantee and New Money

Your District: “3_NewMoney_History” and “4_SSA_NewMoney_Projs”

- Has your district been on budget guarantee?
- What’s the district’s new money amount?
- How does that compare to negotiated settlement increases?
- What’s the outlook in the future?

Spending Authority – Enrollments

- Spending authority is **pupil driven**
- Money follows the child



Terminology:

- **Certified enrollment** = resident students
- **Budget enrollment** = prior year's certified enrollment
- **Served enrollment** = students in classrooms
- **Weighted enrollment** = additional student FTEs for specific purpose

Enrollments – Timing

When is enrollment taken?	Enrollment taken impacts funding for what fiscal year?
October 1, 2021	FY 2023 (July 1, 2022 – June 30, 2023)
October 1, 2022	FY 2024 (July 1, 2023 – June 30, 2024)

Enrollments

October 1 count	**<u>Served</u>** Enrollment -Students seated in the classroom
+	open enrollment-out students
+	tuition-out students
-	open enrollment-in students
-	tuition-in students
=	**<u>Certified</u>** Enrollment - Students residing in your school district
	Note: *Certified enrollment (2022-2023) equals budget enrollment (FY 2024)*

Enrollment Impacting FY 2023

Enrollment Size Category	# of School Districts	% of School Districts	Enrollment Total for Category	% of Enrollment	Average Enrollment Size
<250	23	7.0%	4,313	0.9%	188
250-399	43	13.1%	14,012	2.9%	326
400-599	76	23.2%	38,391	7.9%	505
600-999	74	22.6%	57,028	11.7%	771
1,000-2,499	75	22.9%	111,230	22.9%	1,483
2,500-7,499	24	7.3%	98,900	20.4%	4,121
7,500 and up	12	3.7%	161,756	33.3%	13,480
State	**327**	**100.0%**	**485,630**	**100.0%**	**1,485**

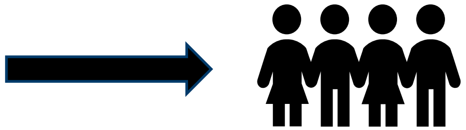
Median Size	=	**676**
Maximum Size	=	**31,024**
Minimum Size	=	**109**

Sources:

Iowa Department of Education, Certified Enrollment file

IASB analysis and calculations

Open Enrollment – When Money Follows the Child



Open Enrollment - Money Follows the Student			
	Follows the Student?	Notes	Open Enr. Tuition in FY 2023
Regular Program	YES	Amount is equal to the previous year's State Cost Per Pupil (SCPP)	$ 7,227.00
Special Education	YES	Amount is the cost incurred for appropriate special education	varies on situation
Teacher Salary Supplement (TSS)	No		
Professional Development Supplement (PDS)	No		
Early Intervention Supplement (EIS)	No		
Teacher Leadership Supplement (TLS)	YES	Amount is equal to the previous year's TLS cost per pupil	$ 349.07
Secure an Advanced Vision for Education (SAVE)	No		

Notes:

Districts also will pay tuition for supplementary weighting costs resulting from concurrent enrollments and for supplementary weighting costs associated with Limited- English-proficient (LEP) supplementary weighting.

Open enrollment tuition for regular program and TLS are the prior year's state cost per pupil amount.

Recap: Enrollments

- Major driver in calculating spending authority
- Resident students (certified enrollment) generate funding and spending authority
- Certified enrollment is taken on October 1
- Money follows open-enrolled students (but not all money)
- Weightings are in addition to enrollments

Enrollments
(Your District: “5_Enrollment.xls”)

- What’s the enrollment trend in your district?
- Open enrollment trend?
- Net dollars received, paid?
- Why is this important?

Spending Authority – Building Blocks

Combined District Cost

=

Regular Program District Cost (RPDC)

including Budget Guarantee

+

Supplementary Weightings,

Special Education Weightings,

AEA support,

teacher salary supplement,

professional development,

early intervention,

teacher leadership (new),

dropout prevention,

And enrollment adjustment

School Aid Formula - Weightings

Pupil Driven System

- Weightings “Add” pupils on an additional enrollment amount basis
- Reasons for additional weightings:
  - Increase student opportunities
  - Provide incentives for desired actions
  - Provide funding for additional costs
- Weightings x District Cost Per Pupil adds spending authority and funding

Weightings – Two Types

Special Education Weightings: Three levels based on the severity of additional needs

Supplementary Weightings:

- Sharing (teachers, students, classes, programs, functions)
- Whole Grade Sharing – incentive to look at reorganizing
- At-Risk – formula based on Free/Reduced price lunch
- English Language Learner (ELL or ESL) – for added costs due to language barriers

Weighted Enrollment Funding

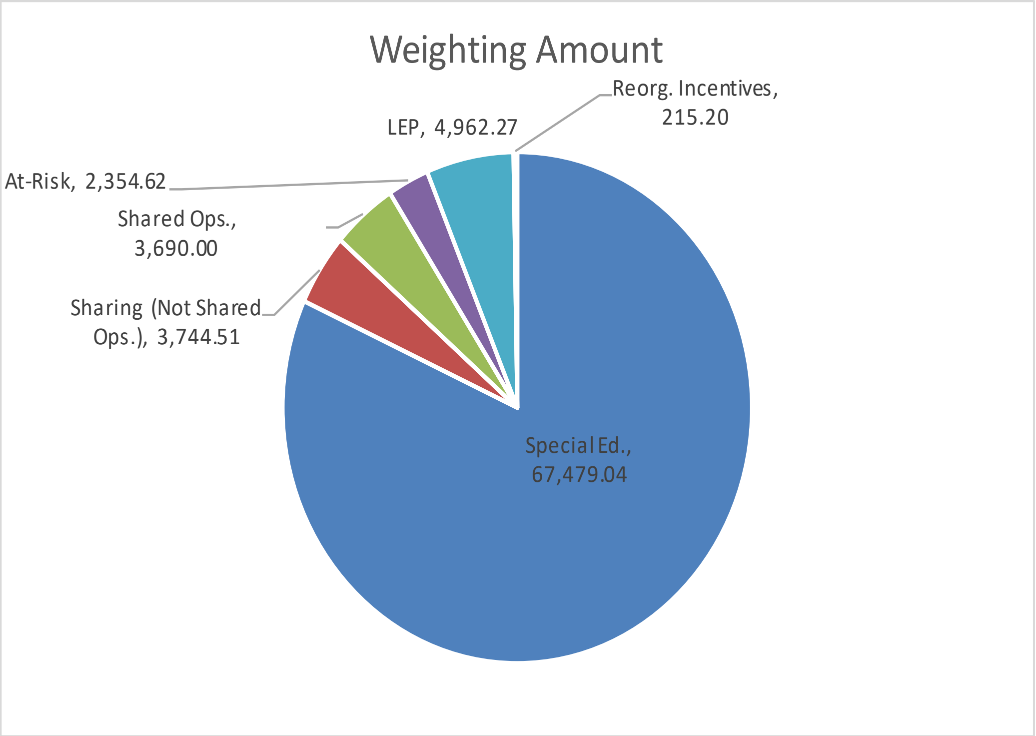
IASB

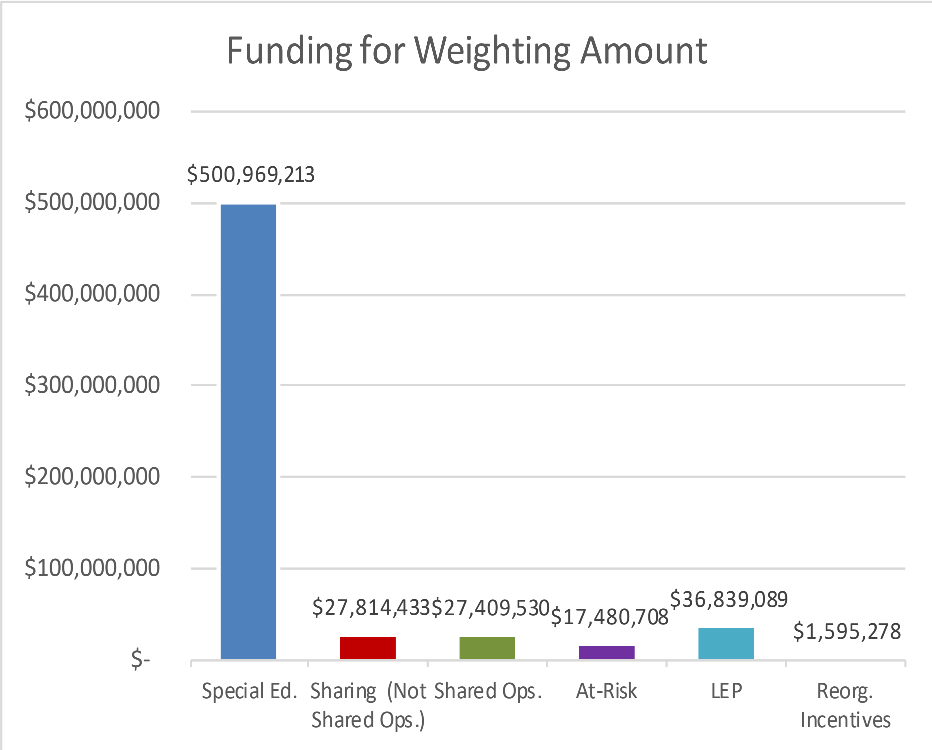
Special Education Weightings, Supplementary Weightings, Total Weightings and Funding for Weightings

State Total

FY 2023

Select District Dropdown





Total Weighting Amount: 82,378.64

Total Funding for Weighting Amount: $ 611,628,113

Special Education accounts for the largest portion of weighted funding.

Special Ed. Weightings*	
Level I Weighting	26,249.76
Level II Weighting	19,079.12
Level III Weighting	22,150.16
Total Weighting	**67,479.04**
Total Funding	**$500,969,213**

At-Risk Supplementary Weightings*	
At-Risk Weighting	**2,354.62**
At-Risk Wght. Funding	**$ 17,480,708**

LEP Supplementary Weightings*	
LEP Weighting	**4,962.27**
LEP Wght. Funding	**$ 36,839,089**

Sharing Weightings (Not Shared Ops)**	
Comm. College	3,558.79
ICN	0.72
Joint Employment	111.61
Regional Academy	30.00
Shared Students	38.41
Shared Teachers	74.98
Whole Grade Sharing	-
Total Weighting	**3,744.51**
Total Funding	**$ 27,814,433**

Reorg. Incentive Supp. Weightings**	
Reorg. Inc. Weighting	**215.20**
Reorg. Wght. Funding	**$ 1,595,278**

Shared Operational Functions Weighting**	
Superintendent	968.0
SBO	400.0
Human Res. Dir.	632.0
Trans. Dir.	668.0
Op./Maint. Dir.	460.0
Curriculum Dir.	148.0
Counselor	210.0
Social Worker	174.0
Spec. Ed. Director	18.0
Work Base Coor.	12.0
Mental Health Prof.	-
Total	3,690.0
Adjusted Total^	**3,623.0**
Total Funding	**$ 26,929,392**

^Weighting amount is capped at 21, unless district is in the first year of a reorganization.

Notes On Weightings	
Special Ed. Level I:	Weighting of 0.72.
Special Ed. Level II:	Weighting of 1.21.
Special Ed. Level III:	Weighting of 2.74.
Shared Students:	Weighting of 0.48.
Shared Teachers:	Weighting of 0.48.
Community College Courses:	Weighting of 0.50 for liberal arts and science courses and 0.70 for career tech courses.
Whole Grade Sharing:	Weighting of 0.10 per student for eligible districts.
Regional Academy:	Weighting of 0.10 per student - total weighting for a district cannot be less than 15.0 or more than 30.0.
ICN:	Weighting of 0.05.
Shared Operational Functions:	Weighting based on specific function. Maximum per district cannot exceed 21.0, unless district is in the first year of a
At-Risk:	Calculated by formula.
Limited English Proficient (LEP or ESL):	Weighting of 0.22.
Reorganization Incentives:	Eligible districts that reorganized receive Whole Grade Sharing weighting received in year prior to reorganization for three years.

