CHAPTER 5

School Foundation Program

Iowa Code chapter 257 is dedicated to financing of school program through the School Foundation Formula Program. The authorized budget refers to the financing of school programs in the general fund. Many definitions for Iowa School Finance terminology can be found in section 257.2.

The provisions of chapter 257 shall be subject to legislative review at least every five years. The first such report shall be submitted to the general assembly no later than January 1, 2005, with subsequent reports developed and submitted by January 1 at least every fifth year thereafter (257.1(4)).

The department of education shall annually prepare a report regarding school finance provisions or programs receiving a standing appropriation, including supplementary weighting programs. The report shall provide information regarding amounts received or accessed by school districts pursuant to the provisions or programs, whether the amounts received represent an increase or decrease over amounts received during the previous budget year and the percentage increase or decrease, conclusions regarding the adequacy of amounts received by school districts and whether the amounts received are equitable between school districts based upon input from the school districts and analysis by the department, and the rationale for current trends being observed by the department and projections regarding possible trends in the future. The report shall be submitted to the general assembly by January 1 each year, and copies of the report shall be forwarded to the chairpersons and members of the committee on education in the senate and in the house of representatives (257.11(12)).

School Finance Models

School budgets and the ways they are financed vary from state to state, but the basic philosophy of a school finance model is that education should not be a function of where a student lives. Every state has different formulas and systems for financing education. The majority, including Iowa, use some version of a foundation program as the basis of their school funding systems, where responsibility for providing a level of funding necessary for a basic education is shared between the state and local districts. Funds are distributed to school districts on a per-pupil basis (called horizontal equity) and categorically (called vertical equity). But beyond this there are few similarities in state mechanisms for funding education. One way to better understand school finance is to think of it in terms of the adequacy and equity of resources. Adequacy is based on the principle that states should provide enough funding for all students to be able to meet academic expectations. The notion of equity in school funding focuses on both student equity and taxpayer equity. In equity for students, horizontal equity means that there is an equal amount provided for each child’s education. Horizontal equity treats equals equally. Vertical equity ensures that there is enough additional funding provided on top of the basic per pupil amount so that identified groups of students that experts agree cost more to educate are given additional instruction. Vertical equity treats unequals unequally or inequitably. In equity for taxpayers the focus is on equalizing funding to close the gap between local districts’ abilities to raise revenues. Since local funds are commonly based at least in part on property taxes, less wealthy communities are not able to raise as much money as wealthier districts, potentially leaving their children at a considerable disadvantage unless the state equalizes the foundation amount per pupil. Equalizing means that state aid per pupil is allocated to districts in inverse relationship to their wealth, while still providing some state aid to the property tax wealthiest districts. The higher the share of funding that states provide for education, and the more that states target that money, the better the chances for increasing equity for both students and taxpayers within the system. The basic structure of funding a foundation formula is simple: a state sets a base dollar amount to cover the minimum education needs of one student. Next, a local property tax effort is determined. The state makes up the difference between the amount of revenue generated by the local effort property tax and the amount guaranteed as the foundation. Finally, a foundation formula will also address the desire of local districts to contribute additional funding for the education of their children with a reasonable, but controlled, opportunity to participate in a discretionary funding program.

A good school finance plan has long-term sustainability and includes horizontal equity, vertical equity, adequacy, taxpayer equity and equalized fiscal capacity (equal minimum local effort with state funding to equalize the local effort up to the foundation level per pupil), property tax relief, and controlled local discretionary effort.

Iowa’s Finance Formula

All funding for schools as defined under Iowa statutes follows Dillon’s Rule, not Home Rule. Thus, only the funding and expenditures that are expressly permitted are allowed. All funding is controlled through formula, levy amount, or express purpose.
The basic features of Iowa’s method for financing public elementary and secondary education include the funding components that experts believe should be included in a good school finance plan. Iowa’s finance formula includes a uniform Levy requirement, establishes a state foundation base, budgets on the number of students enrolled, provides for minimum state aid to each district, equalizes spending per pupil, provides property tax relief, provides for local discretion, provides some equalization to discretionary local revenues, and provides for increased use of income taxes as an alternative local source of revenue. In addition, Iowa’s finance formula includes establishing a maximum on each budget and a governor-appointed body to serve as a control and safety value for districts on budgetary issues. Districts that deficit spend must appear before the School Budget Review Committee to present a corrective action plan that demonstrates the district has either increased its revenues or decreased its expenditures to remain within the statutorily set maximum spending authority.

The AEAs are funded under a “flow through” concept whereby the local district generates an amount per pupil that is forwarded to each agency.

**Foundation State Aid**

For a budget year, each school district in the state is entitled to receive foundation aid, in an amount per pupil equal to the difference between the amount per pupil of foundation property tax in the district, and the combined foundation base per pupil or the combined district cost per pupil, whichever is less. However, if the amount of foundation aid received by a school district under chapter 257 is less than three hundred dollars ($300) per pupil, the district is entitled to receive three hundred dollars per pupil unless the receipt of three hundred dollars per pupil plus the per pupil amount raised by the foundation property tax exceeds the combined district cost per pupil of the district for the budget year. In that case, the district is entitled to receive an amount per pupil equal to the difference between the per pupil amount raised by the foundation property tax for the budget year and the combined district cost per pupil for the budget year (257.1(2)"a").

For the budget year commencing July 1, 1999, and for each succeeding budget year the regular program foundation base per pupil is 87.5% of the regular program state cost per pupil. For the budget year commencing July 1, 1991, and for each succeeding budget year the special education support services foundation base is 79% of the special education support services state cost per pupil. The combined foundation base is the sum of the regular program foundation base, the special education support services foundation base, the total teacher salary supplement district cost, the total professional development supplement district cost, the total early intervention supplement district cost, the total teacher leadership supplement district cost, the total AEA teacher salary supplement district cost, and the total AEA professional development supplement district cost (257.1(2)"b").

For the budget year commencing July 1, 1999, the department of management shall add the amount of the additional budget adjustment computed in section 257.14, subsection 1, to the combined foundation base (257.1(2)"c").

There is appropriated each year from the general fund of the state an amount necessary to pay the foundation aid under chapter 257, the preschool foundation aid under chapter 256C, supplementary aid under section 257.4, subsection 2, and adjusted additional property tax levy aid under section 257.15, subsection 4. All state aids paid under chapter 257, unless otherwise stated, shall be paid in monthly installments beginning on September 15 of a budget year and ending on or about June 15 of the budget year as determined by the department of management, taking into consideration the relative budget and cash position of the state resources. All moneys received by a school district from the state under chapter 257 shall be deposited in the general fund of the school district, and may be used for any school general fund purpose unless otherwise provided by law [i.e. categorical funding] (257.16).

Notwithstanding any provision to the contrary, if the governor orders budget reductions in accordance with section 8.31, the teacher salary supplement district cost, the professional development supplement district cost, and the early intervention supplement district cost as calculated under section 257.10, subsections 9, 10, 11, and 12, and the AEA teacher salary supplement district cost and the AEA professional development supplement district cost as calculated under section 257.37A, subsections 1 and 2, shall be paid in full as calculated and the reductions in the appropriations provided in accordance with this section shall be reduced from the remaining moneys appropriated pursuant to this section and shall be distributed on a per pupil basis calculated with the weighted enrollment determined in accordance with section 257.6, subsection 5. (257.16(4)).

**Foundation Property Tax**

Except as provided in subsections 257.3(2) and (3), a school district shall cause to be levied each year, for the school general fund, a foundation property tax equal to five dollars and forty cents [$5.40] per thousand dollars of assessed valuation on all taxable property in the district (257.3(1)).
a. Notwithstanding subsection 1, a reorganized school district shall cause a foundation property tax of four dollars and forty cents per thousand dollars of assessed valuation to be levied on all taxable property which, in the year preceding a reorganization, was within a school district affected by the reorganization as defined in section 275.1, or in the year preceding a dissolution was a part of a school district that dissolved if the dissolution proposal has been approved by the director of the department of education pursuant to section 275.55.

b. In succeeding school years, the foundation property tax levy on that portion shall be increased to the rate of four dollars and ninety cents per thousand dollars of assessed valuation the first succeeding year, five dollars and fifteen cents per thousand dollars of assessed valuation the second succeeding year, and five dollars and forty cents per thousand dollars of assessed valuation the third succeeding year and each year thereafter.

c. The foundation property tax levy reduction pursuant to this subsection shall be available if either of the following apply:
   1) In years preceding the reorganization or dissolution, the school district affected by the reorganization or the school district that dissolved had a certified enrollment of fewer than 600 pupils.
   2) In the year preceding the reorganization or dissolution, the school district affected by the reorganization or the school district that dissolved had a certified enrollment of 600 pupils or greater, and entered into a reorganization or dissolution with one or more school districts with a certified enrollment of fewer than 600 pupils. The amount of foundation property tax reduction received by a school district qualifying for the reduction pursuant to this subparagraph shall not exceed the highest reduction amount provided in paragraphs “a” and “b” received by any of the school districts with a certified enrollment of fewer than 600 pupils involved in the reorganization pursuant to subparagraph 1 of this paragraph “c”.

d. For purposes of this section, a reorganized school district is one which absorbs at least 30% of the enrollment of the school district affected by a reorganization or dissolved during a dissolution and in which action to bring about a reorganization or dissolution is initiated by a vote of the board of directors or jointly by the affected boards of directors to take effect on or after July 1, 2007, and on or before July 1, 2014. Each district which initiated, by a vote of the board of directors or jointly by the affected boards, action to bring about a reorganization or dissolution to take effect on or after July 1, 2007, and on or before July 1, 2014, shall certify the date and the nature of the action taken to the department of education by January 1 of the year in which the reorganization or dissolution takes effect (257.3(2)).

