

House File 2030 - Enrolled

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AN ACT

1 1 RELATING TO THE SCHOOL BUDGET REVIEW COMMITTEE BY
1 2 MODIFYING ITS MEMBERSHIP AND BY MODIFYING THE COMMITTEE'S
1 3 DUTIES RELATED TO SCHOOL DISTRICT UNUSUAL FINANCIAL
1 4 CIRCUMSTANCES AND INCLUDING EFFECTIVE DATE PROVISIONS.

1 5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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

1 3 NEW SUBSECTION. 13. "Unexpended fund balance" means a
1 4 school district's unreserved and undesignated fund balances.
1 5 Sec. 2. Section 257.30, subsection 1, Code Supplement 2009,
1 6 is amended to read as follows:

1 7 1. A school budget review committee is established in
1 8 the department of education and consists of the director
1 9 of the department of education in an ex officio, nonvoting
1 10 capacity, the director of the department of management, and
1 11 ~~three~~ four members who are knowledgeable in the areas of
1 12 Iowa school finance or public finance issues appointed by
1 13 the governor to represent the public. At least one of the
1 14 public members shall possess a master's or doctoral degree in
1 15 which areas of school finance, economics, or statistics are
1 16 an integral component, or shall have equivalent experience in
1 17 an executive administrative or senior research position in
1 18 the education or public administration field. The members
1 19 appointed by the governor shall serve staggered three-year
1 20 terms beginning and ending as provided in section 69.19 and are
1 21 subject to senate confirmation as provided in section 2.32.
1 22 The committee shall meet and hold hearings each year and shall
1 23 continue in session until it has reviewed budgets of school
1 24 districts, as provided in section 257.31. The committee may
1 25 call in school board members and employees as necessary for
1 26 the hearings. The committee's scheduled hearing agendas and
1 27 the minutes of such hearings shall be posted on the department
1 28 of education's internet ~~website~~ site. Legislators shall be
1 29 notified of hearings concerning school districts in their
1 30 legislative districts.

1 31 Sec. 3. Section 257.31, subsection 5, unnumbered paragraph
1 32 1, Code Supplement 2009, is amended to read as follows:

1 33 If a district has unusual circumstances, creating an unusual
1 34 need for additional funds, including but not limited to the
1 35 ~~following~~ enumerated in paragraphs "a" through
2 1 "n", the committee may grant supplemental aid to the district
2 2 from any funds appropriated to the department of education
2 3 for the use of the school budget review committee for the
2 4 purposes of this subsection, ~~and such. The school budget~~
2 5 review committee shall review a school district's unexpended
2 6 fund balance prior to any decision regarding unusual finance
2 7 circumstances. Such aid shall be miscellaneous income and
2 8 shall not be included in district cost, ~~or. In addition~~
2 9 to or as an alternative to granting supplemental aid the
2 10 committee may establish a modified allowable growth for the
2 11 district by increasing its allowable growth, or both. The

2 12 school budget review committee shall review a school district's
2 13 unspent balance prior to any decision to increase modified
2 14 allowable growth under this subsection.

2 15 Sec. 4. Section 257.31, subsection 7, paragraph a,
2 16 unnumbered paragraph 1, Code Supplement 2009, is amended to
2 17 read as follows:

2 18 The committee may authorize a district to spend a reasonable
2 19 and specified amount from its unexpended ~~cash~~ fund balance for
2 20 the following purposes:

2 21 Sec. 5. Section 257.31, subsection 7, paragraph b, Code
2 22 Supplement 2009, is amended to read as follows:

2 23 b. Other expenditures, including but not limited to
2 24 expenditures for salaries or recurring costs, are not
2 25 authorized under this subsection. Expenditures authorized
2 26 under this subsection shall not be included in allowable
2 27 growth or district cost, and the portion of the unexpended
2 28 ~~cash~~ fund balance which is authorized to be spent shall be
2 29 regarded as if it were miscellaneous income. Any part of
2 30 the amount not actually spent for the authorized purpose
2 31 shall revert to its former status as part of the unexpended
2 32 ~~cash~~ fund balance.

2 33 Sec. 6. Section 257.31, subsection 14, paragraph b,
2 34 subparagraph (3), Code Supplement 2009, is amended to read as
2 35 follows:

3 1 (3) A school district is only eligible to receive
3 2 supplemental aid payments during the budget year if the school
3 3 district certifies to the school budget review committee
3 4 that for the year following the budget year it will notify
3 5 the school budget review committee to instruct the director
3 6 of the department of management to increase the district's
3 7 allowable growth and will fund the allowable growth increase
3 8 either by using moneys from its unexpended ~~cash~~ fund balance
3 9 to reduce the district's property tax levy or by using cash
3 10 reserve moneys to equal the amount of the deficit that would
3 11 have been property taxes and any part of the state aid portion
3 12 of the deficit not received as supplemental aid under this
3 13 subsection. The director of the department of management shall
3 14 make the necessary adjustments to the school district's budget
3 15 to provide the modified allowable growth and shall make the
3 16 supplemental aid payments.

3 17 Sec. 7. Section 298.10, Code Supplement 2009, is amended by
3 18 adding the following new subsection:

3 19 NEW SUBSECTION. 1A. For fiscal years beginning on or after
3 20 July 1, 2009, if the school budget review committee determines
3 21 that a school district's unexpended fund balance is in excess
3 22 of the amount necessary for operations, the school budget
3 23 review committee shall direct the school district to use the
3 24 unexpended fund balance in lieu of levying property taxes and
3 25 shall direct the department of management to do one of the
3 26 following:

3 27 a. For the fiscal period beginning July 1, 2009, and ending
3 28 June 30, 2012, limit the school district's cash reserve levy
3 29 to a level that is not excessive as determined by the school
3 30 budget review committee.

3 31 b. For fiscal years beginning on or after July 1, 2012,
3 32 limit the school district's cash reserve levy to a level that
3 33 is not excessive as determined by the school budget review
3 34 committee and does not exceed the cash reserve limitation in
3 35 subsection 2.

4 1 Sec. 8. Section 298.10, subsection 2, Code Supplement 2009,
4 2 is amended to read as follows:

4 3 2. For fiscal years beginning on or after July 1, 2012, the
4 4 cash reserve levy for a budget year shall not exceed twenty
4 5 percent of the general fund expenditures for the year previous
4 6 to the base year minus the ~~general fund~~ unexpended fund
4 7 balance, as defined in section 257.2, for the year previous to
4 8 the base year.

4 9 Sec. 9. EMERGENCY RULES. The department of education
4 10 may adopt emergency rules under section 17A.4, subsection 3,
4 11 and section 17A.5, subsection 2, paragraph "b", to implement
4 12 the provisions of this Act, and the rules shall be effective
4 13 immediately upon filing unless a later date is specified in the
4 14 rules. Any rules adopted in accordance with this section shall
4 15 also be published as a notice of intended action as provided
4 16 in section 17A.4.

4 17 Sec. 10. EFFECTIVE UPON ENACTMENT. This Act, being deemed
4 18 of immediate importance, takes effect upon enactment.

PATRICK J. MURPHY
Speaker of the House

JOHN P. KIBBIE
President of the Senate

I hereby certify that this bill originated in the House and
is known as House File 2030, Eighty-third General Assembly.

MARK BRANDSGARD
Chief Clerk of the House

Approved _____, 2010