Definitions

* The additional enrollment amount assigned for these subgroups generates additional funding to cover the additional costs for required services.

** The additional enrollment amount assigned for these subgroups are used as incentives to generate additional funding from participating in these activities and/or providing additional student learning opportunities.

Weightings – Special Education

Special education - three weighting levels:

- Level I = 0.72
- Level II = 1.21
- Level III = 2.74
- Note that these weightings are in addition to the 1.0 for the regular program

Shared Operational Functions Since FY 2015

IASB

	Superintendent	School Business Official	Human Resources Director	Transportation Director	Operations - Maintenance Director	Curriculum Director	Counselor	Social Worker	Special Ed. Director	Work Based Learning Coordinator	Mental Health Prof.	Total Weighting	Adjusted Weighting	Total Funding
Individual Position Weighting Amount (FY 2015- FY 2022)	8	5	5	5	5	3	3	3	N.A.	N.A.	N.A.			
Individual Position Weighting Amount (Starting in FY 2023)	**8**	**4**	**4**	**4**	**4**	**2**	**2**	**2**	**2**	**2**	**2**			
FY 2015 - Weighting Amounts	576	270	80	455	265	75	66	N.A.	N.A.	N.A.	N.A.	1,787	1,721	$11,028,868
FY 2015 - Number of Districts Implementing	65	50	15	87	50	25	21	N.A.	N.A.	N.A.	N.A.	161	161	
FY 2015 - % of Districts Implementing	19.2%	14.8%	4.4%	25.7%	14.8%	7.4%	6.2%	N.A.	N.A.	N.A.	N.A.	47.6%	47.6%	
FY 2022 - Weighting Amounts	992	480	710	820	520	201	279	246	N.A.	N.A.	N.A.	4,248	4,051	$29,362,681
FY 2022 - Number of Districts Implementing	124	96	142	164	104	67	93	82	N.A.	N.A.	N.A.	264	264	
FY 2022 - % of Districts Implementing	37.9%	29.4%	43.4%	50.2%	31.8%	20.5%	28.4%	25.1%	N.A.	N.A.	N.A.	80.7%	80.7%	
FY 2023 - Weighting Amounts	968	400	632	668	460	144	210	174	18	12	-	3,686	3,620	$26,907,153
FY 2023 - Number of Districts Implementing	121	100	158	167	115	72	105	87	9	6	-	277	277	
FY 2023 - % of Districts Implementing	37.0%	30.6%	48.3%	51.1%	35.2%	22.0%	32.1%	26.6%	2.8%	1.8%	0.0%	84.7%	84.7%	

New – Starting this School Year Impacting FY 2024

Superintendent	School Business Official	Human Resources Director	Transportation Director	Operations - Maintenance Director	Curriculum Director	Counselor	Social Worker	Mental Health Professional	Special Ed. Director	Work Based Learning Coordinator	School Resource Officer	College and Career Transition
9	4	4	4	4	2	2	2	2	2	2	2	2

Recap: Weightings

- Additional student enrollment amounts above budget enrollment
- Spending authority (and funding) for additional costs needed for instruction
- Spending authority (and funding) to incent specific action (i.e. study reorganization)
- District total weighted enrollment is the sum of budget enrollment and weightings

Weightings
Your District: “6_Weightings”

- Does your district have supplementary weighting?
- Operational Sharing weighting?
- Why is this important?

Spending Authority – Building Blocks

Combined District Cost

=

Regular Program District Cost (RPDC)

including Budget Guarantee

+

Supplementary Weightings,

Special Education Weightings,

AEA Support,

teacher salary supplement,

professional development,

early intervention,

teacher leadership (new),

dropout prevention,

And enrollment adjustment

Spending Authority – AEA Support

What is it?

Funding for AEAs that's generated through district's budget because AEAs have no taxing authority

Implications?

- Part of District's Combined District Cost (CDC)
- District never sees AEA revenue – goes directly to AEA
- District must adjust out as expense – i.e. funding "flows-through" each school district

AEA Support - Programs

What AEA programs are funded with flow through dollars?

- Special Education Support
- Media Services
- Educational Support
- Teacher Salary Supplement
- Professional Development Supplement

Generally, funding based on each district's enrollment and the different AEA per pupil program amounts

Spending Authority – Building Blocks

Combined District Cost

=

Regular Program District Cost (RPDC)
including Budget Guarantee

+

Supplementary Weightings,
Special Education Weightings,
AEA Support,

Teacher Salary Supplement,
Professional Development,
Early Intervention,
Teacher Leadership (newer),

dropout prevention,
And enrollment adjustment

Spending Authority – State Categorical Supplements

What are they? State funding for specific purpose, determined on a per pupil basis, includes:

- **Teacher Salary Supplement (TSS)**
- **Professional Development Supplement(PD)**
- **Early Intervention Supplement (EIS)**
- **Teacher Leadership Supplement (new) (TLS)**

Implications?

Per pupil amount may vary district to district

Per pupil amounts impacted by SSA

Must be used for designated purpose → i.e. strings attached

Spending Authority – Building Blocks

Combined District Cost

=

Regular Program District Cost (RPDC)
including Budget Guarantee

+

Supplementary Weightings,
Special Education Weightings,
AEA Support,
teacher salary supplement,
professional development,
early intervention,
teacher leadership (new),
Dropout Prevention,
And enrollment adjustment

Dropout Prevention (DOP) Programs

What is it? Funding for discretionary programs for dropout prevention or returning dropouts

Implications?

- Funding limited to 2.5% - 5.0% of district’s regular program cost
- 100% local property taxes
- Requires 25% match from district general fund
- Recent legislation includes additional flexibility in allowed uses

How to obtain funding?

- District Board approves DOP request and submits to School Budget Review Committee (SBRC) by January 15 each year
- Request includes reduction for any prior year DOP carry-forward
- SBRC reviews and approves request as a modified supplemental amount
- Issue: Built-in inequity in funding

Spending Authority – Building Blocks

Combined District Cost

=

Regular Program District Cost (RPDC)
including Budget Guarantee

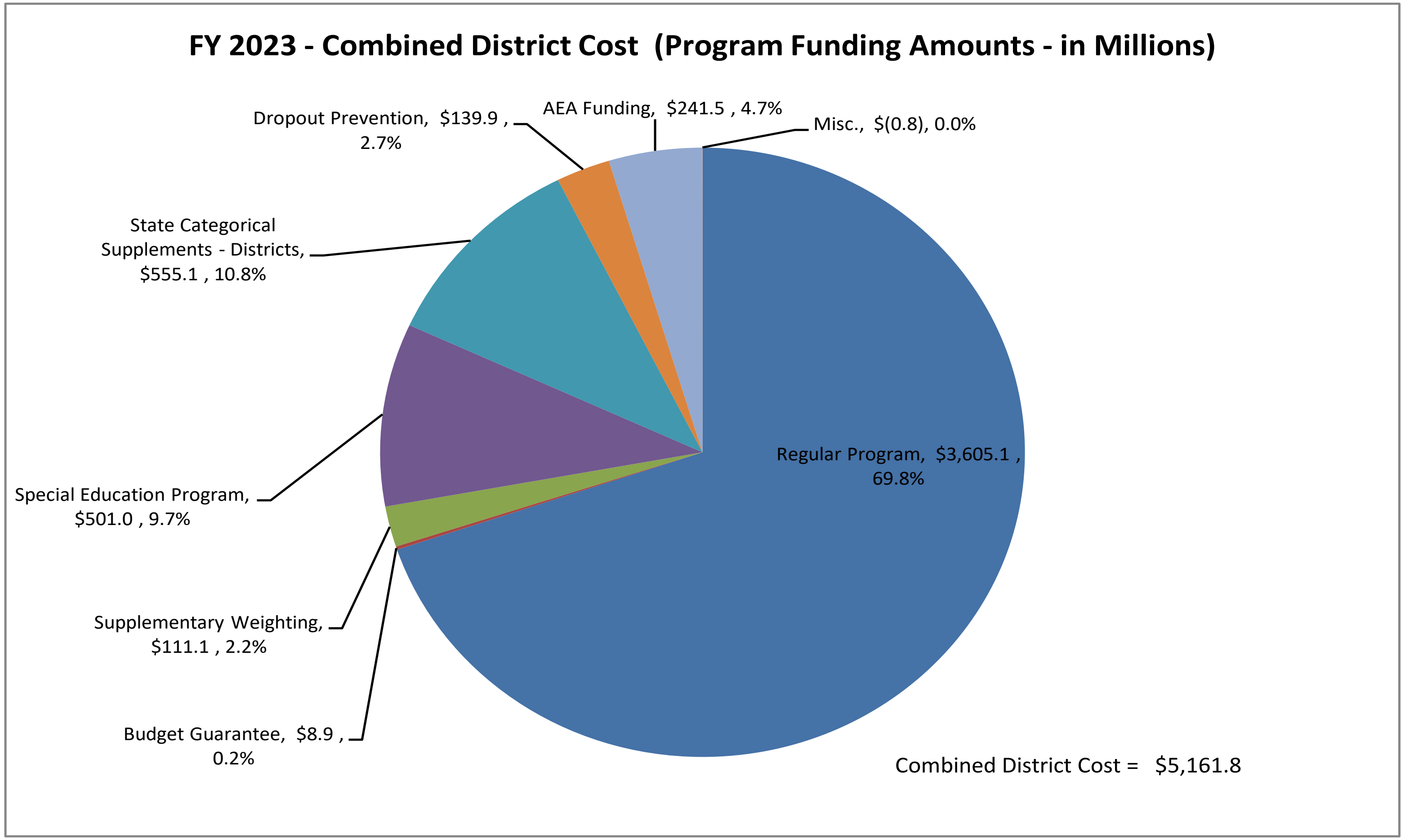
\+

Supplementary Weightings,
Special Education Weightings,
AEA Support,
teacher salary supplement,
professional development,
early intervention,
teacher leadership (new),
Dropout Prevention,
And **Enrollment Adjustment**

Spending Authority – Enrollment Adjustment

- **What is it?** Generally minor adjustments as a result of audit review
- Adjusts spending authority (and revenue) based on audit finding

School Aid Funding – by Program Area



- Combined District Cost (CDC) is the funding and spending authority generated through the school aid formula (see Section 5 of the Aid and Levy Worksheet)
- Combined District Cost represents about <u>75-78% of spending authority</u> generated annually
- Regular program accounts for nearly <u>70%</u> of combined district cost

Recap: Combined District Cost (CDC)

- Generates most of a district’s spending authority
- Generally fully backed with revenues (state aid and local property taxes) – more on this coming up
- Categorical funding is designated for specified purposes
- AEA programs are part of combined district cost – but funding “flows-through” district

**There are other items included in spending authority beyond CDC

Spending Authority – Building Blocks

IASB

Maximum Spending Authority

=

Combined District Cost

\+

Statewide Voluntary Preschool

+Instructional Support Program (ISL)

+SBRC Modified Supplemental Amount

+Miscellaneous Income

+Previous Unspent Balance

Spending Authority – Statewide Voluntary Preschool Program

What is it?

- Funding specifically for voluntary four-year old preschool programs
- Funding based on 0.5 weighting =$3,707 per eligible student (FY 2023)
- District only or partnership programs
- State funding (no property taxes)
- “On-time funding” happened FY 2022 (COVID Related)

Spending Authority – Instructional Support (ISL)

What is it?