Additional Property Tax & Property Tax Adjustment Aid

A school district shall cause an additional property tax to be levied each year. The rate of the additional property tax levy in a school district shall be determined by the department of management and shall be calculated to raise the difference between the combined district cost for the budget year and the sum of the following:

(1) The products of the regular program foundation base per pupil times the weighted enrollment in the district.
(2) The product of special education support services foundation base per pupil times the special education support services weighted enrollment in the district.
(3) The total teacher salary supplement district cost.
(4) The total professional development supplement district cost.
(5) The total early intervention supplement district cost.
(6) The total AEA teacher salary supplement district cost.
(7) The total AEA professional development supplement district cost.
(8) The amount of the school district property tax replacement payment to be received by the school district under section 257.16B.
(9) The total teacher leadership supplement district cost (257.4(1)"a").

This section of the foundation formula provides for additional property tax relief. Additional state aid is provided for the districts with the highest formula driven additional levy rates. The calculation establishes a maximum property tax rate on a specific portion of the school district budgets (the additional levy portion of the regular program, special education and supplemental weighting costs). Funding from a state appropriation and from the Property Equity and Relief Fund is used to reduce the property taxes in districts with rates above that maximum. The Property Equity and Relief funding is revenue generated from the statewide penny that is in excess of the amount distributed to school districts based on the distribution formula used for SILO funds.

For the budget year beginning July 1, 2008, and succeeding budget years, the department of management shall annually determine an adjusted additional property tax levy and a statewide maximum adjusted additional property tax levy rate, not to exceed the statewide average additional property tax levy rate, calculated by dividing the total adjusted additional property tax levy dollars statewide by the statewide total net taxable valuation. For purposes of this paragraph, the
adjusted additional property tax levy shall be that portion of the additional property tax levy corresponding to the state cost per pupil multiplied by a school district’s weighted enrollment, and then multiplied by one hundred percent less the regular program foundation base per pupil percentage pursuant to section 257.1, and then reduced by the amount of the property tax replacement payment to be received under section 257.16B. The district shall receive adjusted additional property tax levy aid in an amount equal to the difference between the adjusted additional property tax levy rate and the statewide maximum adjusted additional property tax levy rate, as applied per thousand dollars of assessed valuation on all taxable property in the district. The statewide maximum adjusted additional property tax levy rate shall be annually determined by the department taking into account amounts allocated pursuant to section 257.15, subsection 4, and the balance of the property tax equity and relief fund created in section 257.16A at the end of the calendar year (257.4(1)“b”).

For the budget year beginning July 1, 1992, and succeeding budget years, the department of education shall pay property tax adjustment aid to a school district equal to the amount paid to the district for the base year less an amount equal to the product of the percent by which the taxable valuation in the district increased, if the taxable valuation increased, from January 1 of the year prior to the base year to January 1 of the base year and the property tax adjustment aid. The department of management shall adjust the rate of the additional property tax accordingly and notify the department of education of the amount of aid to be paid to each district from moneys appropriated for property tax adjustment aid (257.15(2)). There is appropriated from the general fund of the state to the department of education, for each fiscal year, an amount necessary to pay property tax adjustment aid to school districts. Property tax adjustment aid shall be paid to school districts in the manner provided in section 257.16 (257.15(3)). The department of management shall allocate from amounts appropriated pursuant to section 257.16, subsection 1, and from funds appropriated from the property tax equity and relief fund created in section 257.16A for the purpose of calculating the statewide maximum adjusted additional property tax levy rate and providing adjusted additional property tax levy aid as provided in section 257.4, subsection 1, paragraph “b”, an amount equal to the sum of subparagraphs (1) and (2) as follows:

(1) From the amount appropriated from the general fund of the state pursuant to section 257.16, subsection 1, equal to the following:
   (a) For the budget year beginning July 1, 2006, six million dollars.
   (b) For the budget year beginning July 1, 2007, twelve million dollars.
   (c) For the budget year beginning July 1, 2008, eighteen million dollars.
   (d) For the budget year beginning July 1, 2009, and succeeding budget years, twenty-four million dollars.

(2) From the amount appropriated from the property tax equity and relief fund created in section 257.16A (257.15(4)“a”).

After lowering all school district additional property tax levy rates to the statewide maximum adjusted additional property tax levy rate under paragraph “a”, the department of management shall use any remaining funds at the end of the calendar year to further lower additional property taxes by increasing for the budget year beginning the following July 1, the state foundation base percentage. Moneys used pursuant to this paragraph shall supplant an equal amount of the appropriation made from the general fund of the state pursuant to section 257.16 that represents the increase in state foundation aid (257.15(4)“b”).

A property tax equity and relief fund is created as a separate and distinct fund in the state treasury under the control of the department of management. Moneys in the fund include revenues credited to the fund, appropriations made to the fund, and other moneys deposited into the fund. There is appropriated annually all moneys in the fund to the department of management for purposes of section 257.15, subsection 4. Notwithstanding section 8.33, any moneys remaining in the property tax equity and relief fund at the end of a fiscal year shall not revert to any other fund but shall remain in the property tax equity and relief fund for use as provided in this section for the following fiscal year (257.16A).

**Budget Enrollment**

Basic enrollment for a budget year is a district’s actual enrollment for the base year. Basic enrollment for the base year is a district’s actual enrollment for the year preceding the base year (257.6(2)). Budget enrollment for the budget year is the basic enrollment for the budget year (257.6(4)). Actual enrollment is determined annually on October 1, or the first Monday in October if October 1 falls on a Saturday or Sunday (257.6(1)“a”).

The department of management shall adjust the enrollment of the school district for the audit year based upon reports filed under section 11.6, and shall further adjust the budget of the second year succeeding the audit year for the property tax and state aid portions of the reported differences in enrollments for the year succeeding the audit year (257.6(1)“c”).
For the school year beginning July 1, 2008, and each succeeding school year, a student shall not be included in a district’s enrollment for purposes of chapter 257 or considered an eligible pupil under section 261E.6 [PSEO] if the student meets all of the following:

a. Was eligible to receive a diploma with the class in which they were enrolled and that class graduated in the previous school year.

b. Continues enrollment in the district to take courses either provided by the district, offered by community colleges under the provisions of section 257.11 [supplementary weighting], or to take courses under the provisions of section 261E.6 [PSEO] (257.6(6)).

### Regular Program District Cost

The regular program district cost per pupil for each school district for a budget year is the regular program district cost per pupil for the base year plus the regular program supplemental state aid for the budget year except as otherwise provided in this subsection (257.10(2)). The regular program district cost per pupil for each school district is between 100% and 105% of the state regular program cost per pupil.

Regular program district cost for a school district for a budget year is equal to the regular program district cost per pupil for the budget year multiplied by the budget enrollment for the budget year (257.10(6)).

### Combined District Cost

Combined district cost per pupil for a school district is the sum of the regular program district cost per pupil and the special education support services district cost per pupil. Combined district cost per pupil does not include a modified supplemental amount added for school districts that have a negative balance of funds raised for special education instruction programs, a modified supplemental amount granted by the SBRC for a single school year, or a modified supplemental amount added for programs for dropout prevention (257.10(5)).

Combined district cost is the sum of the regular program district cost per pupil multiplied by the weighted enrollment, the special education support services district cost, the total teacher salary supplement district cost, the total teacher leadership supplement district cost, plus the sum of the additional district cost allocated to the district to fund media services and educational services provided through the AEA, the AEA total teacher salary supplement district cost and the AEA total professional development supplement district cost (257.10(8)“a”). A school district may increase its combined district cost for the budget year to the extent that an excess tax levy is authorized by the school budget review committee [SBRC] (257.10(8)“b”). This excess tax levy referred to is a modified supplemental amount for the returning dropout and dropout prevention program. As a practical matter, other than the modified supplemental amount for the returning dropout and dropout prevention program, the SBRC can only grant a modified supplemental amount for the fiscal year in which the request is made and the expenditure is made, so those amounts would be in the base year rather than the budget year. Only the returning dropout and dropout prevention program modified supplemental amount is applicable to the subsequent (or budget) year.

### Weighted Enrollment

Weighted enrollment is the budget enrollment plus the district's additional enrollment because of special education calculated on November 1 of the base year plus additional pupils added due to the application of the supplementary weighting. Weighted enrollment for special education support services costs is equal to the weighted enrollment minus the additional pupils added due to the application of the supplementary weighting (257.6(5)).

### Special Education Weighting

"Children requiring special education" means persons under twenty-one [21] years of age, including children under five [5] years of age, who have a disability in obtaining an education because of a head injury, autism, behavioral disorder, or physical, mental, communication, or learning disability, as defined by the rules of the department of education. If a child requiring special education reaches the age of twenty-one [21] during an academic year, the child may elect to receive special education services until the end of the academic year (256B.2(1)).

An area education agency director of special education may request approval from the department of education to continue the special education program of a person beyond the person's twenty-first birthday if the person had an accident or prolonged illness that resulted in delays in the initiation of or interruptions in that person's special education program. Approval may be granted by the department to continue the special education program of that person for up to three years or until the person's twenty-fourth birthday (256B.8).
In order to provide funds for the excess costs of instruction of children requiring special education, above the costs of instruction of pupils in a regular curriculum, a special education weighting plan for determining enrollment in each school district is adopted (256B.9(1)).

