

House File 2030 - Introduced

HOUSE FILE 2030
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HSB 544)

A BILL FOR

1 An Act relating to the school budget review committee by
2 modifying its membership and by modifying the committee's
3 duties related to school district unusual financial
4 circumstances.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 257.2, Code 2009, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 13. *“Unexpended fund balance”* means a
4 school district’s fund balance in the general fund not expended
5 during the budget year, as such unexpended fund balance is
6 reported on the certified annual report pursuant to section
7 291.10.

8 Sec. 2. Section 257.30, subsection 1, Code Supplement 2009,
9 is amended to read as follows:

10 1. A school budget review committee is established in
11 the department of education and consists of the director
12 of the department of education in an ex officio, nonvoting
13 capacity, the director of the department of management, and
14 ~~three~~ four members who are knowledgeable in the areas of
15 Iowa school finance or public finance issues appointed by
16 the governor to represent the public. At least one of the
17 public members shall possess a master’s or doctoral degree in
18 which areas of school finance, economics, or statistics are
19 an integral component, or shall have equivalent experience in
20 an executive administrative or senior research position in
21 the education or public administration field. The members
22 appointed by the governor shall serve staggered three-year
23 terms beginning and ending as provided in section 69.19 and are
24 subject to senate confirmation as provided in section 2.32.
25 The committee shall meet and hold hearings each year and shall
26 continue in session until it has reviewed budgets of school
27 districts, as provided in section 257.31. The committee may
28 call in school board members and employees as necessary for
29 the hearings. The committee’s scheduled hearing agendas and
30 the minutes of such hearings shall be posted on the department
31 of education’s internet ~~website~~ site. Legislators shall be
32 notified of hearings concerning school districts in their
33 legislative districts.

34 Sec. 3. Section 257.31, subsection 5, unnumbered paragraph
35 1, Code Supplement 2009, is amended to read as follows:

1 If a district has unusual circumstances, creating an unusual
2 need for additional funds, including but not limited to the
3 ~~following~~ circumstances enumerated in paragraphs "a" through
4 "n", the committee may grant supplemental aid to the district
5 from any funds appropriated to the department of education
6 for the use of the school budget review committee for the
7 purposes of this subsection, ~~and such.~~ The school budget
8 review committee shall review a school district's unexpended
9 fund balance prior to any decision regarding unusual finance
10 circumstances. Such aid shall be miscellaneous income and
11 shall not be included in district cost, ~~or.~~ In addition
12 to or as an alternative to granting supplemental aid the
13 committee may establish a modified allowable growth for the
14 district by increasing its allowable growth, ~~or both.~~ The
15 school budget review committee shall review a school district's
16 unspent balance prior to any decision to increase modified
17 allowable growth under this subsection.

18 Sec. 4. Section 257.31, subsection 7, paragraph a,
19 unnumbered paragraph 1, Code Supplement 2009, is amended to
20 read as follows:

21 The committee may authorize a district to spend a reasonable
22 and specified amount from its unexpended ~~cash~~ fund balance for
23 the following purposes:

24 Sec. 5. Section 257.31, subsection 7, paragraph b, Code
25 Supplement 2009, is amended to read as follows:

26 *b.* Other expenditures, including but not limited to
27 expenditures for salaries or recurring costs, are not
28 authorized under this subsection. Expenditures authorized
29 under this subsection shall not be included in allowable
30 growth or district cost, and the portion of the unexpended
31 ~~cash~~ fund balance which is authorized to be spent shall be
32 regarded as if it were miscellaneous income. Any part of
33 the amount not actually spent for the authorized purpose
34 shall revert to its former status as part of the unexpended
35 ~~cash~~ fund balance.

1 Sec. 6. Section 257.31, subsection 14, paragraph b,
2 subparagraph (3), Code Supplement 2009, is amended to read as
3 follows:

4 (3) A school district is only eligible to receive
5 supplemental aid payments during the budget year if the school
6 district certifies to the school budget review committee
7 that for the year following the budget year it will notify
8 the school budget review committee to instruct the director
9 of the department of management to increase the district's
10 allowable growth and will fund the allowable growth increase
11 either by using moneys from its unexpended ~~cash~~ fund balance
12 to reduce the district's property tax levy or by using cash
13 reserve moneys to equal the amount of the deficit that would
14 have been property taxes and any part of the state aid portion
15 of the deficit not received as supplemental aid under this
16 subsection. The director of the department of management shall
17 make the necessary adjustments to the school district's budget
18 to provide the modified allowable growth and shall make the
19 supplemental aid payments.

20 Sec. 7. Section 298.10, Code Supplement 2009, is amended by
21 adding the following new subsection:

22 NEW SUBSECTION. 1A. For fiscal years beginning on or after
23 July 1, 2010, a school district's unexpended fund balance, as
24 defined in section 257.2, shall not be an excessive amount
25 as determined by the school budget review committee. If
26 the school budget review committee determines that a school
27 district's unexpended fund balance is an amount in excess
28 of the amount necessary for operations, the school budget
29 review committee shall direct the school district to use the
30 unexpended fund balance in lieu of levying additional property
31 taxes.

32 Sec. 8. Section 298.10, subsection 2, Code Supplement 2009,
33 is amended to read as follows:

34 2. For fiscal years beginning on or after July 1, 2012, the
35 cash reserve levy for a budget year shall not exceed twenty

1 percent of the general fund expenditures for the year previous
2 to the base year minus the ~~general fund~~ unexpended fund
3 balance, as defined in section 257.2, for the year previous to
4 the base year.

5

EXPLANATION

6 This bill may require that a school district spend down its
7 unexpended fund balance to a level determined by the school
8 budget review committee before levying additional property
9 taxes to raise funds.

10 The bill defines "unexpended fund balance" in Code section
11 257.2. References to "unexpended cash balance" are changed to
12 "unexpended fund balance" in Code chapter 257.

13 The number of members on the school budget review committee
14 (SBRC) who are knowledgeable in the areas of Iowa school
15 finance or public finance issues is increased from three to
16 four and the director of the department of education is made an
17 ex officio, nonvoting member in Code section 257.30.

18 The bill amends Code sections 257.31 and 298.10 to provide
19 that the SBRC shall review a school district's unexpended fund
20 balance upon a school district's request for supplemental
21 aid due to an unusual financial circumstance. If the SBRC
22 determines the school district's unexpended fund balance is
23 excessive, the school district may be required to use those
24 funds prior to levying additional property taxes. The bill
25 provides that the SBRC shall also review a school district's
26 unspent balance before increasing its modified allowable
27 growth.