Funding that can be used for any educational purposes. Must be:

- Board-approved: max 5 years

  →subject to petition

- Voter-approved: max 10 years

- Maximum 10% Regular Program Cost
- Property taxes only or combination property taxes/income surtax

Instructional Support Levy (ISL) Program

FY 2023	# of Districts	Amount
Districts with ISL	326/327 (99.7%)	$257.5 million
Property tax	326	$165.9 million (64.4%)
Income surtax	280	$ 91.5 million (35.6%)
State Aid and related spending authority	0 *(since 2011)*	$ 99.7 million *Not funded and no authority*

Instructional Support Program (ISL)

Funds can be used for **any** general fund purpose ***except***:

- Dropout prevention programs
- Gifted and talented programs
- PPEL, management levy, or special education deficits

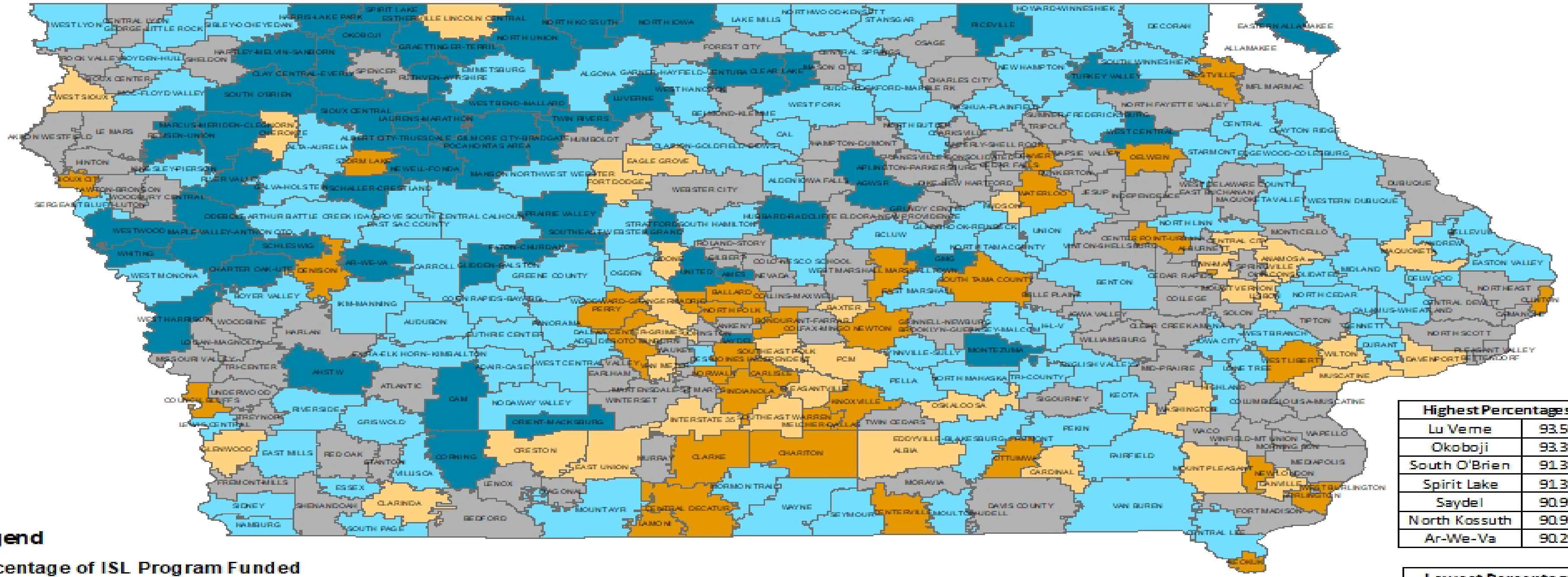
ISSUE: Lack of state funding has created funding equity issues

ISL Inequity

IASB

IASB Iowa Association of School Boards

Iowa Association of School Boards
Instructional Support (ISL) Program - Percentage of Program Funded: FY 2023



Highest Percentages	
Lu Verne	93.5%
Okoboji	93.3%
South O'Brien	91.3%
Spirit Lake	91.3%
Saydel	90.9%
North Kossuth	90.9%
Ar-We-Va	90.2%

Lowest Percentages	
Ottumwa	44.9%
Sioux City	51.6%
Storm Lake	51.6%
Carlisle	51.9%
Norwalk	52.7%
Perry	53.3%
Marshalltown	53.9%

Legend

Percentage of ISL Program Funded

- 44.9% to 66.0% (36 Districts)
- 66.1% to 71.0% (35 Districts)
- 71.1% to 78.5% (99 Districts)
- 78.6% to 85.0% (104 Districts)
- 85.1% to 93.5% (52 Districts)
- No Instructional Support Program (1 district)

Sources:
Iowa Department of Management, School Aid file
IASB analysis and calculations

Note: Districts, upon board or voter approval, may receive up to 10.0% of the district's regular program amount for the ISL Program. However, because the state portion is not fully funded (and currently not funded at all), districts only receive a portion of the amount required to fully fund the program. This map shows the percentage of the ISL program funding districts are actually receiving. If the state portion was fully funded, each participating district would be at 100.0%.

Spending Authority – Building Blocks

Maximum Spending Authority

=

Combined District Cost

+

Statewide Voluntary Preschool

+Instructional Support Program (ISL)

+SBRC Modified Supplemental Amount

+Miscellaneous Income

+Previous Unspent Balance

School Budget Review Committee

What is it?

Legislatively established committee to review budgets and hold hearings on requests to modify budgetary limitations from school districts

May grant additional spending authority to school districts in certain situations - called **Modified Supplemental Amount – MSA**

Usually, MSA does ***not*** come with cash➔ district must use cash reserves to back MSA

SBRC Membership

Member	Affiliation
Ann Lebo, Chair	Director, Iowa Department of Education; Chair, non-voting
Kraig Paulsen, Executive Secretary	Director, Iowa Department of Management
Patti Schroeder	Public Member
Lee Tack	Public Member
Sue Battani	Public Member
Keith England	Public Member
Kassandra Cline (DE contact, not member)	Liaison, Iowa Department of Education

Approves/disapproves Modified Supplemental Amount (MSA)

<u>Class action</u> approval for all requesting districts

- Increasing enrollment (on-time funding)
- Open enrollment out situations
- Additional Limited-English Proficient (LEP) costs beyond 5 years of LEP weighting
- Special education expenditure deficits

<u>Unique and unusual circumstances</u> for an individual district *(Code 257.31)*

- Required approval (by law)
- Other approvals - Committee decision

Class Action MSA Requests Allowed

On-line form - Due December 1, 2022 for FY 2023

1. Open Enrollment Out not in October count
2. LEP budget in excess of weighted funding
3. Increasing enrollment (on-time funding)

LEP excess costs for FY 2022 - On-line Form-due October 1, 2022

Special education budget deficits - MSA through SEP (Special Education Supplement) due September 15

Note: Biennially, SBRC reviews SPED weighting plan, may approve change; no change since 2004

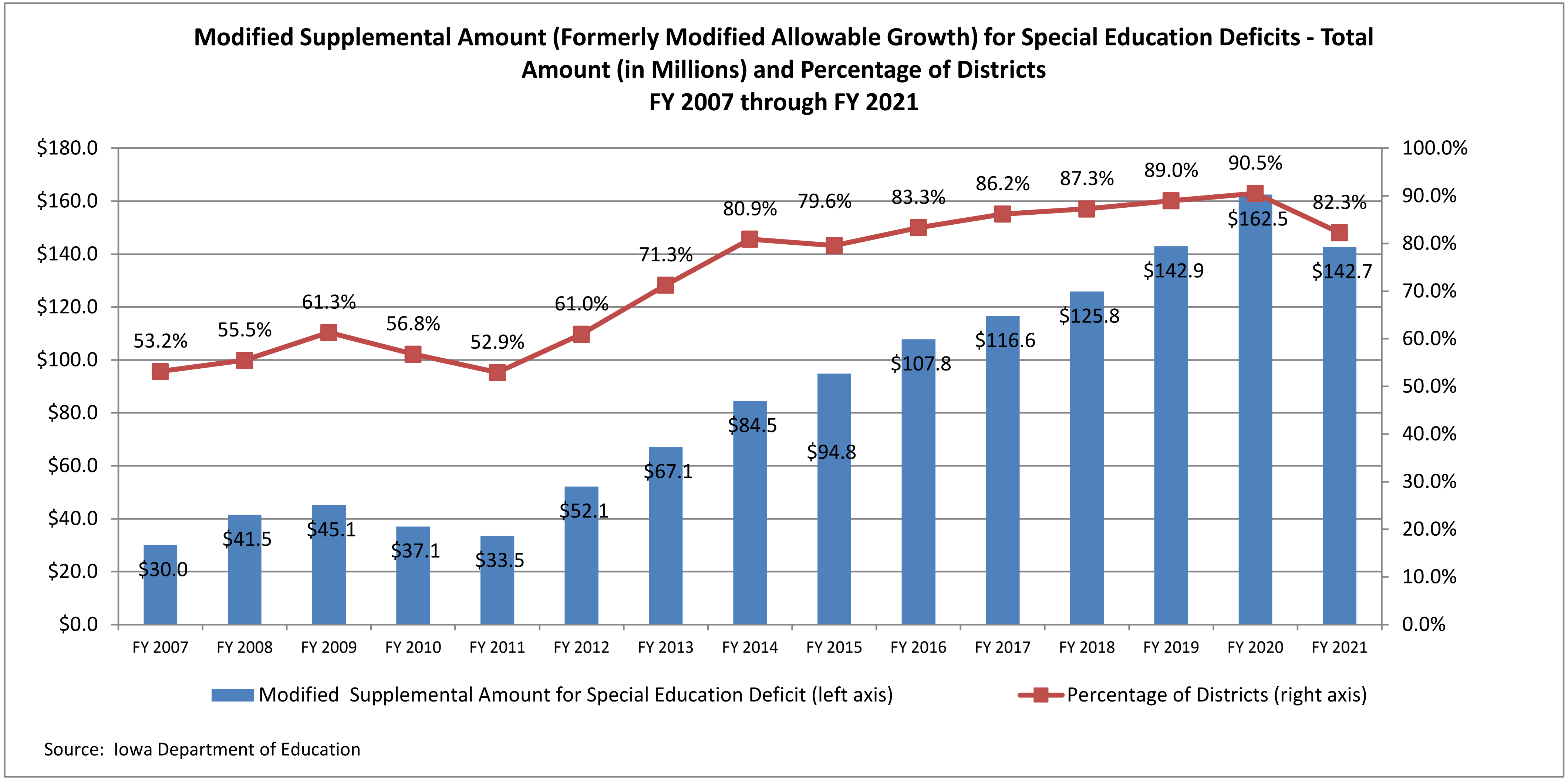
SPED Deficit - Iowa's system is unique

Surplus➔ Spend less revenue than generated by SPED weightings, must send back balance over 10%

Deficit ➔ Spending more revenue than generated

- During year, deficit costs covered using general fund program dollars
- SBRC grants MSA for deficit amount - spending authority for regular program is restored; however, deficit cash is only restored with Cash Reserve Levy

SPED Deficits Are Increasing Over Time



School Budget Review Committee – Final Thoughts

SBRC:

- Monitors school district budgets
- May grant additional spending authority for specific reasons (Modified Supplemental Amount – MSA)
- Does not provide cash behind the additional MSA

Spending Authority – Building Blocks

Maximum Spending Authority

=

Combined District Cost

+

Statewide Voluntary Preschool

+Instructional Support Program (ISL)

+SBRC Modified Supplemental Amount

+Miscellaneous Income

+Previous Unspent Balance

Spending Authority – Miscellaneous Income

Examples of Miscellaneous Income:

- State grants
- Federal grants and other federal funds (COVID funds)
- Local grants
- Tuition from open-enrolled in students
- Other income that is deposited in the district general fund

All these increase spending authority – although most of the funds can only used for specified purposes

Spending Authority – Building Blocks

Final thoughts on building blocks:

- Maximum amount of spending authority is the maximum amount a district can spend.
- Exceeding that amount violates state law.
- Spending authority relates to the school district's general fund only.
- **Note: A cash reserve levy DOES NOT increase spending authority!** More later…