The weighting for each category of child multiplied by the number of children in each category in the enrollment of a school district, as identified and certified by the director of special education for the AEA, determines the weighted enrollment to be used in that district for purposes of computations required under the state school foundation plan in chapter 257 (256B.9(2)).

A school district shall determine its additional enrollment because of special education, as defined in section 257.6, by November 1 of each year and shall certify its additional enrollment because of special education to the department of education by November 15 of each year, and the department shall promptly forward the information to the department of management. For the purposes of chapter 257, additional enrollment because of special education is determined by multiplying the weighting of each category of child under section 256B.9 times the number of children in each category totaled for all categories minus the total number of children in all categories (257.6(3)).

On December 1, 1987, and no later than December 1 every two years thereafter, for the school year commencing the following July 1, the director of the department of education shall report to the school budget review committee the average costs of providing instruction for children requiring special education in the categories of the weighting plan established under this section, and for providing services to nonpublic school students pursuant to section 256.12, subsection 2, and the director of the department of education shall make recommendations to the school budget review committee for needed alterations to make the weighting plan suitable for subsequent school years. The school budget review committee shall establish the weighting plan for each school year and shall report the plan to the director of the department of education. The school budget review committee may establish weights to the nearest hundredth. The school budget review committee shall not alter the weighting assigned to pupils in a regular curriculum, but it may increase or decrease the weighting assigned to each category of children requiring special education by not more than two-tenths of the weighting assigned to pupils in a regular curriculum. The state board of education shall adopt rules under chapter 17A to implement the weighting plan for each year and to assist in identification and proper indexing of each child in the state who requires special education (256B.9(4)).

The SBRC shall review the recommendations of the director of the department of education relating to the special education weighting plan, and shall establish a weighting plan for each school year pursuant to section 256B.9, and report the plan to the director of the department of education (257.31(12)).

Supplementary Weighting

In order to provide additional funds for school districts which send their resident pupils to another school district, which jointly employ and share the services of teachers under section 280.15, or which use the services of a teacher employed by another school district, a supplementary weighting plan for determining enrollment is adopted in section 257.11 (257.11(2)"a"). In order to provide additional funds for school districts which send their resident high school pupils to a community college for liberal arts and sciences courses, a supplementary weighting plan for determining enrollment is adopted (257.11(3)"a"). A pupil eligible for the weighting plan provided in section 256B.9 is not eligible for supplementary weighting pursuant to section 257.11 unless it is determined that the course generating the supplementary weighting has no relationship to the pupil’s disability. A pupil attending an alternative program or an at-risk pupils’ program, including alternative high school programs, is not eligible for supplementary weighting under these plans (257.11(10)). See below for special supplementary weighting available for ICN classes and at risk/alternative schools/programs.

If the school budget review committee certifies to the department of management that the shared classes or teachers would otherwise not be implemented without the assignment of additional weighting, pupils attending classes in another school district, attending classes taught by a teacher who is employed jointly under section 280.15, or attending classes taught by a teacher who is employed by another school district are assigned a weighting of forty-eight hundredths (0.48) of the percentage of the pupil’s school day during which the pupil attends classes in another district, attends classes taught by a teacher who is jointly employed under section 280.15, or attends classes taught by a teacher who is employed by another school district (257.11(2)"b"). If the SBRC certifies to the department of management that the class would not otherwise be implemented without the assignment of additional weighting, pupils attending a community college-offered class or attending a class taught by a community college-employed instructor are assigned a weighting of the percentage of the pupil’s school day during which the pupil attends class in the community college or attends a class taught by a community college-employed instructor times seventy hundredths (0.70) for career and technical courses or forty-six hundredths (0.46) for liberal arts and sciences courses (257.11(3)"b").
School districts participating in [sending students to] regional academies are eligible for supplementary weighting as provided in section 257.11, subsection 2 [sending resident students to another district for classes]. [Beginning July 1, 2012], the school districts participating in the regional academy shall enter into an agreement on how the funding generated by the supplementary weighting received shall be used and shall submit the agreement to the Department of Education for approval (261E.9(3)). This is also true if the district is sending resident students to a career academy offered by another school district where the courses are not concurrent enrollment.

For detailed information on eligibility for various supplementary weightings, refer to Iowa Administrative Code chapter 281—97.

**Concurrent Enrollment Supplementary Weighting**

Concurrent enrollment means any course offered to students in grades 9 through 12 during the regular school year approved by the board of directors of a school district through a contractual agreement between a community college and the school district that meets the provisions of section 257.11(3) (261E.2(1)).

The following requirements shall be met for the purposes of assigning an additional weighting for classes offered through a sharing agreement between a school district and community college. The class must be:

1) Supplementing, not supplanting, high school courses required to be offered pursuant to section 256.11, subsection 5.
2) Included in the community college catalog or an amendment or addendum to the catalog.
3) Open to all registered community college students, not just high school students. The class may be offered in a high school attendance center.
4) For college credit and the credit must apply toward an associate of arts or associate of science degree, or toward an associate of applied arts or associate of applied science degree, or toward completion of a college diploma program.
5) Taught by an instructor employed or contracted by a community college who meets the requirements of section 261E.3, subsection 2.
6) Taught utilizing the community college course syllabus.
7) Taught in such a manner as to result in student work and student assessment which meet college-level expectations (257.11(3)”b”).

A school district shall ensure that any course made available to a student through any sharing agreement between the school district and a community college or any other entity providing course programming pursuant to this section to students enrolled in the school district meets the expectations contained in the core curriculum adopted pursuant to section 256.7, subsection 26. The school district shall ensure that any course that has the capacity to generate college credit shall be equivalent to college-level work (257.11(11)).

The community college may offer programs for students of high school age to provide advanced college courses not taught at a student’s high school while the student is also enrolled in the high school (260C.6).

A district-to-community college sharing or concurrent enrollment program is established to be administered by the department to promote rigorous academic or career and technical pursuits and to provide a wider variety of options to high school students to enroll part-time in eligible nonsectarian courses at or through community colleges established under chapter 260C. The program shall be made available to all resident students in grades nine through twelve (261E.8(1)). A student may make application to a community college and the school district to allow the student to enroll for college credit in a nonsectarian course offered by the community college. A comparable course, as defined in rules adopted by the board of directors of the school district, must not be offered by the school district or accredited nonpublic school which the student attends. The school board shall annually approve courses to be made available for high school credit using locally developed criteria that establishes which courses will provide the student with academic rigor and will prepare the student adequately for transition to a postsecondary institution. If an eligible postsecondary institution accepts a student for enrollment under this section, the school district, in collaboration with the community college, shall send written notice to the student, the student's parent or legal guardian in the case of a minor child, and the student's school district. The notice shall list the course, the clock hours the student will be attending the course, and the number of hours of college credit that the student will receive from the community college upon successful completion of the course (261E.8(3)). District-to-community college sharing agreements or concurrent enrollment programs that meet the requirements of section 257.11, subsection 3, are eligible for funding under that provision (261E.8(6)).

A career academy course may qualify as a concurrent enrollment course if its meets the requirements of 261E.8 (261E.10(2)). District-to-community college sharing agreements or concurrent enrollment programs that meet the
requirements of section 257.11(3) are eligible for funding under supplementary weighting (261E.8(6)). A career academy is not a regional academy (IAC 281—97.4(6)).

A course may be delivered via internet-based technologies. An internet-based course may qualify for additional supplementary weighting if it meets the requirements of section 261E.8 or section 261E.10 [which are the requirements of section 257.11(3)] (261E.11).

Except for students enrolled under section 261E.6 [PSEO], if a local school district pays tuition for a resident pupil of high school age, the limitation on tuition to the community college for residents of Iowa shall not apply, the amount of tuition shall be determined by the board of directors of the community college with the consent of the local school board, and the pupil shall not be included in the full-time equivalent [FTE] enrollment of the community college for the purpose of computing general aid to the community college [from the state] (260C.14(2)).

Determination of whether a course offered by a community college using local school facilities may be considered a community college course for weighting purposes should be made on a case-by-case basis. In order to receive supplementary weighting, there must be factors which establish that a class offered outside community college facilities is nonetheless a class “in a community college,” rather than a district offering (OAG #98-7-2(L)).

ICN Classes Supplementary Weighting

For the purposes of supplementary weighting, "virtual class" means either of the following:

1) A class provided by a school district to a pupil in another school district via the Iowa communications network's video services.

2) A class provided by a community college to a pupil in a school district via the Iowa communications network's video services (257.11(8)"d").

A school district that provides a virtual class to a pupil in another school district and the school district receiving that virtual class for a pupil shall each receive a supplemental weighting of one-twentieth (0.05) of the percentage of pupil's school day during which the pupil attends the virtual class (257.11(8)"a"). A school district receiving a virtual class for a pupil from a community college, which class meets the sharing agreement requirements for concurrent enrollment, shall receive a supplementary funding weighting of one-twentieth of the percentage of pupil’s school day during which the pupil attends the virtual class (257.11(8)"c"). If a class is a virtual class, it is only eligible for the 0.05 supplementary weighting—it is not eligible for the district-to-district supplementary weighting or the district-to-community college weighting that would be a higher amount.

A school district that provides [Senior year plus (SYP)] courses delivered via the ICN shall receive supplementary funding as provided in section 257.11, subsection 7 (261E.11).

Fifty percent (50%) of the funding the school district providing the virtual class receives as a result of this subsection shall be reserved as additional pay for the virtual classroom instructor. If an instructor's contract provides additional pay for teaching a virtual class, the instructor shall receive the greater amount of either the amount provided for in this paragraph or the amount provided for in the instructor's contract (257.11(8)"c").

