

**TO:** School Superintendents, Directors, Business Managers and Treasurers

**FROM:** Amy Pattison, Assistant Director  
Office of School Finance

**RE:** Excessive Education Fund Transfer List (Updated)

**DATE:** June 2020

### **Excessive Education Fund Transfer List**

During the 2017 legislative session, the General Assembly passed HEA 1009, creating IC 20-40-2-6, which states, "Only after the transfer is authorized by the governing body in a public meeting with public notice, money in the education fund may be transferred to the operations fund to cover expenditures that are not allocated to student instruction and learning under IC 20-42.5. The amount transferred from the education fund to the operations fund shall be reported by the school corporation to the department." This legislation corresponds to Step Four of the Form 9 financial data submission, which allows school corporations to report transfers between the Education fund and the Operations fund.

IC 20-40-2-6 was amended as part of HEA 1003-2019 to read, "Each school corporation shall make every reasonable effort to transfer not more than fifteen percent of the total revenue deposited in the school corporation's education fund from the school corporation's education fund to the school corporation's operations fund during a calendar year." Additionally, "The transfers made during the: (1) first six (6) months of each state fiscal year shall be reported before January 31 of the following year; and (2) last six (6) months of each state fiscal year shall be reported before July 31 of that year." School corporations whose transfer report information for calendar year 2020 (January to June 2020 and July to December 2020) is not yet available by **January 31** will be temporarily listed as not having met the requirement.

### **Form 9 Step 4**

The creation of the excessive education fund transfer list and procedures specified in IC 20-40-2-9 through 20-40-2-10 apply to the calendar year as a whole, beginning with January of 2020. It is important that school corporations ensure the accuracy of their transfer reports for each six month period. The Indiana Department of Education (IDOE) will use calendar year 2020 transfers, reported through Form 9, to determine whether or not a school corporation met the recommended transfer target of 15 percent. IDOE uses data auto-populated as well as manually entered as part of Form 9 Step 4.

Step 4 of the Form 9 upload process displays all fund transfers (account 60100) made from the Education fund or the Operations fund. For each transfer displayed, school corporations indicate whether the transfer shown was made between the Education fund and the Operations fund, or if the transfer was made to a different fund. If the transfer was between the Education fund and the Operations fund, the date of the transfer, the date of the supporting public meeting, and a short description of how the funds will be used once the transfer is complete is entered by the school corporation. If the transfer was not between the Education fund and Operations fund, the dates and description are not required.

If the school governing body approved multiple transfers at one board meeting, officials may report the same public meeting date for each transfer line while reflecting a different date of transfer on each line.

The Transfer report is optional for charter schools and non-Local Educational Agencies. The report format is shown below:

Corp 1234 ABC School Corporation

INDIANA DEPARTMENT OF EDUCATION

Office of School Finance

FORM 9 FINANCIAL REPORT

Statement of Transfers

January to June 2019

Transfer Direction	Amount	Was This a Transfer Between the Education Fund and the Operations Fund (Y/N)	Date of Transfer	Date of Public Meeting	Description
<i>Transfers FROM the Education Fund 0101 to the Operations Fund 0300 IC 20-40-2</i>	10,444,932.67	Y	7/2/2019	7/14/19	Transfer for network support costs Transfer to support transportation services
	10,444,932.67	Y	4/6/2019	3/19/2019	
	2673.00	N			
	732.24	N			
<i>Transfers FROM the Operations Fund 0300 to the Education Fund 0101 IC 20-40-18</i>	1000.00	N			

Each entry for transfers using accounts 60100 and 5200 between the Education fund 0101 and Operations fund 0300 should be shown individually in the Form 9 step three data submission file and should not be totaled. Completion of this report satisfies the requirements by law. Additionally, the report will be available on IDOE’s public website as well as DOE Online.

**Excessive Education Fund Transfer List**

Before February 1 of each year, IDOE will compile an excessive education fund transfer list of all school corporations that transferred more than fifteen percent of the total revenue in the Education fund to the Operations fund during the previous calendar year. (IC 20-40-2-6)

**Notification of Excessive Education Fund Transfer List**

For each school corporation on the excessive education fund transfer list, IDOE will notify, no later than March 1 of each year, the school corporation superintendent, school business officer, and school governing body that the school corporation did not meet the transfer target percentage in the previous calendar year. (IC 20-40-2-9)

School corporations that receive the IDOE notice must

- publicly acknowledge receipt of the notification at its next public meeting of the school governing body;

115 W. Washington Street ■ South Tower, Suite 600 ■ Indianapolis, Indiana 46204

317.232.6610 ■ www.doe.in.gov

- enter into the official minutes the notice; and
- publish on the school corporation's website IDOE notice and relevant report within thirty days of the public meeting.

### **Other notifications by IDOE**

IDOE must also notify the State Board of Education (SBOE), Fiscal Qualitative Indicators Committee (FQIC), and the Indiana Education Employment Relations Board (IEERB) of school corporations on the excessive education fund transfer list.

### **School Corporation Response Period and Required Actions**

Within ninety days of IDOE notice, school personnel must prepare and submit explanatory documentation outlined in IC 20-40-2-10(b). The explanatory information must be sent to IDOE and the FQIC. The information must also be filed with the school governing body for incorporation into its official meeting minutes.

After the responses have been filed and acted upon, school officials have thirty days to post the information on their public website.

### **Additional review**

IDOE and FQIC have sixty days to review the explanatory documentation provided to determine whether it satisfactorily demonstrates the school corporation has begun a corrective action plan to make progress in meeting the education fund transfer target percentage for the next calendar year. (IC 20-40-2-10(g))

If explanatory documentation is not satisfactory, IDOE may contact the school corporation superintendent to schedule an appearance before the FQIC. At the public meeting, the school superintendent and other personnel have the opportunity to explain the documentation based on factors outlined in IC 20-40-2-10(h).

FQIC may also contact the superintendent and staff of a school corporation that has been on the IDOE excessive education fund transfer list for at least the two preceding calendar years to provide an opportunity to explain school corporation data. Based on the information presented, FQIC may issue an official recommendation regarding next steps including but not limited to budget review and/or assistance during its next collective bargaining procedure.

The school corporation shall publish the results of the additional reviews by IDOE and FQIC on its website. The notice may be removed when IDOE determines the school corporation met its education fund transfer target percentage and is removed from the excessive education fund transfer list.

## Summary

- July 31 first six-month period (January to June 2020) transfer information and other required Form 9 financial data due;
- January 31 second six-month period (July to December 2020) transfer information and other required Form 9 financial data due;
- February 1 IDOE compiles excessive education fund transfer list;
- March 1 IDOE notifies school corporations that did not meet the transfer target percentage;
- After notifying school corporations, IDOE notifies SBOE, FQIC, and IEERB of school corporations on the excessive education fund transfer list;
- Within 90 days of IDOE notification, school corporations provide explanatory documentation to IDOE and FQIC;
- Within 30 days of the last action, school corporations must post the information on its public website;
- Within 60 days of receiving explanatory documentation, IDOE and FQIC review the information;
- IDOE and FQIC may take additional actions regarding the excessive education fund transfer list with the school posting any action taken on its public website;
- IDOE may remove a school corporation from the excessive education fund transfer list.

If you have questions about this information, please contact Amy Pattison or Melissa Ambre by email at [Form9@doe.in.gov](mailto:Form9@doe.in.gov).