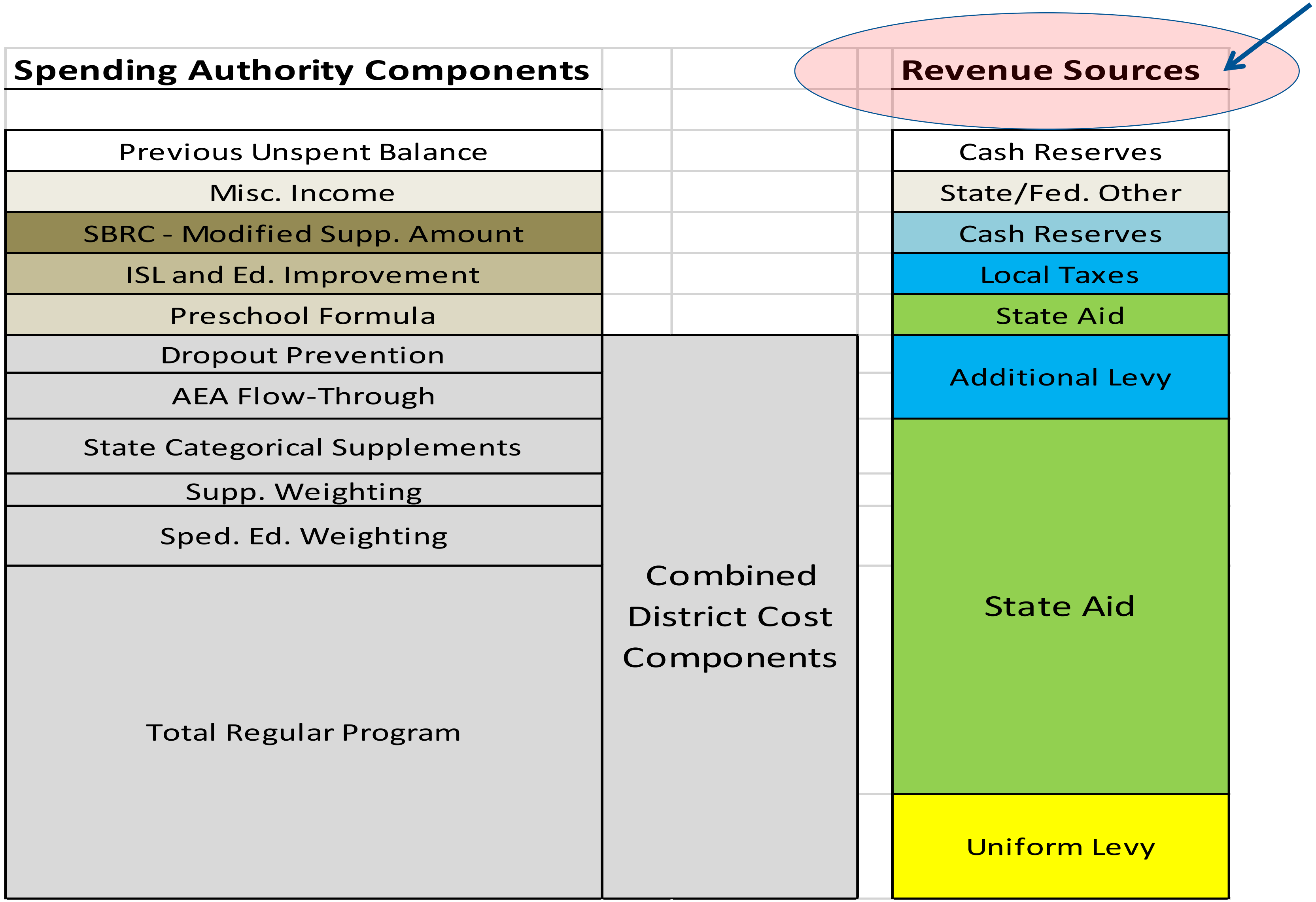
It does provide cash to back spending authority.

Maximum Spending Authority
(Your District: “8_UAB_Report”)

- What is your district’s:
  - Maximum Spending Authority?
  - UAB Percentage?
  - Trend lines?
- Why are these measures so important?

Funding Sources for Spending Authority

Spending Authority - Funding Sources



Spending Authority – Revenues Sources

School aid formula provides most of the revenue for spending authority:

Element	Revenue Source
Regular Program	State aid and local property taxes (represent the largest share)
Weightings (SPED and other supplementary)	State aid and local property taxes
Dropout Prevention	Property taxes
Categorical Funding	State aid
Instructional Support	Property tax and income surtax
Preschool	State aid
Modified supplemental amount (SBRC)	Part of spending authority, no cash, Recoup through Cash Reserve Levy?
Miscellaneous income	Local, state or federal grants, interest Other districts – tuition in,

School Aid Formula Determines Funding Source - Basic formula

Uniform Property Levy	1. Every district provides property tax of $5.40/$1,000 of its taxable valuation
State Aid	2. Funds amt. needed for foundation level of 88.4% **(was 87.5% prior to FY 2023)** - Funds 100% of state categorical supplements - Provides property tax relief, including 100% of SSA - Funds the AEA foundation level (79.0%) - Funds preschool formula aid
Additional Levy	3. Funds the difference between the combined district cost and what's funded from state aid and the uniform levy

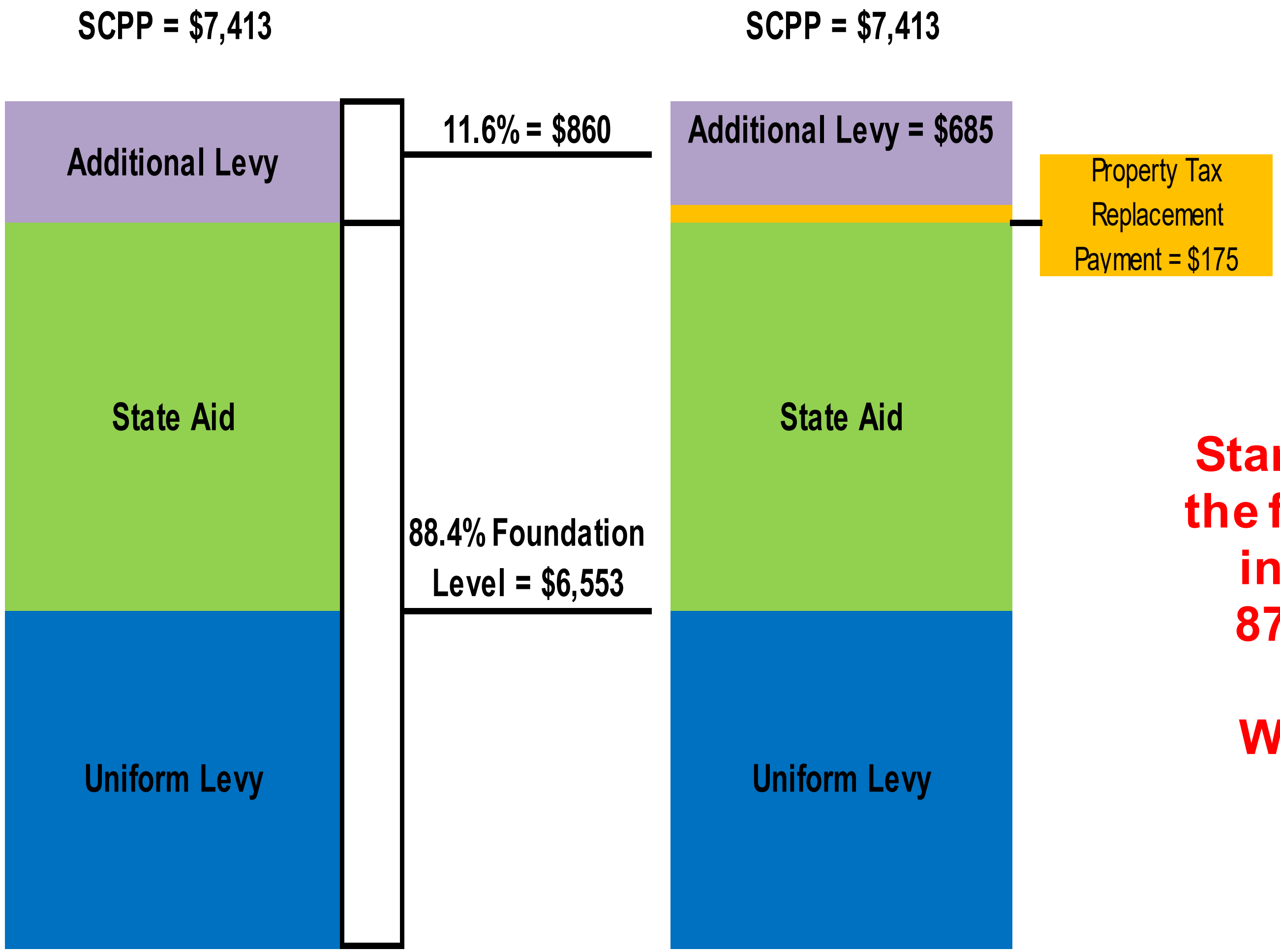
School Finance Formula – Revenue Determination

Note that the property wealth of the district determines the uniform levy/state aid mix

Property Rich = generates more in uniform levy and receives less state aid

Property Poor = generates less in uniform levy and receives more state aid

More on this in a few slides

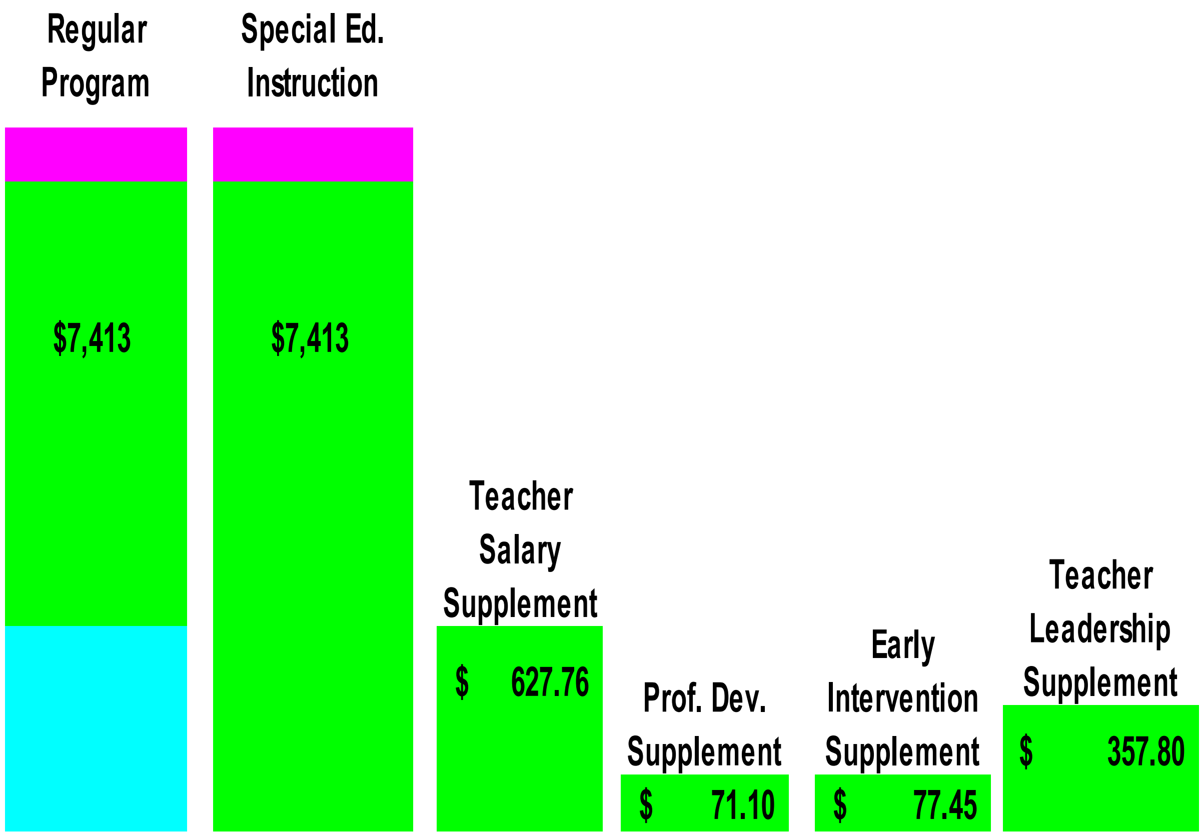


Starting in FY 2023 the foundation level increased from 87.5% to 88.4%.