At Risk Programs Supplementary Weighting

In order to provide additional funding to school districts for programs serving at-risk pupils and alternative school pupils in secondary schools, a supplementary weighting plan for at-risk pupils is adopted. A supplementary weighting of forty-eight ten-thousandths per pupil shall be assigned to the percentage of pupils in a school district enrolled in grades one through six, as reported by the school district on the basic educational data survey for the base year, who are eligible for free and reduced price meals under the federal National School Lunch Act and the federal Child Nutrition Act of 1966, 42 U.S.C. § 1751-1785, multiplied by the budget enrollment in the school district; and a supplementary weighting of one hundred fifty-six one-hundred-thousandths per pupil shall be assigned to pupils included in the budget enrollment of the school district. Amounts received as supplementary weighting for at-risk pupils shall be utilized by a school district to develop or maintain at-risk pupils' programs, which may include alternative school programs (277.11(4)"a"). This at risk supplementary weighting is formula driven and is not included on the certified supplementary weighting form.

Whole-Grade Sharing Supplementary Weighting

Pupils attending class for all or a substantial portion of a school day pursuant to a whole grade sharing agreement executed under sections 282.10 through 282.12 shall be eligible for supplementary weighting pursuant to this
subsection. A school district which executes a whole grade sharing agreement and which adopts a resolution jointly
with other affected boards to study the question of undergoing a reorganization or dissolution to take effect on or before
July 1, 2014, shall receive a weighting of one-tenth of the percentage of the pupil's school day during which the pupil
attends classes in another district, attends classes taught by a teacher who is jointly employed under section 280.15, or
attends classes taught by a teacher who is employed by another school district. A district shall be eligible for
supplementary weighting pursuant to this paragraph for a maximum of three years. Receipt of supplementary
weighting for a second and third year shall be conditioned upon submission of information resulting from the study to
the school budget review committee [SBRC] indicating progress toward the objective of reorganization on or before
July 1, 2014 (257.11(2)"c")

A school district may negotiate an agreement for attendance of its pupils in a school district located in a contiguous
state. A school district that negotiates an agreement with a school district in a contiguous state is not eligible for
supplementary weighting as a result of that agreement (282.7(3)).

Regional Academy Supplementary Weighting

A school district which hosts a regional academy shall be eligible to assign its resident students attending classes at the
academy a weighting of one-tenth of the percentage of the student's school day during which the student attends classes
at the regional academy. The maximum amount of additional weighting for which a school district hosting a regional
academy shall be eligible is an amount corresponding to thirty additional students. The minimum amount of additional
weighting for which a school district establishing a regional academy shall be eligible is an amount corresponding to
fifteen additional students if the academy provides both advanced-level courses and career and technical courses
(257.11(2)"d").

A regional academy is a program established by a school district to which multiple school districts send students in
grades nine [seven beginning July 1, 2012] through twelve (261E.9(1)). A regional academy shall include in its
curriculum advanced level courses. A regional academy may include in its curriculum virtual or internet-based
coursework and courses delivered via the ICN, career and technical courses, core curriculum coursework, courses
required pursuant to section 256.7(2c), or section 256.11(4 and 5), and asynchronous learning networks (261E.9(2)). A
school district that provides [Senior year plus (SYP)] courses delivered via the ICN shall receive supplementary
funding as provided in section 257.11, subsection 7 (261E.11). The secondary curriculum career and technical courses
could be a career academy provided by the school district as long as it is not concurrent enrollment (261E.10(3)). As a
practical matter, even though a regional academy may include ICN courses, those are actually separate from the
regional academy for supplementary weighting purposes. Each type of sharing is covered by a different part of Code
and has a different weighting.

Beginning on July 1, 2012, a school district establishing a regional academy may collaborate and partner with, enter
into an agreement pursuant to chapter 28E with, or enter into a contract with, one or more school districts, AEAs,
community colleges, accredited public and private postsecondary institutions, accredited nonpublic schools, businesses,
and private agencies located within or outside of the state. The purpose of a regional academy established pursuant to
this section shall be to build a culture of innovation for students and community, to diversify educational and economic
opportunities by engaging in learning experiences that involve students in complex, real-world projects, and to develop
regional or global innovation networks. If a school district establishing a regional academy in accordance with this
section submits a plan to the Department of Education for approval that demonstrates how the regional academy will
increase and assess student achievement or increase and access competency-based learning opportunities for students,
the Department may waive or modify any statutory or regulatory provision applicable to school districts except the
Department shall not waive or modify any statutory or regulatory provision relating to requirements applicable to
school districts under chapters 11, 21, 22, 216, 216A, 256B, 279, 284, and 285; or relating to contracts with and
discharge of teachers and administrators under chapters 20 and 279; or relating to audit requirements under section
256.9, subsection 20, and section 279.29. (261E.9(1)).

School districts that are sending students to a regional academy qualify for supplementary weighting under district-to-
district sharing. School districts participating in [sending resident students to] regional academies are eligible for
supplementary weighting as provided in section 257.11, subsection 2. Beginning July 1, 2012, the school districts
participating in the regional academy shall enter into an agreement on how the funding generated by the supplementary
weighting received shall be used and shall submit the agreement to the Department of Education for approval
(261E.9(3)).

Shared Operational Function Supplementary Weighting
In order to provide additional funding to increase student opportunities and redirect more resources to student programming for school districts that share operational functions, a supplementary weighting of two hundredths \([0.02]\) per pupil shall be assigned to pupils enrolled in a district that shares with a political subdivision one or more operational functions of a curriculum director, school administration manager, social worker, school nurse, school counselor, or school librarian, or one or more operational functions in the areas of superintendent management, business management, human resources, transportation, or operation and maintenance for at least twenty percent \([20\%]\) of the school year. The additional weighting shall be assigned for each discrete operational function shared. The operational function sharing arrangement does not need to be a newly implemented sharing arrangement to receive supplementary weighting under this subsection. However, to receive supplementary weighting under this subsection for an ongoing operational function sharing arrangement that began before July 1, 2014, the district shall submit information to the department documenting the cost savings directly attributable to the shared operational functions and describe the district’s consideration of additional shared operational functions. The additional weighting shall be assigned for each discrete operational function shared. For the purposes of this section, “political subdivision” means a city, township, county, school corporation, merged area, AEA, institution governed by the state board of regents, or any other governmental subdivision \((257.11(7)^{a})\). Note that there actually are no other governmental subdivisions than those listed.

School districts that share operational functions with other school districts are not required to be contiguous school districts. If two or more districts sharing operational functions are not contiguous to each other, the districts separating those districts are not required to be a party to the operational functions sharing arrangement \((257.11(7)^{b})\).

Supplementary weighting pursuant to this subsection shall be available to a school district for a maximum of five years during the period commencing with the budget year beginning July 1, 2014, through the budget year beginning July 1, 2019. The minimum amount of additional weighting for which a school district shall be eligible is an amount equivalent to ten additional pupils, and the maximum amount of additional weighting for which a school district shall be equivalent is an amount equivalent to forty additional pupils. Receipt of supplementary weighting by a school district pursuant to this subsection for more than one year shall be contingent upon the annual submission of information by the district to the department documenting cost savings directly attributable to the shared operational functions. Criteria for determining the number of years for which supplementary weighting shall be received pursuant to this subsection, subject to the five-year maximum, and for determining qualification of operational functions for supplementary weighting shall be determined by the department by rule, through consideration of long-term savings by the school district or increased student opportunities. \((257.11(7)^{c})\).

Supplementary weighting pursuant to this subsection shall be available to an AEA for a maximum of five \([5]\) years during the period commencing with the budget year beginning July 1, 2014, through the budget year beginning July 1, 2019. The minimum amount of additional funding for which an AEA shall be eligible is fifty thousand dollars \([$50,000]\), and the maximum amount of additional funding for which an AEA shall be eligible is two hundred thousand dollars \($200,000\). The department of management shall annually set a weighting for each AEA to generate the approved operational sharing expense using the AEA’s special education cost per pupil amount and foundation level. Receipt of supplementary weighting by an AEA for more than one year shall be contingent upon the annual submission of information by the district to the department documenting cost savings directly attributable to the shared operational functions. Criteria for determining the number of years for which supplementary weighting shall be received pursuant to this subsection, subject to the five-year maximum, and the amount generated by the supplementary weighting, and for determining qualification of operational functions for supplementary weighting shall be determined by the department by rule, through consideration of long-term savings by the AEA or increased student opportunities. \((257.11(7)^{d})\).

Supplementary weighting for operational function sharing is repealed effective July 1, 2020 \((257.11(7)^{e})\).

**Reorganization Incentive Supplementary Weighting**

Each district which initiated, by a vote of the board of directors or jointly by the affected boards, action to bring about a reorganization or dissolution to take effect on or after July 1, 2007, and on or before July 1, 2014, shall certify the date and the nature of the action taken to the Department of Education by January 1 of the year in which the reorganization or dissolution takes effect \((257.3(2)^{d}, 257.11A(2))\).