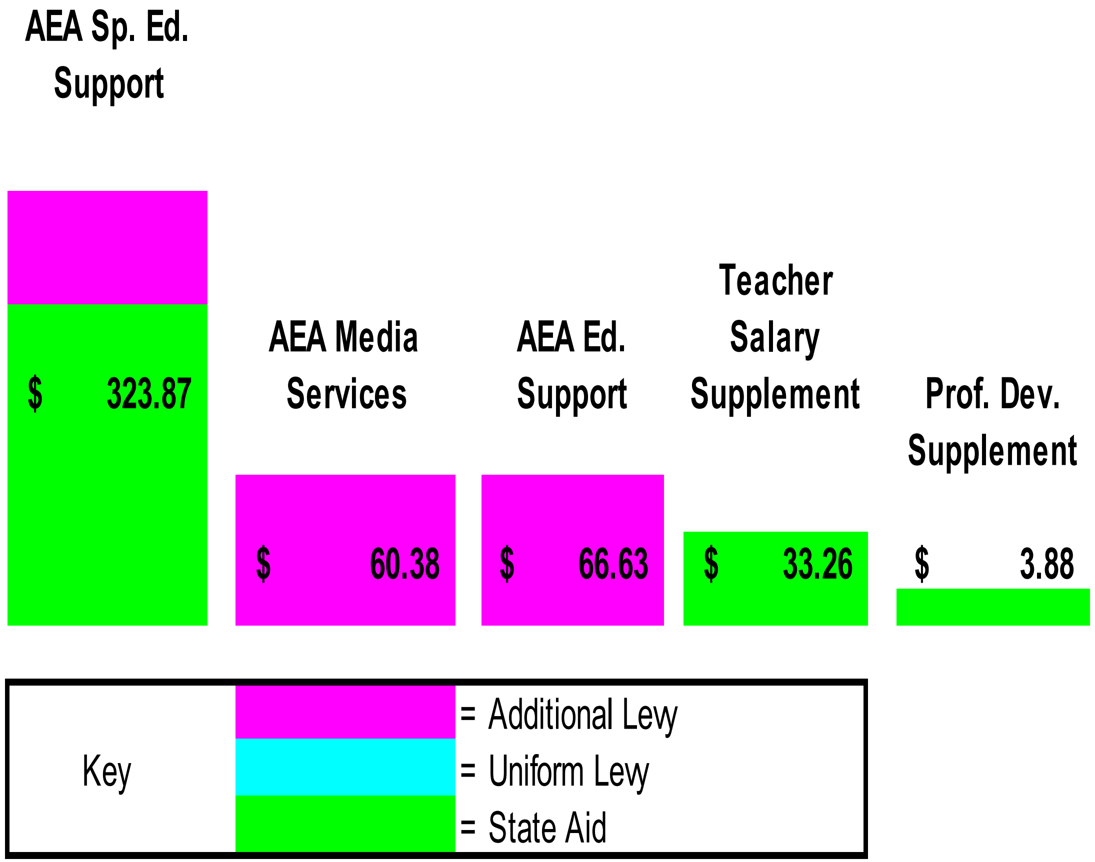
What does this mean?

School Aid Funding – Student Driven

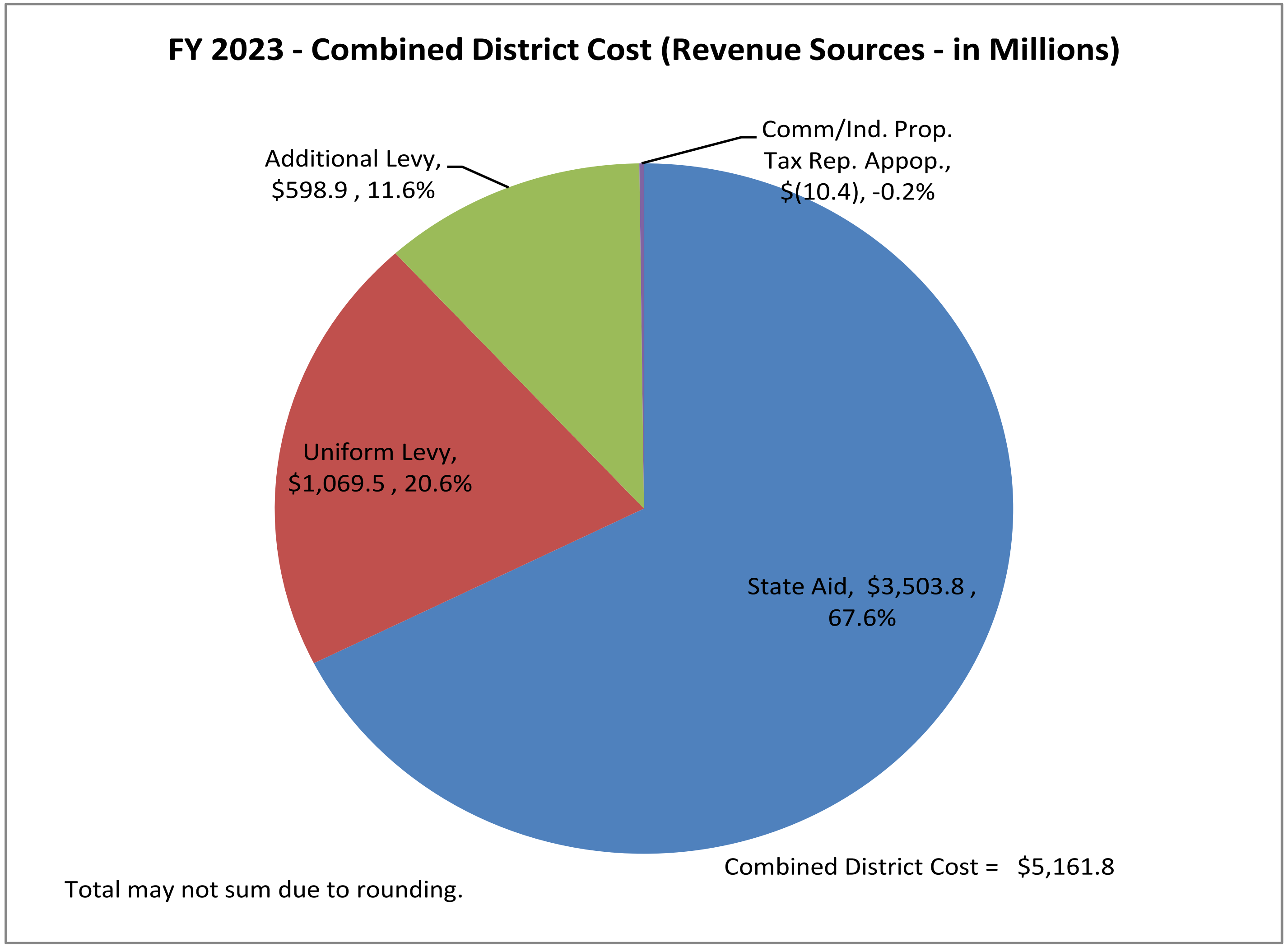
State Cost Per Pupil Amounts for FY 2023:



Area Education Agency State Cost Per Pupil Amounts for FY 2023:



School Aid Formula Revenues – Combined District Cost



Sources: Iowa Department of Management, School Aid files and IASB calculations

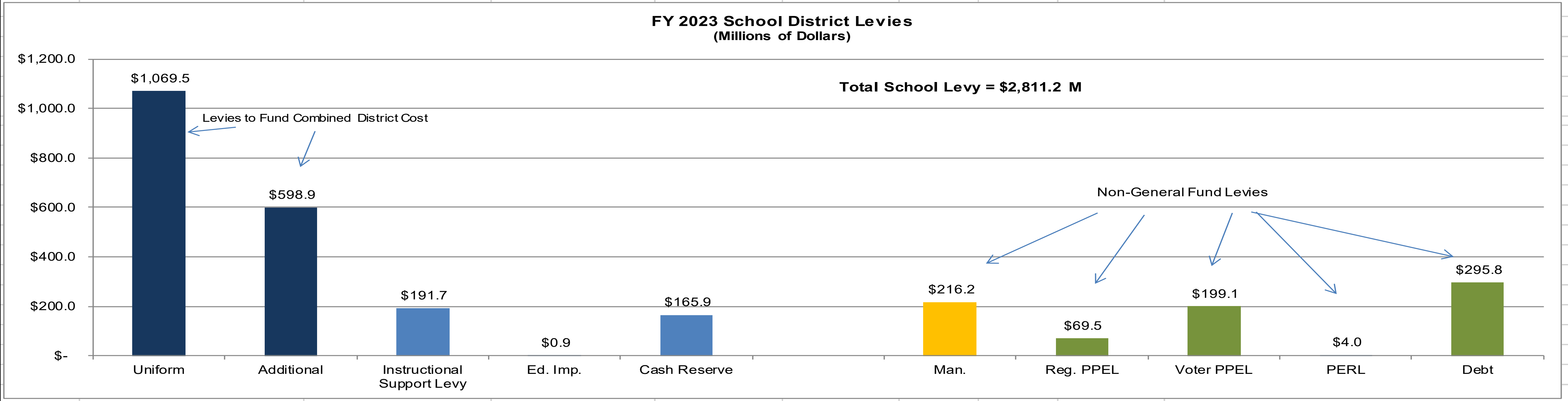
Property Taxes

Property Taxes - Timeline

Budget Year 2022-2023 (FY 2023):

Taxable valuations used	Calendar year 2021; January 2021
School budgets certified	April 15, 2022
Tax levies certified - based upon 2021 valuations	May/June (2022)
Property taxes paid	September 2022 and March 2023

School Property Taxes and Rates By Component – State Level



	School Levy Component	Amount (in Millions)	% of Total	Auhtorization	# of Districts	Min. Rate	Max. Rate	Median Rate	Notes
Gen. Fund Levies	*Uniform Levy*	*$ 1,069.5*	*38.0%*	*Formula*	*327*	*$ 5.40*	*$ 5.400*	*$ 5.40*	*Capped Rate*
	Additional Levy	*$ 598.9*	*21.3%*	*Formula*	*327*	*$ 0.79*	*$ 5.596*	*$ 2.78*	*Budget guarantee and DoP require Board Approval*
	Instructional Support Levy	$ 191.7	6.8%	Board or Voter	326	$ -	$ 1.756	$ 0.64	Amount capped by formula
	Ed. Improvement Levy	$ 0.9	0.0%	N.A.	3	$ -	$ 3.690	$ -	Amount capped by formula
	Cash Reserve Levy	$ 165.9	5.9%	Board	139	$ -	$ 5.708	$ -	Amount capped by formula
	Total Geneal Fund Levies	**$ 2,026.9**	**72.1%**		**327**	**$ 6.59**	**$ 15.017**	**$ 9.34**	
Non-General Fund Levies	Management Fund Levy	$ 216.2	7.7%	Board	319	$ -	$ 5.652	$ 1.10	Funds are use restircted
	Regular PPEL	$ 69.5	2.5%	Board	325	$ -	$ 0.330	$ 0.33	Max tax rate capped at $0.33
	Voter PPEL	$ 199.1	7.1%	Voter	275	$ -	$ 1.340	$ 0.79	Max tax rate capped at $1.34
	PERL	$ 4.0	0.1%	Voter	29	$ -	$ 0.135	$ -	Max tax rate capped at $0.135
	Debt Services Levy	$ 295.8	10.5%	Voter	173	$ -	$ 4.050	$ 0.88	Max tax rate capped at $2.70 or $4.05
	Total Non-Gen. Fund Levies	**$ 784.5**	**27.9%**						
	Total All Levies	**$ 2,811.2**	**100.0%**		**327**	**$ 8.03**	**$ 19.607**	**$ 13.02**	

Levies to fund the combined district cost include the uniform and additional levies.