In determining weighted enrollment under section 257.6, if the board of directors of a school district has approved a contract for sharing pursuant to section 257.11 and the school district has approved an action to bring about a reorganization to take effect on or after July 1, 2007, and on or before July 1, 2014, the reorganized school district shall include, for a period of three years following the effective date of the reorganization, additional pupils added by the application of the supplementary weighting plan, equal to the pupils added by the application of the supplementary weighting plan in the year preceding the reorganization. For the purposes of this subsection, the weighted enrollment
for the period of three years following the effective date of reorganization shall include the supplementary weighting in the base year used for determining the combined district cost for the first year of the reorganization. However, the weighting shall be reduced by the supplementary weighting added for a pupil whose residency is not within the reorganized district. For purposes of this section, a reorganized district is one in which the reorganization was approved in an election pursuant to sections 275.18 and 275.20 and takes effect on or after July 1, 2007, and on or before July 1, 2014. (257.11A(1), 257.11A(2)).

**Limited English Proficient Weighting**

Even though limited English proficient weighting is technically not called supplementary weighting, it functions in the same way.

When the student is limited English proficient, public schools shall provide special instruction, which shall include but need not be limited to either instruction in English as a second language or transitional bilingual instruction until the student is fully English proficient or demonstrates a functional ability to speak, read, write, and understand the English language (280.4(1)). In order to provide funds for the excess costs of instruction of limited English proficient students above the costs of instruction of pupils in a regular curriculum, students identified as limited English proficient shall be assigned an additional weighting of 0.22 that shall be included in the weighted enrollment of the school district of residence for a period not exceeding five years (280.4(3)).

**Gifted and Talented Program Funding**

Gifted and talented program funding is not funding in addition to the regular program district cost, but rather is a portion of the calculated district cost. Effectively, the 25% portion and the 75% portion of the gifted and talented program budget after subtracting funds received from other sources (including carryforward from a previous year) are both paid from the regular program district cost.

The budget of an approved gifted and talented children program for a school district, after subtracting funds received from other sources for that purpose, shall be funded annually on a basis of one-fourth or more from the district cost of the school district. The remaining portion of the budget shall be funded by the thirty-eight dollar increase in supplemental state aid, as defined in section 257.2, Code 2014, for the school budget year beginning July 1, 1999, multiplied by a district's budget enrollment. The thirty-eight dollar increase for the school budget year beginning July 1, 1999, shall increase in subsequent years by each year's state percent of growth. School districts shall annually report the amount expended for a gifted and talented program to the department of education. The proportion of a school district's budget which corresponds to the thirty-eight dollar increase in supplemental state aid, as defined in section 257.2, Code 2014, for the school budget year beginning July 1, 1999, added to the 25% amount and funds received from other sources for the gifted and talented program, shall be utilized exclusively for a school district's gifted and talented program. If any portion of the gifted and talented program budget remains unexpended at the end of the budget year, the remainder shall be carried over to the subsequent budget year and added to the gifted and talented program budget for that year (257.46).

**Adjustment in State Foundation Aid for Repayment of Property Taxes**

If a school district is required to repay property taxes paid for school taxes levied on property originally assessed at five million dollars or more because the assessment was subsequently reduced by the action of the property assessment appeal board or judicial action and the amount of the reduction in the assessment equals at least one hundred thousand dollars or two percent of the assessed value of all taxable property in the district prior to the reduction, whichever is less, the school district is eligible for an adjustment in state foundation aid. To receive the adjustment in state foundation aid, the school district shall apply to the department of management prior to the beginning of the budget year following the budget year in which the repayment of the property taxes occurred. The department of management shall determine the amount of adjustment in state foundation aid. The department of management shall determine the amount of state foundation aid which the school district would have received under section 257.1 if the amount of the school district's foundation property tax was determined using the reduced assessment of the applicable property. The difference between the amount of the state foundation aid using the reduced assessment and the amount of state foundation aid actually received under section 257.1 equals the amount of the adjustment in state foundation aid to be paid to the school district. The adjustment in state foundation aid shall be paid as provided in section 257.16 [with regular state aid]. If the application to receive an adjustment in state aid was filed prior to April 15, the adjustment shall be paid in the budget year. If the application is made after April 15, the adjustment shall be paid in the following budget year (257.12).

**Budget Adjustment (Guarantee)**
A district shall be eligible for a budget adjustment corresponding to the following schedule:

- For the budget year commencing July 1, 2010, the greater of the difference between the regular program district cost for the budget year and one hundred one percent of the regular program district cost for the base year, or thirty percent of the amount by which the budget guarantee as calculated for the budget year beginning July 1, 2003, exceeds the adjusted guarantee amount. For purposes of this subparagraph, the "adjusted guarantee amount" means the amount which would be applicable for the budget year beginning July 1, 2010, if the budget guarantee were determined for that budget year as calculated for the budget year beginning July 1, 2003.

- For the budget year commencing July 1, 2011, the greater of the difference between the regular program district cost for the budget year and one hundred one percent of the regular program district cost for the base year, or twenty percent of the amount by which the budget guarantee as calculated for the budget year beginning July 1, 2003, exceeds the adjusted guarantee amount. For purposes of this subparagraph, the "adjusted guarantee amount" means the amount which would be applicable for the budget year beginning July 1, 2011, if the budget guarantee were determined for that budget year as calculated for the budget year beginning July 1, 2003.

- For the budget year commencing July 1, 2012, the greater of the difference between the regular program district cost for the budget year and one hundred one percent of the regular program district cost for the base year, or ten percent of the amount by which the budget guarantee as calculated for the budget year beginning July 1, 2003, exceeds the adjusted guarantee amount. For purposes of this subparagraph, the "adjusted guarantee amount" means the amount which would be applicable for the budget year beginning July 1, 2012, if the budget guarantee were determined for that budget year as calculated for the budget year beginning July 1, 2003.

- For the budget year commencing July 1, 2013, and each budget year thereafter, the difference between the regular program district cost for the budget year and one hundred one percent of the regular program district cost for the base year (257.14(3)"a").

The board of directors of a school district that wishes to receive a budget adjustment pursuant to this subsection shall adopt a resolution to receive the budget adjustment by May 15, annually, and shall notify the department of management of the adoption of the resolution and the amount of the budget adjustment to be received (257.14(3)"b").

The budget adjustment is all local property tax.

**Authorized Expenditures**

The authorized expenditures of a school district during a base year shall not exceed the lesser of the budget for that year certified under section 24.17 plus any allowable amendments permitted in section 257.7, or the authorized budget (257.7(1)).

**Authorized Budget (Maximum Budget Authority)**

Authorized budget means the sum of the combined district cost for that year, the actual miscellaneous income received for that year, and the actual unspent balance from the preceding year (257.7(1)). This refers to the general fund of the school district.

Expenditure means the total amounts paid from the general fund of a school district (257.2(7)).

**Increase to Budget Authority for Increasing Enrollment**

For the school budget year beginning July 1, 2001, and succeeding budget years, if a district's actual enrollment for the budget year, determined under section 257.6, is greater than its budget enrollment for the budget year, the district shall be eligible to receive an on-time funding budget adjustment. The adjustment shall be in an amount equal to the difference between the actual enrollment for the budget year and the budget enrollment for the budget year, multiplied by the district cost per pupil. The board of directors of a school district that wishes to receive an on-time funding budget adjustment shall adopt a resolution to receive the adjustment and notify the school budget review committee [SBRC] annually, but not earlier than November 1, as determined by the department of education. The school budget review committee [SBRC] shall establish a modified supplemental amount in an amount determined here (257.13).

The on-time funding is not really funding. It is a modified supplemental amount, which means that the district can increase its authorized budget, but will not receive funding unless the district decides to levy a local property tax for cash reserve.
Miscellaneous Income

Miscellaneous income means the receipts deposited to the general fund of the school district but not including any of the following:

a. Foundation aid.
b. Revenue obtained from the foundation property tax.
c. Revenue obtained from the additional property tax under section 257.4.
d. Property tax replacement payments received under section 257.16B (257.2(9)).

Miscellaneous income also does not include cash reserve levy receipts.

Unspent Balance

Unspent balance means the difference between the authorized expenditures (maximum budget authority) of the preceding year less the actual expenditures of the preceding year.

Flow of Cash versus Authority

Iowa is unique in the way it has written its finance formula for funding education. While other states operate on a certified budget basis, Iowa operates on both a certified budget basis for all funds plus an authorized budget basis specifically for the general fund. The purpose of the authorized budget is to ensure equity for all children without regard to where they live—a basis premise in education funding. Iowa is one of the few states that has not had a constitutional challenge on equity in education because Iowa’s formula was designed to ensure that equity with the addition of the authorized budget concept.

The authorized budget in the general fund is not the same as cash in the general fund. Each year the district receives budget authority for its general fund and receives funding or opportunities to receive funding in its general fund to the full extent of its authority. The cash and the authority might not be received at the same time, but a district can always obtain cash to back all of the authority it has received.

For example, a district might end the year with more cash than remaining authority in the general fund. That cash is not backing any authority. Instead, it is available to fund any authority granted in the subsequent year which is not fully funded. Although it may appear that it is for “cash flow,” that is technically not correct. Cash flow would use authority as well as cash when it is expended, but this excess of cash described here has no authority attached to it, so it cannot be spent until unfunded authority is granted in the subsequent year to absorb it. Cash without authority can come from the cash reserve levy, but that is not the only source of cash without authority. The income surtax is granted authority prior to the year in which it levied. That means that the actual amount of cash that it will generate is not known. Instead the authority is granted based on a previous year’s known income taxes available. This almost always results in a district receiving more cash through the income surtax than the authority which was granted, leaving some cash without authority behind it. Again, that cash is available to be absorbed by any unfunded authority grant in the subsequent year.

Even when property tax and state aid are levied and allocated in the amount of budget authority, the cash receipts do not match what was actually levied and authorized. Property taxes can be delinquent. State aid can be cut.

Programs that are paid off the top of state aid each year use cash that would have been state aid to districts. These programs are ones where it is difficult to locate parents or resident districts due to the nature of the placement, length of the placement, or mobility of families. Examples are foster care facilities, juvenile detention centers, juvenile shelter homes, Iowa State Training School, Iowa Juvenile Home, children on IEPs with parental rights severed, or certain MHIs. The state pays these serving districts, AEAs, or institutions directly for tuition for the children they serve. The cash is taken from the state aid that would have been sent to districts. Then the total funding for those programs is deducted from each district on an equal per pupil basis. If the districts had paid the tuition directly themselves for their resident students, they would have spent both cash and authority for that tuition. But when the state pays directly from the state aid, the districts receive less cash but retain all of the authority.

When there is an across the board (ATB) cut in any fiscal year, a similar situation occurs. Districts receive less cash but retain all of the authority they had already been granted.

Most authority is general purpose authority, but within the budget are also some specialized areas where authority is granted to be used for a specific purpose and only that purpose. That authority is called categorical. Decisions to provide districts with categorical funding is usually motivated by research in education funding showing that specific
expenditures are shown to enhance student achievement. Examples of categorical authority include, but are not limited to, funding for additional instruction for students at-risk of dropping out of schools, students who are English language learners, students who are gifted, students who have IEPs, or funding for teachers such as the teacher salary supplement.

At the end of the year, the district will generally have some authorized budget that it did not expend within the fiscal year. This remaining amount is commonly called “unspent balance” and can be carried forward to the subsequent fiscal year. Some of that unspent balance will be categorical authority that must be carried forward and must be expended only for the purpose for which it was given to the district. Any district that has not expended its categorical authority should always have remaining unspent balance at least to the extent of the sum of all its unspent categorical authority. Any district that has incurred a negative unspent balance (expended more cash than it had authority to expend), will also have expended categorical authority on other expenditures than those for which it was granted. However, even a few districts that do not incur an overall negative unspent balance, may also have expended categorical authority on other expenditures than those for which it was granted. Expending categorical authority on other expenditures than those for which it was granted is not appropriate financial management.

Across the board cuts

When an executive order of the governor requires an across the board cut to funding, it impacts school funding differently. Funding received through the school finance formula, on the aid and levy worksheet, will have cash receipts reduced, but the district will retain the full amount of budget authority associated with that funding. Even when the cash has been reduced, because the authority was not reduced, the district will report such funding for the CAR-COA as received; for example, the AEA flowthrough. In addition, all categorical funding that retained its full amount of budget authority will be treated as received in full and any amount of budget authority not expended in the fiscal year by the district would be reported as a restricted fund balance.

If the funding is outside of the formula, such as state grant funding, it will generally be reduced by the amount of the across the board (ATB) cut. In practice, districts and AEAs generally are not required to return funding that has already been fully distributed prior to the ATB cut. That means that funding which has not yet been fully distributed will absorb all of the ATB cut reduction in funding. When funding outside of the school finance formula is reduced, the budget authority that is associated with that funding is also reduced. This is because such funding does not acquire budget authority until it has been received by the school district.

When the funding is the special education weighted funding, it becomes complicated. This is the procedure followed:

1. School districts’ special education receipts for the CAR-SES will not show a reduction. Each district’s spending authority will not be reduced as a result of the ATB reduction, and the full amount from the aid and levy worksheet is reported.
2. The CAR-SES will be completed using the receipts from the aid and levy worksheet without the ATB reduction.
3. Special Education balances will be calculated against the special education receipts from the aid and levy worksheet without the ATB reduction.
4. Carryover will be calculated as in prior years, without regard to the ATB reduction.
5. Balances in excess of the 10% allowable carryover that are redistributed to other districts will be calculated at the normal 87.5% (state share) and then that amount will be reduced by ATB reduction.

If the governor determines that the estimated budget resources during the fiscal year are insufficient to pay all appropriations in full, the reductions shall be uniform and prorated between all departments, agencies, and establishments upon the basis of their respective appropriations (8.31(5)).

Notwithstanding any provision to the contrary, if the governor orders budget reductions in accordance with section 8.31, the teacher salary supplement district cost, the professional development supplement district cost, the early intervention supplement district cost, and the teacher leadership supplement district cost as calculated under section 257.10, subsections 9, 10, 11, and 12, and the area education agency teacher salary supplement district cost and the area education agency professional development supplement district cost as calculated under section 257.37A, subsections 1 and 2, shall be paid in full as calculated and the reductions in the appropriations provided in accordance with this section shall be reduced from the remaining moneys appropriated pursuant to this section and shall be distributed on a per pupil basis calculated with the weighted enrollment determined in accordance with section 257.6, subsection 5 (257.16(4)).

Note that the Code above exempts specific categorical funding on the aid and levy from reductions in cash. Districts are no longer permitted to spread the reduction in cash proportionately across all of the funding it would have received through the school finance formula. Because the district was already required to account for the budget authority as if
the cash were received in full for any funding through the school finance formula, this Code section does not change that prior requirement.

Also note that an ATB cut is not made using the same calculation on which the funding was distributed originally.

### Additional Funding Sources

#### Instructional Support Program

An instructional support program that provides additional funding for school districts is established (257.18). The additional funding for the instructional support program for a budget year is limited to an amount not exceeding ten percent of the total of regular program district cost for the budget year and moneys received under section 257.14 as a budget adjustment for the budget year. Moneys received by a district for the instructional support program are miscellaneous income and may be used for any general fund purpose. However, moneys received by a district from the instruction support program shall not be used as, or in a manner which has the effect of, supplanting funds authorized to be received under sections 257.41 (returning dropout and dropout prevention), 257.46 (gifted and talented), 298.2 (PPEL/VPPEL), and 298.4 (Management Levy), or to cover any deficiencies in funding for special education instructional services resulting from the application of the special education weighting plan under section 256B.9. Funding for the instructional support program shall be obtained from instructional support state aid and from local funding using either an instructional support property tax or a combination of an instructional support property tax and instructional support income surtax (257.19).

Even though the instructional support program is miscellaneous income, the authority is generated at the point of certification rather than at the point of receipt. Therefore budget authority is not reduced even when there is an across the board cut imposed.

#### Educational Improvement Program

An educational improvement program is established to provide additional funding for school districts in which the regular program district cost per pupil for a budget year is one hundred ten percent of the regular program state cost per pupil for the budget year and which have approved the use of the instructional support program established in section 257.18. The educational improvement program shall be funded by either an educational improvement property tax or by a combination of an educational improvement property tax and an educational improvement income surtax. Moneys received by a school district under the educational improvement program are miscellaneous income (257.29).

Notwithstanding the requirement that the regular program district cost per pupil for a budget year is one hundred ten percent of the regular state cost per pupil, the board of directors may participate in the educational improvement program as provided in this section if the school district had adopted an enrichment levy of fifteen percent of the state cost per pupil multiplied by the budget enrollment in the district prior to July 1, 1992, and upon expiration of the period for which the enrichment levy was adopted, adopts a resolution for the use of the instructional support program established in section 257.18. The maximum percent of the regular district cost of the district that may be used under this subsection shall not exceed five percent (257.29(7)).

Even though the educational improvement program is miscellaneous income, the authority is generated at the point of certification rather than at the point of receipt. Therefore budget authority is not reduced even when there is an across the board cut imposed.

#### Returning Dropout and Dropout Prevention Program

The budget of an approved program for returning dropouts and dropout prevention for a school district, after subtracting funds received from other sources for that purpose, 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 by an increase in supplemental state aid as defined in section 257.8. Annually, the department of management [really the SBRC] shall establish a modified supplemental amount for each such district equal to the difference between the approved budget for the program for returning dropouts and dropout prevention for that district and the sum of the amount funded from the district cost of the school district plus funds received from other sources (257.41).

The 75% portion of the returning dropout and dropout prevention program budget after subtracting funds received from other sources (including carryforward from a previous year) is a local property tax.
Cash Reserve

The board of directors of a school district may certify for levy by April 15 of a school year, a tax on all taxable property in the school district in order to raise an amount for a necessary cash reserve for a school district's general fund. The amount raised for a necessary cash reserve does not increase a school district's authorized expenditures as defined in section 257.7. For fiscal years beginning on or after July 1, 2012, the cash reserve levy for a budget year shall not exceed twenty percent [20%] of the general fund expenditures for the year previous to the base year minus the general fund unexpended fund balance for the year previous to the base year (298.10).

“Unexpended fund balance” means a school district’s unreserved and undesignated fund balances (257.2(13)). Note: The terms unreserved and undesignated are no longer used in governmental GAAP after June 30, 2010. The most similar classifications under the new definitions of fund balances components would be the portion of the fund balance which is not accounted for as nonspendable, restricted, or committed pursuant to generally accepted accounting principles.

Annually the SBRC shall review the amount of property tax levied by each school district for the cash reserve authorized in section 298.10. If in the committee’s judgment, the amount of a district’s cash reserve levy is unreasonably high, the committee shall instruct the director of the department of management to reduce that district’s tax levy computed under section 257.4 for the following budget year by the amount the cash reserve levy is deemed excessive. A reduction in a district’s property tax levy for a budget year under this subsection does not affect the district’s authorized budget (257.31(15)).

If a school district receives less state school foundation aid under section 257.1 than is due under that section for a base year and the school district uses funds from its cash reserve during the base year to make up for the amount of state aid not paid, the board of directors of the school district shall include in its general fund budget document information about the amount of the cash reserve used to replace the state school foundation aid not paid (257.34).