"Total All Levies" includes Amana Library Levy and the use of fund balance to reduce levies

School District Discretionary Levies - FY 2022

Code Section	School Disrict - Discretionary Levies	Approval	Number of Districts with Levy	Amount Levied (in Mill.)	Income Surtax Amount (in Mill.)
298.1	Cash Reserve	Board Approved	173	$ 205.0	N.A.
257.19	Instructional Support	Board Approved for up to 5 Years Voter Approved for up to 10 Years (majority approval)	325	$ 157.3	$ 91.6
257.29	Educational Improvement levy	Voter Approved (in place until Board rescinds or reverse referendum) However, no new districts can implement this.	3	$ 0.9	$ 0.1
298.2	Regular Physical Plant and Equipment Levy (PPEL)	Board Approved	324	$ 66.5	N.A.
298.2	Voter Approved PPEL	Voter Approved (Up to 10 Years - requires majority approval)	272	$ 189.8	$ 11.4
300.2	Public Education and Recreation Levy (PERL)	Voter Approved (in place until Board rescinds or reverse referendum)	28	$ 3.7	N.A.
298.4	Management	Board Approved	315	$ 181.8	N.A.
298.18	Debt Services	Voter Approved (requires 60.0% approval)	177	$ 263.9	N.A.
# of Districts = 327		**Totals**		**$1,068.9**	**$ 103.1**

Iowa Association of School Boards

Sources: Iowa Department of Management, School Aid file, IASB analysis and calculations

Updated July 12, 2021

Property Taxes ("9_SchoolTaxRates")

- What types of property taxes are being collected on behalf of your district?
  - Cash Reserve Levy? ISL? PPEL Board? PPEL Voter? PERL? Debt Service?
- Is your district managing the overall tax rate over time?
- Why is this important?

Property Taxes - Terminology

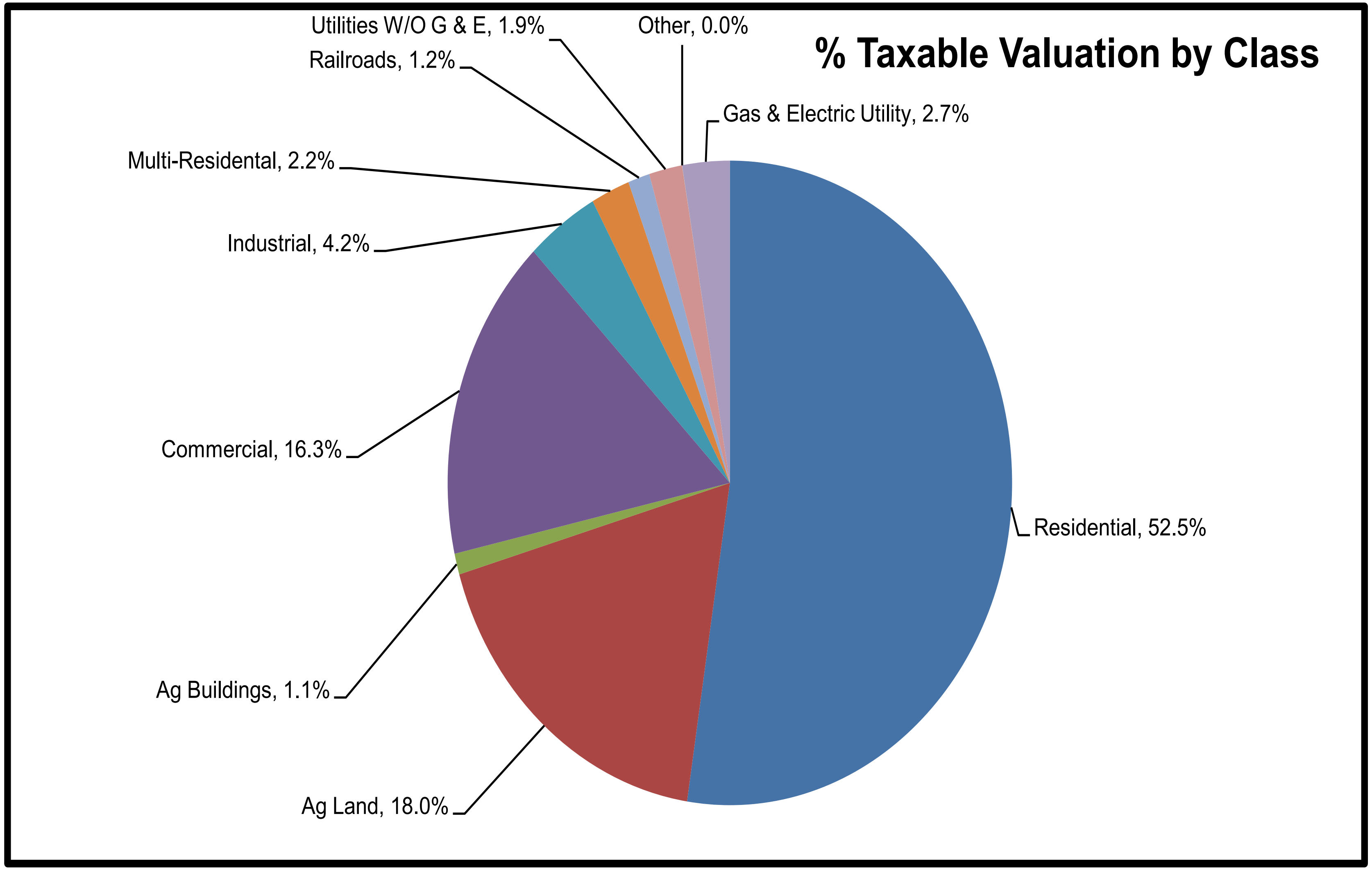
Tax Rate x Taxable Valuation = Taxes Levied

Lag between assessments and budgets

Assessed valuation	Value assigned to a property by a local government
Taxable valuation	Portion of assessed valuation that is taxable
Rollback	Percent of residential or commercial taxable valuation actually taxed Ag/Residential tie Assessed growth limitation
Taxing districts	Areas in which property in those areas will be assessed taxes
Taxing authorities	Authorities with the power to levy a tax

Property Valuations - Classifications

Statewide Taxable Valuations by Class AY 2021 (impacting FY 2023)



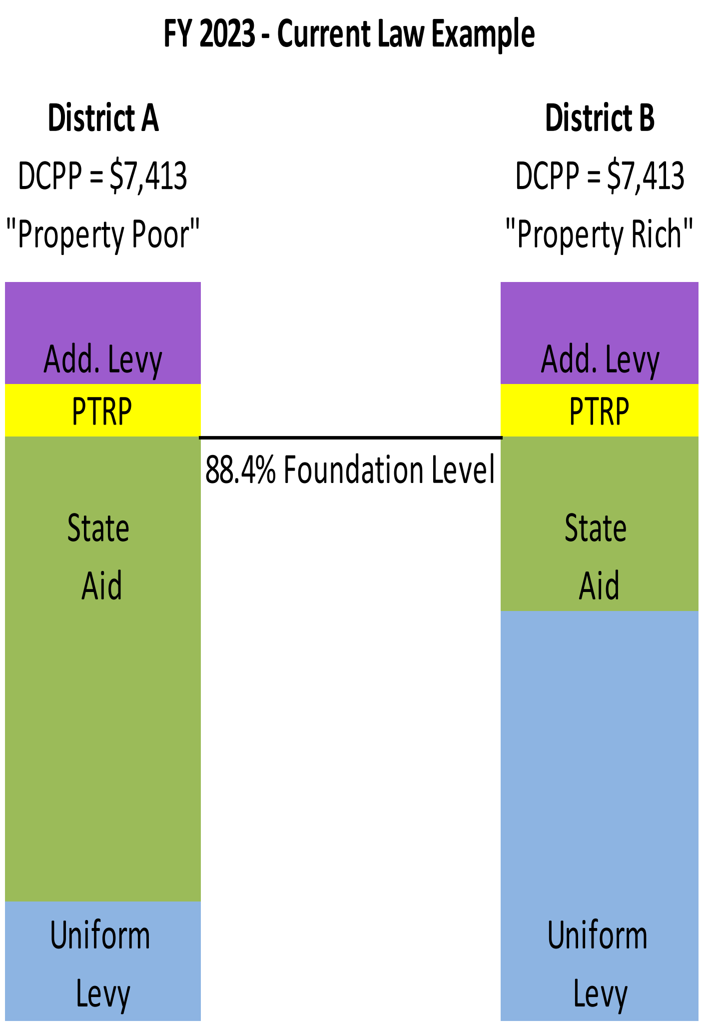
Property Wealth of a District

What is it?
Property valuation per student in a district

How is it calculated?
District Property Valuation / Enrollment

	Taxable Valuation Per Pupil	Property Tax Rate Impact
"Property Rich"	Larger	Lower rates
"Property Poor"	Lower	Higher rates

Foundation Level – Equalize Property Effort (to a point)



Each District has:
State Cost Per Pupil (SCPP) = $7,413
Foundation Level Per Pupil =$6,553
Property Tax Rep. Payment (PTRP) Per Pupil = $175
Additional Levy Per Pupil = $750

Property Poor: (District A)

- **Higher** tax rate for Additional levy
- Generate **less** from Uniform levy rate and other fixed levy rates
- Gets **more** state aid from foundation level on a per pupil basis

Property Rich: (District B)

- **Lower** tax rate for Additional levy
- Generate **more** from Uniform levy rate and other fixed levy rates
- Gets **less** state aid from foundation level on a per pupil basis

Property Wealth: “10_ValPerPupilComp”

Is your district property rich or property poor?

Why is this important?

Income Surtax: “11_IncomeSurtax”

What is it?

- A tax levied based on an individual’s state income; used in lieu of property tax levy for:
- Instructional Support ($93.1 million)
- Voter-approved PPEL ($10.8 million)
- Educational Improvement ($0.1 million) Programs
- Aggregate surtax rate can’t exceed 20%
- 287 (87.8%) school districts imposed for FY 2023

Fund Accounting – Funding Silos

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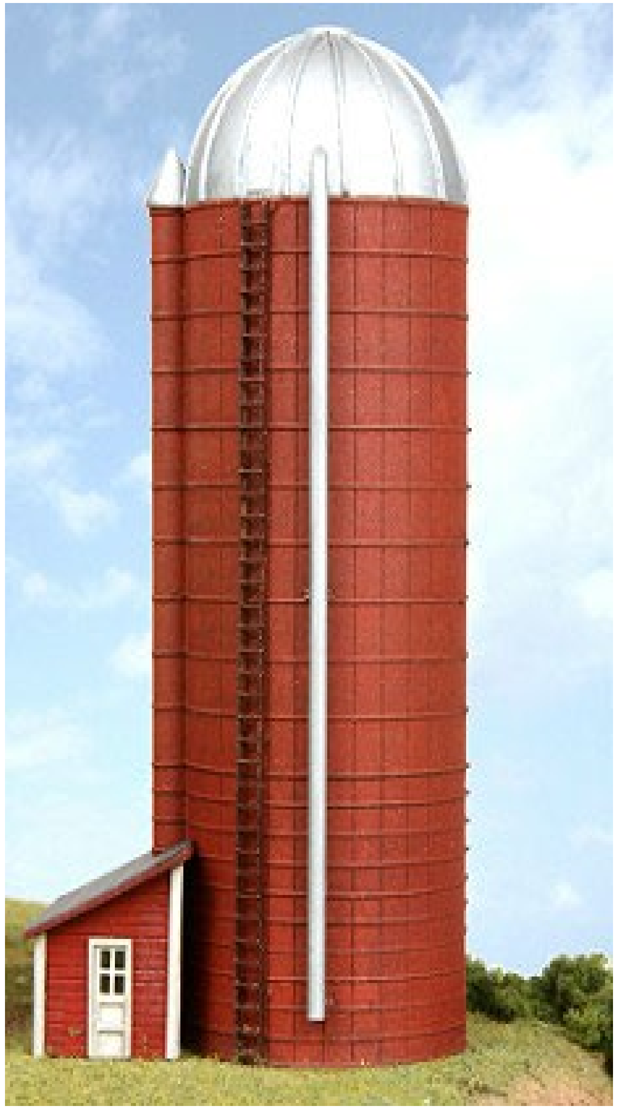
Fund Accounting

KEY CONCEPT!