A school district may certify a cash reserve levy pursuant to Code to provide cash to replace withheld state aid and allow the district to meet authorized expenditures even though utilization of this levy will cause variation in the property tax rates among districts (OAG #90-2.9(L)).

Area Education Agencies

Area education agencies (AEAs) serve as intermediate service units to provide special education support services, media services, and educational services. AEAs have no taxing authority. Instead, the law provides for a legislatively-controlled amount of property tax and state aid to “flow through” local school district budgets to the AEA. Revenue comes directly to the AEA from the Department of Management, but the amount appears in the budget of each district. The funding formula for AEAs includes separate funding on a per-pupil basis for each of the three service areas. Media and education services are funded entirely from property taxes. Special education support services funding is included in the state aid foundation plan. The state support level for special education is 79%.

School districts shall pay for the programs and services provided through the AEA and shall include expenditures for the programs and services in their budgets, in accordance with section 273.9 (273.9(1)). The department of management shall deduct the amounts calculated for special education support services, media services, AEA teacher salary supplement district cost, AEA professional development supplement district cost, and educational services for each school district from the state aid due to the district pursuant to chapter 257 and shall pay the amounts to the respective AEAs on a monthly basis from September 15 through June 15 during each school year. The department of management shall notify each school district of the amount of state aid deducted for these purposes and the balance of state aid shall be paid to the district. If a district does not qualify for state aid under chapter 257 in an amount sufficient to cover its amount due to the AEA as calculated by the department of management, the school district shall pay the deficiency to the AEA from other moneys received by the district, on a quarterly basis during each school year (257.35(1)).

Notwithstanding section 257.35, subsection 1, the state aid for AEAs and the portion of the combined district cost calculated for these agencies for the fiscal year beginning July 1, 2002, and each succeeding fiscal year, shall be reduced by the department of management by seven million five hundred thousand dollars [$7,500,000]. The reduction for each area education agency shall be equal to the reduction that the agency received in the fiscal year beginning July 1, 2001 (257.35(2)).

School districts shall pay the costs of special education instructional programs with the moneys available to the districts for each child requiring special education, by application of the special education weighting plan in section 256B.9.
Special education instructional programs shall be provided at the local level if practicable, or otherwise by contractual arrangements with the AEA board as provided in subsection 273.3(5), but in each case the total money available through section 256B.9 and chapter 257 because of weighted enrollment for each child requiring special education instruction shall be made available to the district or agency which provides the special education instructional program to the child, subject to adjustments for transportation or other costs which may be paid by the school district in which the child is enrolled. Each district shall cooperate with its AEA to provide an appropriate special education instructional program for each child who requires special education instruction, as identified and counted within the certification by the AEA director of special education or as identified by the AEA director of special education subsequent to the certification, and shall not provide a special education instructional program to a child who has not been so identified and counted within the certification or identified subsequent to the certification (273.9(2)).

The costs of special education support services provided through the AEA shall be funded as provided in chapter 257 (273.9(3)).

AEA boards are authorized to receive and expend money for providing programs and services as provided in sections 273.1 to 273.9, and chapters 256B and 257. All costs incurred in providing the programs and services, including administrative costs, shall be paid from funds received pursuant to sections 273.1 to 273.9 and chapters 256B and 257 (273.3(2)).

The AEA board is authorized to make application for, accept, and expend state and federal funds that are available for programs of educational benefit approved by the director of the department of education, and cooperate with the department in the manner provided in federal-state plans or department rules in the effectuation and administration of programs approved by the director, or approved by other educational agencies, which agencies have been approved as state educational authorities (273.3(9)).

Notwithstanding chapters 256B, 273, and 257 relating to the moneys available to AEAs for special education support services, for each school year, the Department of Education may direct the Department of Management to deduct amounts from the portions of school district budgets that fund special education support services in an AEA. The total amount deducted in an AEA shall be based upon excess special education support services unreserved and undisputed fund balances in that AEA for a school year as determined by the Department of Education. The amount deducted from a school district’s budget shall not affect the calculation of the state cost per pupil or its district cost per pupil in that school year or a subsequent year (257.36).

If an AEA does not serve nonpublic school pupils in a manner comparable to services provided public school pupils for media and educational services, as determined by the state board of education, the state board shall instruct the Department of Management to reduce the funds for media services and educational services one time by an amount to compensate for such reduced services (257.37(5)).

For the budget year beginning July 1, 2010, and succeeding budget years, if the department of management determines that the unadjusted AEA teacher salary supplement district cost of an AEA for a budget year is less than one hundred percent [100%] of the unadjusted AEA teacher salary supplement district cost for the base year for the AEA, the AEA shall receive a budget adjustment for that budget year equal to the difference. The unadjusted AEA teacher salary supplement district cost is the AEA teacher salary supplement district cost per pupil for each AEA for a budget year multiplied by the special education support services weighted enrollment for that AEA. The total AEA teacher salary supplement district cost is the sum of the unadjusted AEA teacher salary supplement district cost plus the budget adjustment for that budget year. The use of the funds calculated under this subsection shall comply with the requirements of chapter 284 and shall be distributed to teachers pursuant to section 284.3A (257.37A(1)).

For the budget year beginning July 1, 2010, and succeeding budget years, if the department of management determines that the unadjusted AEA professional development supplement district cost of an AEA for a budget year is less than one hundred percent [100%] of the unadjusted AEA professional development supplement district cost for the base year for the AEA, the AEA shall receive a budget adjustment for that budget year equal to the difference. The unadjusted AEA professional development supplement district cost is the AEA professional development supplement district cost per pupil for each AEA for a budget year multiplied by the special education support services weighted enrollment for that AEA. The total AEA professional development supplement district cost is the sum of the unadjusted AEA professional development supplement district cost plus the budget adjustment for that budget year. The use of the funds calculated under this subsection shall comply with requirements of chapter 284 (257.37A(2)).

School Budget Review Committee

A special provision of Iowa’s school foundation aid program and school budgeting is a state-level School Budget Review Committee (SBRC). The SBRC is a separate agency and the members, appointed by the governor and
confirmed by the Senate, serve in a judicial role regarding budgets. The committee provides relief for unique and unusual situations not covered under the basic foundation plan. To provide the relief, the committee has the authority to grant districts’ increases in spending authority which may result in increases in property taxes if the local district chooses to implement a cash reserve levy. The six-member committee annually reviews areas such as the special education weighting plan and adjusts the weights as the committee deems necessary. If the special education expenditures exceeded revenues, as has been the case in recent years, a modified supplemental amount shall be granted. This additional supplemental amount requires an increase in cash reserve property taxes or use of unexpended fund balances. Iowa is unique compared to other states in that maximum spending authority is controlled in each district through the foundation plan. The funding sources include state aid, property taxes, unspent balances from the prior year, plus actual miscellaneous income. The controlled expenditure results in greater equity in expenditures but less local discretion. Once spending authority has been granted, it is not removed even if authorized state aid or property tax revenues are not actually received. Thus when an across the board state aid cut is made, spending authority is not reduced. A district may levy local property taxes for a cash reserve to replace any revenues not received. The SBRC exists to counterbalance the controlled spending authority by providing managed flexibility for unforeseen General Fund budget emergencies while maintaining the equity in the foundation plan.

**Authority to Spend Unexpended Cash Balance**

The SBRC may authorize a district to spend a reasonable and specified amount from its unexpended fund balance for the following purposes:

1. Furnishing, equipping, and contributing to the construction of a new building or structure for which the voters of the district have approved a [general obligation] bond issue as provided by law or the tax levy provided in section 298.2 [VPEL].
2. The costs associated with the demolition of an unused school building, or the conversion of an unused school building for community use, in a school district involved in a dissolution or reorganization under chapter 275, if the costs are incurred within three years of the dissolution or reorganization.
3. The costs associated with the demolition or repair of a building or structure in a school district if such costs are necessitated by, and incurred within two years of, a disaster as defined in section 29C.2, subsection 1. 

Other expenditures, including but not limited to expenditures for salaries or recurring costs, are not authorized under this subsection. Expenditures authorized under this subsection shall not be included in supplemental state aid or district cost, and the portion of the unexpended fund balance which is authorized to be spent shall be regarded as if it were miscellaneous income. Any part of the amount not actually spent for the authorized purpose shall revert to its former status as part of the unexpended cash balance (257.31(7)“a”).

**Supplemental Aid**

If a district has unusual circumstances, creating an unusual need for additional funds, the SBRC may grant supplemental aid to the district from any appropriated funds appropriated to the department of education for the use of the SBRC for the purposes in subsection 257.31(5). The SBRC shall review a school district’s unexpended fund balance prior to any decision regarding unusual finance circumstances. Such aid shall be miscellaneous income and shall not be included in district cost (257.31(5)). There are no appropriated funds to the SBRC at this time other than below.

If a district’s average transportation costs per pupil exceed the state average transportation costs per pupil by 150%, the SBRC may grant transportation assistance aid to the district. Such aid shall be miscellaneous income and shall not be included in district cost. Funds transferred to the SBRC in accordance with section 321.34, subsection 22, [sale of education license plates] are appropriated to and may be expended for this purpose (257.31(17)).

**Modified Supplemental Amount**

If a district has unusual circumstances, creating an unusual need for additional funds, including but not limited to the following circumstances, the SBRC may establish a modified supplemental amount for the district by increasing its supplemental state aid:

- Any unusual increase or decrease in enrollment.
- Unusual natural disasters.
- Unusual initial staffing problems.
- The closing of a nonpublic school, wholly or in part, or the opening or closing of a pilot charter school.
- Substantial reduction in miscellaneous income due to circumstances beyond the control of the district.
- Unusual necessity for additional funds to permit continuance of a course or program which provides substantial benefit to pupils.
g. Unusual need for a new course or program which will provide substantial benefit to pupils, if the district establishes the need and the amount of necessary increased cost.

h. Unusual need for additional funds for special education or compensatory education programs.

i. Year-round or substantially year-round attendance programs which apply toward graduation requirements, including but not limited to trimester or four-quarter programs. Enrollment in such programs shall be adjusted to reflect equivalency to normal school year attendance.

j. Unusual need to continue providing a program or other special assistance to non-English speaking pupils after the expiration of the four-year period specified in section 280.4.

k. Circumstances caused by unusual demographic characteristics.

l. Any unique problems of school districts.

m. The addition of one or more teacher librarians pursuant to section 256.11, subsection 9, one or more guidance counselors pursuant to section 256.11, subsection 9A, or one or more school nurses pursuant to section 256.11, subsection 9B.

n. Unusual need for additional funds for the costs associated with providing competent private instruction (CPI) pursuant to chapter 299A (257.31(5)).

An AEA budget review procedure is established for the school budget review committee (SBRC). The SBRC shall meet and hold hearings each year to review unusual circumstances of AEs, either upon the committee’s motion or upon the request of an AEA. The committee may grant supplemental aid to the AEA from funds appropriated to the Department of Education for AEA budget review purposes, or an amount may be added to the AEA special education support services supplemental state aid for districts in an area or an additional amount may be added to district cost for media services or educational services for all districts in an area for the budget year either on a temporary or permanent basis, or both. Unusual circumstances in an AEA shall include but are not limited to the following:

1) An unusual increase or decrease in enrollment of children requiring special education or unusual need for additional moneys for special education support services.
2) Unusual need for additional moneys for media services.
3) Unusual need for additional moneys for educational services.
4) Unusual costs for building repair, building maintenance, or removal of environmental hazards.
5) Participation by the AEA in telecommunications, electronic, and technological development with school districts, and related staff development programs (257.32(1)).

The SBRC may approve or modify the initial base year district cost of any district which changes accounting procedures (257.31(8)).

The SBRC may grant supplemental aid or a modified supplemental amount to a school district to continue funding a Limited English Proficient program for students after the expiration of the five-year period (280.4(3)). This is the same program referred to in 257.31, subsection 5, paragraph “j.”

A district of residence may apply to the SBRC for a modified supplemental amount if a student was not included in the resident district’s enrollment count during the fall of the year preceding the student’s transfer under open enrollment [when open enrollment tuition is required to be paid for that student by the district of residence] (282.18(9)).

The SBRC shall establish a modified supplemental amount for a district by increasing its supplemental state aid and certify the same to the department of management:
- When the district submits evidence that it requires additional funding for removal, management, or abatement of environmental hazards due to a state or federal requirement. Environmental hazards shall include but are not limited to the presence of asbestos, radon, or the presence of any other hazardous material dangerous to health and safety. The district shall include a budget for the actual cost of the project that may include the costs of inspection, reinspection, sampling, analysis, assessment, response actions, operations and maintenance, training, periodic surveillance, developing of management plans, recordkeeping requirements, and encapsulation or removal of the hazardous material (257.31(6)).
- When the district requests it to fund the special education deficit (257.31(14)(b)).
- When the district has an approved program for returning dropouts and dropout prevention (257.41).

For the school budget year beginning July 1, 2001, and succeeding budget years, if a district's actual enrollment for the budget year, determined under section 257.6, is greater than its budget enrollment for the budget year, the district shall be eligible to receive an on-time funding budget adjustment. The adjustment shall be in an amount equal to the difference between the actual enrollment for the budget year and the budget enrollment for the budget year, multiplied by the district cost per pupil. The board of directors of a school district that wishes to receive an on-time funding budget adjustment shall adopt a resolution to receive the adjustment and notify the school budget review committee annually, but not earlier than November 1, as determined by the department of education. The school budget review committee shall establish a modified supplemental amount (257.13).
If the board of directors of a school district determines that a need exists for additional funds exceeding the authorized budget adjustment for on-time funding pursuant to section 257.13, a request for a modified supplemental amount based upon increased enrollment may be submitted to the SBRC as provided in section 257.31 (257.13(3)).

A school district may increase its combined district cost for the budget year to the extent that an excess tax levy is authorized by the SBRC (257.10(8)”b”).

Other Duties

The SBRC is involved in the selection of awardees for the Iowa Federal Demonstration Grant Program (423E.6).

The SBRC may recommend the revision of any rules, regulations, directives, or forms relating to school district budgeting and accounting, confer with local school boards or their representatives and make recommendations relating to any budgeting or accounting matters, and direct the director of the department of education or the director of the department of management to make studies and investigations of school costs in any school district (257.31(1)).

The school budget review committee shall review the proposed budget and certified budget of each school district, and may make recommendations. The committee may make decisions affecting budgets to the extent provided in chapter 257. The costs and computations referred to in this section relate to the budget year unless otherwise expressly stated (257.31(3)).

The SBRC and the state board of education shall specify procedures and require school districts and AEAs to conform to generally accepted accounting principles (GAAP) commencing with the school year beginning July 1, 1996 (257.31(4)).

The SBRC shall review the recommendations of the director of the department of education relating to the special education weighting plan, and shall establish a weighting plan for each school year pursuant to section 256B.9, and report the plan to the director of the department of education (257.31(12)). On December 1, 1987, and no later than December 1 every two years thereafter, for the school year commencing the following July 1, the director of the department of education shall report to the school budget review committee the average costs of providing instruction for children requiring special education in the categories of the weighting plan established under this section, and for providing services to nonpublic school students pursuant to section 256.12, subsection 2, and the director of the department of education shall make recommendations to the school budget review committee for needed alterations to make the weighting plan suitable for subsequent school years. The school budget review committee shall establish the weighting plan for each school year and shall report the plan to the director of the department of education. The school budget review committee may establish weights to the nearest hundredth. The school budget review committee shall not alter the weighting assigned to pupils in a regular curriculum, but it may increase or decrease the weighting assigned to each category of children requiring special education by not more than two-tenths of the weighting assigned to pupils in a regular curriculum. The state board of education shall adopt rules under chapter 17A to implement the weighting plan for each year and to assist in identification and proper indexing of each child in the state who requires special education (256B.9(4)).

The SBRC may recommend that two or more school districts jointly employ and share the services of any school personnel, or acquire and share the use of classrooms, laboratories, equipment, and facilities as specified in section 280.15 (257.31(13)).

As soon as possible following June 30 of the base year, the SBRC shall determine for each school district the balance of funds, whether positive or negative, raised for special education instruction programs under the special education weighting plan established in section 256B.9. The committee shall certify the balance of funds for each school district to the director of the department of management (257.31(14)).

Annually the SBRC shall review the amount of property tax levied by each school district for the cash reserve authorized in section 298.10. If in the committee’s judgment, the amount of a district’s cash reserve levy is unreasonably high, the committee shall instruct the director of the department of management to reduce that district’s tax levy computed under section 257.4 for the following budget year by the amount the cash reserve levy is deemed excessive. A reduction in a district’s property tax levy for a budget year under this subsection does not affect the district’s authorized budget (257.31(15)).

Sanctions
Failure by any school district to provide information or appear before the SBRC as required for the accomplishment of review or hearing is justification for the SBRC to instruct the director of the department of management to withhold any state aid to that district until the committee’s inquiries are satisfied completely (257.31(11)). Failure by an AEA to provide information or appear before the SBRC as requested for the accomplishment of review or hearing constitutes justification for the committee to instruct the Department of Revenue and Finance to withhold payments for the AEA until the committee’s inquiries are satisfied completely (257.32(4)). Note that the SBRC utilizes many data collections submitted by the districts and AEAs in order to conduct the business and reviews required of the SBRC.

If a school district exceeds its authorized budget or carries a negative unspent balance for 2 or more consecutive years, the SBRC may recommend that the department implement a Phase II on-site visit to conduct a fiscal review pursuant to section 256.11, subsection 10, paragraph “b”, subparagraph (1), subparagraph subdivision (e) (257.31(18)).
Financial Condition Flowchart

Positive Fund Balance? No
Can the district levy cash reserve to provide cash flow up to the limit of the authorized budget?

Positive Unspent Balance? Yes

Can the district establish a corrective action plan in which actual expenditures are less than maximum authorized budget?
Use revenue enhancement or expenditure reduction techniques similar to those for fund balance. The plan would not include a cash reserve levy or SBRC granted modified supplemental amount just for a negative unspent balance.

Can the district implement the Instructional Support (Educational Improvement) Levy or increase the levy to its full extent allowed under law?

The district has not exhausted all of its options. Financial management is a local district responsibility.

Can expenses be moved to the Management Fund, or are there expenditures More appropriate to the PPEL that would make the General Fund balance positive if moved?
Current Year Expenditures Only

Can the district reduce expenditures while still providing AT LEAST a minimum standard education for its students?
The district has exhausted all of its options currently available.

Can the district increase revenues by other means such as grants, donations, endowments, etc?

Are the responses to ALL questions "no"?

Can the district reduce expenditures by other means such as sharing expenses with other governments/districts?

Can the district (or is it willing to) merge with another district?

Will the SBRC accept the workout plan?

Yes
No