FUNDING SILOS

(You can't mix corn and beans!)



Lots of different funds, BUT Dillon's Rule – these funds are separate – can't mix

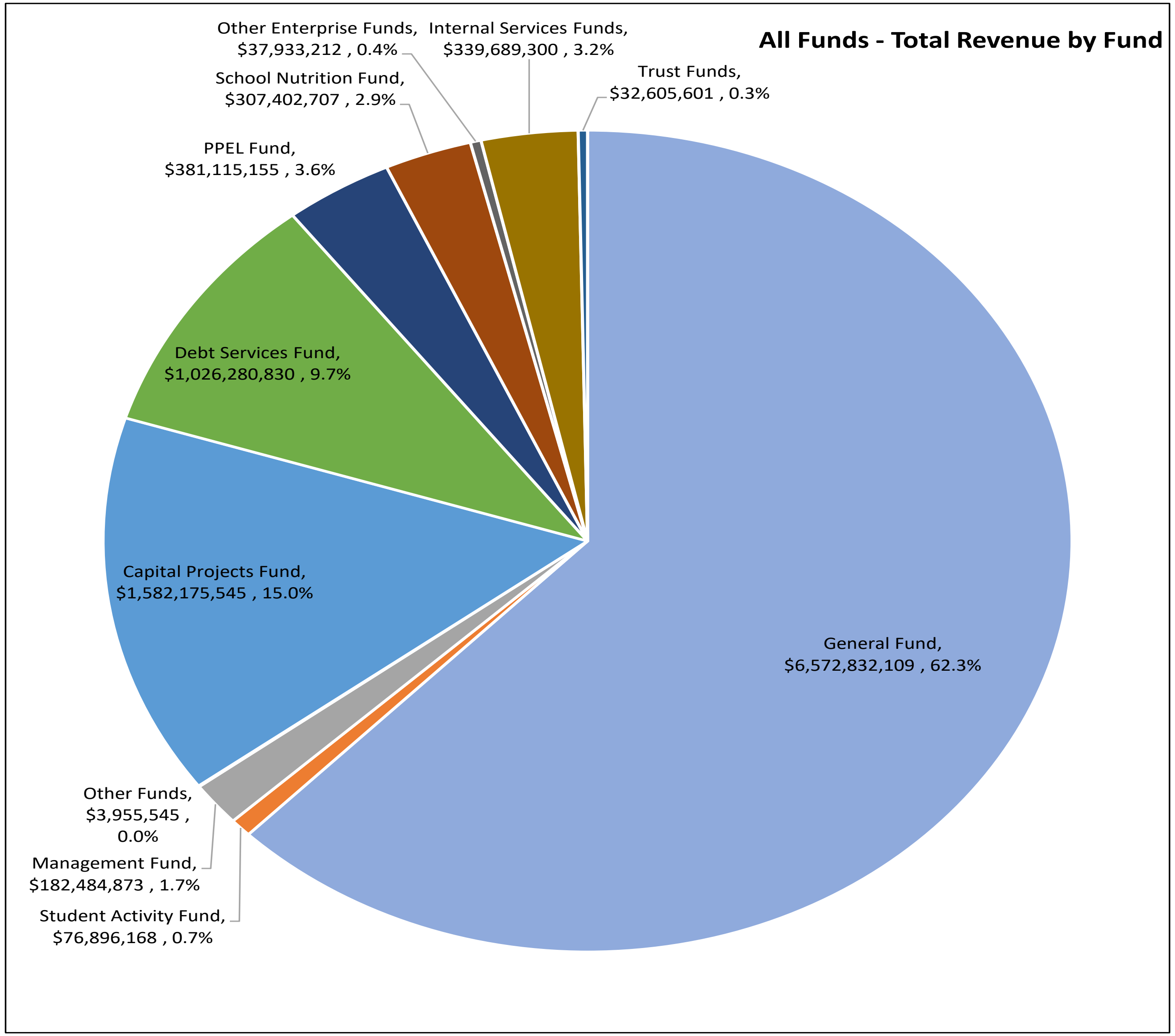
TYPE	GOVERNMENTAL FUND							PROPRIETARY FUND		FIDUCIARY FUNDS
FUND	GENERAL FUND (Spending Authority)	MANAGEMENT FUND	PUBLIC EDUCATION & RECREATION LEVY (PERL)	STUDENT ACTIVITY FUND	CAPITAL PROJECTS FUND SALES TAX	PHYSICAL PLANT & EQUIPMENT LEVY (PPEL)	DEBT SERVICE FUND	ENTERPRISE FUND	INTERNAL SERVICE FUND	TRUST and CUSTODIAL FUNDS
REVENUES	PROP. TAXES STATE AID GRANTS MISC INCOME	PROPERTY TAX	PROPERTY TAX	ADMISSIONS ACTIVITY FEES STUDENT FEES FUNDRAISING PROTECTIVE EQUIPMENT FOR ATHLETICS	SALES TAX BOND PROCEEDS	PROPERTY TAX	PROPERTY TAX TRANSFERS (PPEL & Sales Tax)	FEDERAL STATE MEAL SALES TUITION	DEPARTMENT REIMBURSEMENTS Health & Dental Pemiums Other dept charges	DESIGNATED GIFTS
EXPENDITURES	SALARIES EMPLOYEE BENEFITS SERVICES MATERIALS & SUPPLIES TRANSPORT	PROPERTY LIABILITY INSURANCE UNEMPLOYMENT EARLY RETIRE BENEFITS ARBITRATION MEDIATION	COMMUNITY RECREATION PLACES PLAYGROUNDS COMMUNITY ED	SUPPORT CO-CURRIC. ACTIVITIES ATHLETICS CLUBS	CAPITAL PROJECTS ANY PPEL PURPOSE	PURCHASE AND IMPROVEMENT OF GROUNDS/BLDGS CONSTRUCT/REPAIR BLDG LEASES TECHNOLOGY BUSES EQUIP > $500	PAYMENT OF PRINCIPAL AND INTEREST ON DEBT	FOOD SERVICE BREAKFAST & LUNCH CHILD CARE	SELF INSURED HEALTH INSURANCE GOODS OR SERVICES PROVIDED FROM ONE DEPT TO ANOTHER	SPECIFIC PURPOSES AND PROJECTS (SCHOLARSHIPS) (PTAS, BOOSTERS)

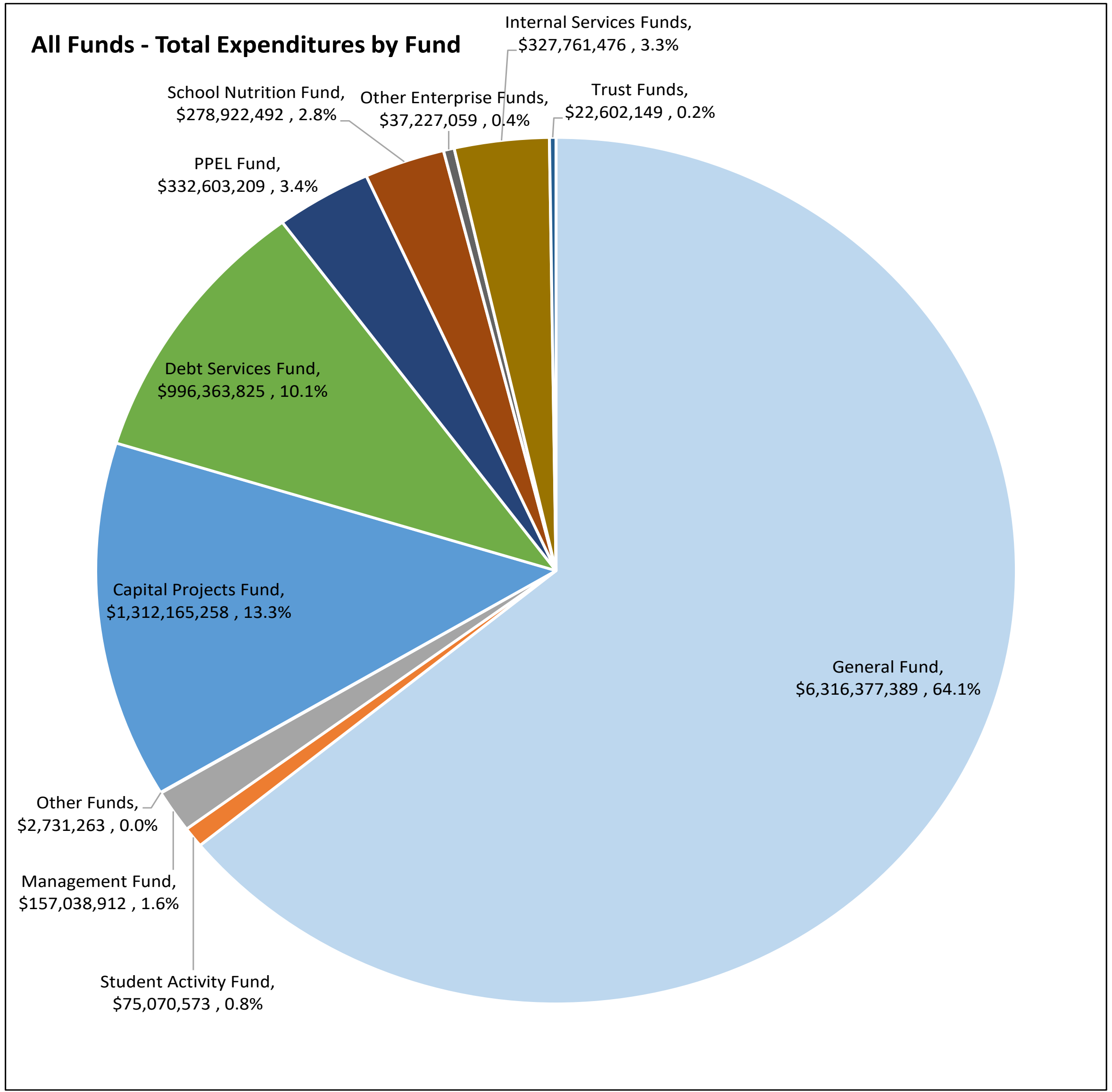
All Funds

IASB

Descriptions and Information on Different Funds (not all inclusive)				
Fund	**Description**	**Code Cite**	**Major Revenue Sources**	**Major Expenditures**
General Fund	All school district educational programming and most operations	298A	-State Aid and property taxes generated through the school aid formula -Other local taxes, state aid, federal aid and grants -Tuition from open enrolled	-Salaries and benefits, utilities, curriculum, services, instruction support staff, transportation, administration
Student Activity Fund	Student-related cocurricular or extracurricular	298A.8	-Activity fees -Gate Receipts -Student fundraising -Picture revenues	-Cost of co-curricular activities (athletics, clubs, trips) -Protective/safety equipment
Management Fund	Fund activites for specified items, per law	298A.3, 298.4	-Property taxes (board approved)	-Liability insurance -Early retirement -Unemployment claims -Tort payments -Arbitration/Mediation
Capital Projects Funds	Fund accounts for infrastructure, such as land and	298A.9, 298.21	-Bond proceeds from General Obligation (GO) bonds and revenue bonds -Sales tax (from SAVE funds) -Property taxes	-Acquisition -Construction -Major renovation -Technology -Stated bond purpose
Physical Plant and Equipment Levy (PPEL)		298A.4, 298.2, 298.3	-Property taxes (board approved) -Property taxes (voter approved)	-Purchase/construction of infrastructure -Purchase, lease, lease-purchase of buildings -Technology -Busses and bus repair
Debt Service Fund	Account for debt payments	298A.10, 298.18	-Property taxes (voter approved) -Transfers-in	-Payment of principal and interest on bonds
School Nutrition Fund	Meals provided to students	298A.11	-Lunch fees -State and federal student lunch reimbursements	-School nutrition programs -Compensation of lunch staff -Food
Other Enterprise	Funds for programs that are run like a		-Fee for services	Examples include: -Before/after school day care -Student house construction programs
Internal Services Funds	Services provided to other district		-Department charge-backs	-Self-insurance fund -Risk management fund -Print shop
Trust Funds	Designated purposes monetary gifts - district is trustee	298A.13	-Benefactor gifts or donations	-Use of principal/interest in accordance with trust document -Example: College scholarships
Other Funds	Catch-all	298A.14 300.1	Examples: -Property tax from the Public Educational and Recreational Levy (PERL) -Entrepreneurial fund revenues	-Expenses in accordance with the terms of the specific "other fund"

All Funds - State Totals



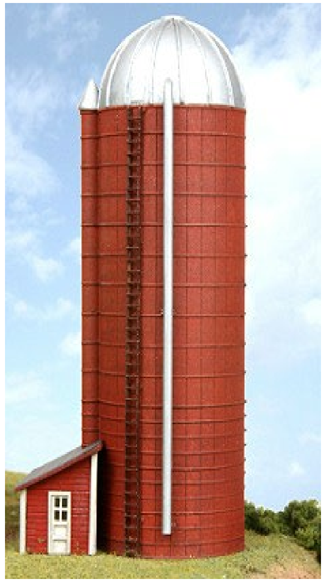


Governmental: General Fund

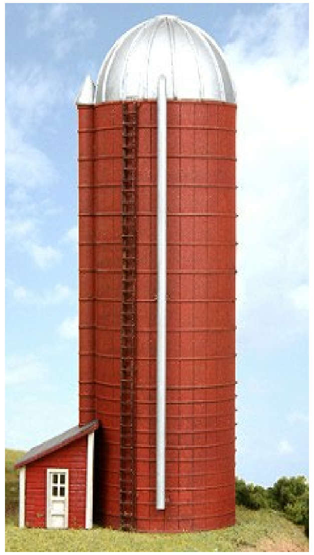
Money In:
- State aid
- Property taxes from:
  - School Aid Formula Levies
  - Instructional Support Taxes
  - Cash Reserve Levy
- Grants
- Most miscellaneous Income

- Money Out:
  - Most wages and benefits
  - Supplies
  - Equipment
  - Utilities
  - Purchased services

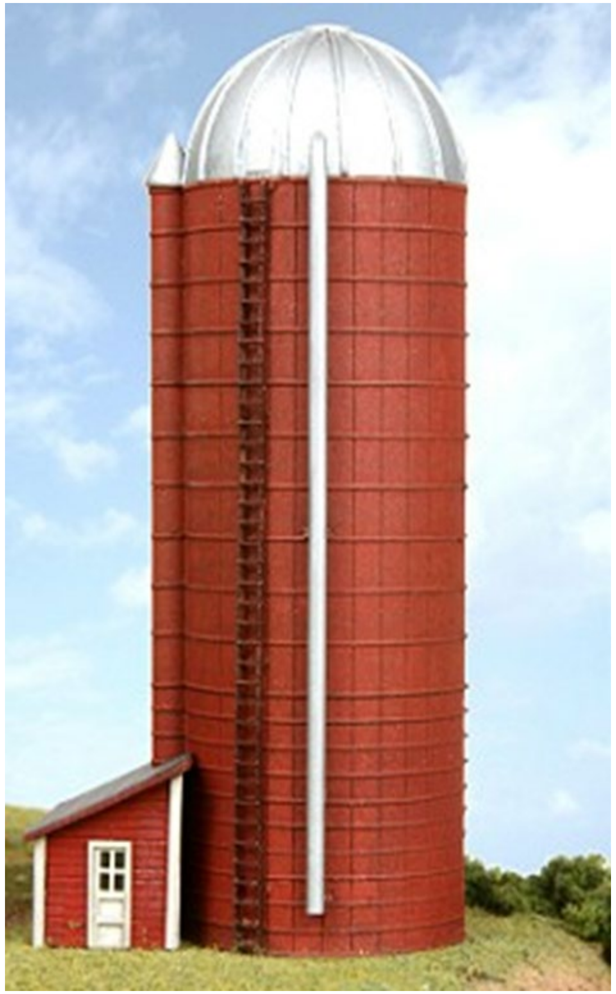
- Also treat as Silos – only Accounts, not Funds



Teacher Salary Supplement	Dropout Prevention
Professional Development	Successful
Iowa Early Intervention	Beginning Administrator Mentoring
Statewide Voluntary Four Year Old Preschool	Nonpublic Textbook Services
SPED – Special Education	Gifted and Talented
At-Risk	ELL – English Language Learners
Home School Assistance	Teacher Leadership Compensation



GAAP Funding Chart



- Governmental
  - General
  - Special Revenue
    - Management
    - Student Activity
    - PERL
    - Special Rev. Trust
  - Capital Projects
    - PPEL
    - Local Option Sales Tax/Statewide Sales and Services Tax
  - Debt Service
- Proprietary
  - Enterprise
    - School Nutrition
    - Child Care
  - Internal Service
- Fiduciary
  - Trust
    - Scholarship Trust
    - Pension Trust
    - Investment Trust
  - Custodial

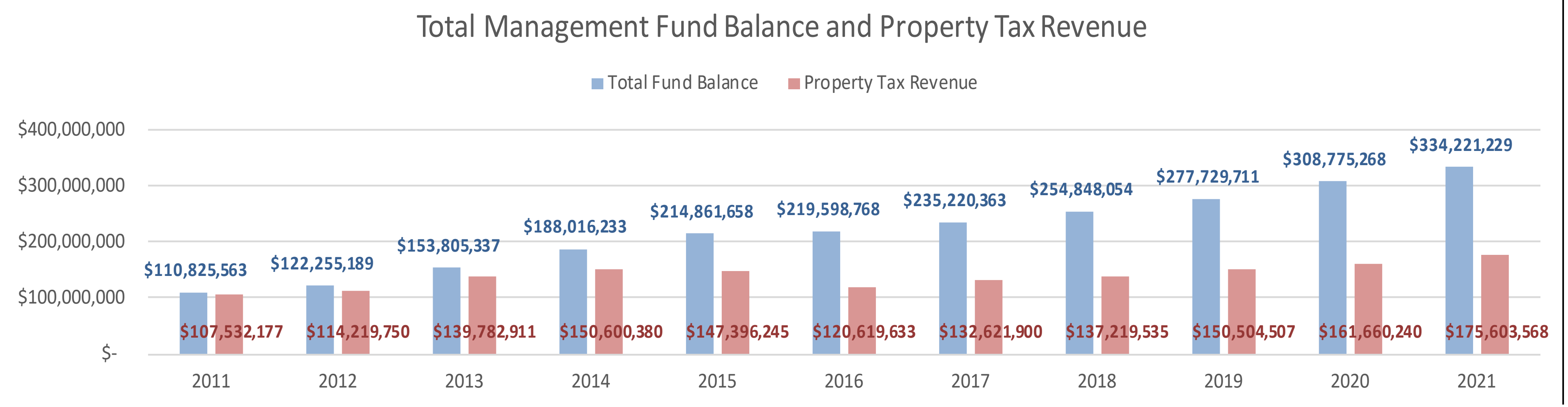
Issue: Management Fund Balances

What's your district's balance: "13_ManFundBal"

State Totals

District from the List

Fiscal Year	Certified Enrollment	Enrollment Served	Property Tax Revenue	Total Revenues	Total Expenditures	Total Fund Balance	Per Pupil Fund Balance	Balance as a Percentage of Expenditures
2011	473,493.4	473,154.4	$ 107,532,177	$ 113,884,527	$ 113,046,987	$ 110,825,563	$ 234	98.0%
2012	473,504.2	473,177.1	$ 114,219,750	$ 120,220,658	$ 108,791,031	$ 122,255,189	$ 258	112.4%
2013	476,245.0	476,245.0	$ 139,782,911	$ 144,587,975	$ 113,037,828	$ 153,805,337	$ 323	136.1%
2014	478,920.9	478,920.9	$ 150,600,380	$ 155,268,212	$ 121,057,315	$ 188,016,233	$ 393	155.3%
2015	480,771.9	480,771.9	$ 147,396,245	$ 154,788,041	$ 127,731,417	$ 214,861,658	$ 447	168.2%
2016	483,450.9	483,450.9	$ 120,619,633	$ 131,527,939	$ 126,675,584	$ 219,598,768	$ 454	173.4%
2017	485,147.3	485,147.3	$ 132,621,900	$ 145,321,805	$ 129,697,640	$ 235,220,363	$ 485	181.4%
2018	486,264.3	486,264.3	$ 137,219,535	$ 149,294,846	$ 129,667,154	$ 254,848,054	$ 524	196.5%
2019	487,651.5	487,651.5	$ 150,504,507	$ 159,888,130	$ 137,006,473	$ 277,729,711	$ 570	202.7%
2020	490,094.4	490,094.4	$ 161,660,240	$ 170,226,146	$ 139,180,589	$ 308,775,268	$ 630	221.9%
2021	484,158.5	484,158.5	$ 175,603,568	$ 182,484,873	$ 157,038,912	$ 334,221,229	$ 690	212.8%



Wrap-Up: Other Helpful Information

IASB
Iowa Association of School Boards

Public Purpose

The Department of Education has defined public purpose as something that benefits the public, not an individual:

It is a governmental action or direction that is intended to benefit the populace as a whole, but not intended to give benefit to private parties or particular individuals. It is not the board simply saying that it believes there is public purpose.

Public purpose matters because school district funds come from taxpayers. These are public funds that must be spent for a public purpose (IA Cons. Art. III, sec 31).

Who decides what is a public purpose?

School boards do. Not employees, students or others.

School boards are required by law to state the purpose of all bills authorized for payment. (*Iowa Code* 279.30)

State Auditor has restated this authority as:

- **The harder it is to document a public purpose, the less likely one exists.**
- **If it's not for a public purpose, why should the public pay for it?**

Current District Policies-Public Purpose Policy 705.04 Expenditures for Public Purpose and 705.04R1 Use of Public Funds Regulation

Important things to know about your district

- What is our enrollment trend? Plans?
- Do we have a positive or negative unspent spending authority? Positive/negative trend?
- Are we on a budget guarantee? Plans?
- What is our SPED deficit/surplus? Plans?
- What are the components of our tax rate? Trend?
- Why do/don't we have a cash reserve levy?
- When is our ISL or Voter PPEL set to expire? Plans?
- Are we engaged in operational sharing? Plans?

School Finance Web Resources

- IASB: www.ia-sb.org
- Dept. of Education: www.educateiowa.gov
- Legislature - bills, amendments, etc.: www.legis.iowa.gov/index.aspx
- Legislative Service Agency: www.legis.iowa.gov/Agencies/LSA.aspx
- Dept. of Revenue: www.iowa.gov/tax/
- Dept. of Management: www.dom.state.ia.us
- State Auditor: www.auditor.iowa.gov
- State Treasurer: www.treasurer.state.ia.us/

IASB Affiliated Programs

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