



Bill: House File 2030  
Committee: Education  
Date: January 13, 2010 **UPDATED WITH FLOOR VOTES**  
Ranking Member: All members of the House Education Committee  
Staff: Ann McCarthy (1-3015)

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### HF 2030 - “Excessive” Reserve Funds

This bill is an attempt to limit the potential property tax increases that will occur as a result of Governor Culver’s October 2010 across the board cut of \$235 million to K-12 schools.

Currently there are no restrictions in Iowa law or in administrative rule on how much general fund and cash reserve dollars a school district can carry from year to year in their ending balance.

The “unexpended fund balance” includes:

1. Unspent General Fund dollars
2. Proceeds from the district’s cash reserve levy. (Note: By administrative rule districts can only levy up to 25 percent of their general fund expenditures for the previous year. In FY13 a new state law limits this to 20 percent.) Districts are limited by administrative rule )

HF 2030 allows the School Budget Review Committee (SBRC) to review a school district’s “unexpended fund balance” and if the SBRC finds the amount excessive they may require the district to spend that balance before levying for cash reserves.

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### Summary of Action

The House Education Committee **PASSED** House File 2030 (formerly House Study Bill 544) on January 12, 2010 by a vote of 17-0.

The House **PASSED** House File 2030 on January 15, 2010 by a vote of 85-8.

The Senate **PASSED** House File 2030 on January 19, 2010 by a vote of

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## Section-by-Section Analysis

Section 1 – Defines “unexpended fund balance” Defined as a district’s general fund not expended during the budget year. This includes:

1. Unspent General Fund dollars
2. Proceeds from the district’s cash reserve levy. (Note: By administrative rule districts can only levy up to 25 percent of their general fund expenditures for the previous year. In FY13 a new state law limits this to 20 percent.) Districts are limited by administrative rule )

Section 2 – Increases SBRC membership from 3 to 5.

Under current law there are three members on the SBRC:

1. Director of the DE
2. Director of the Department of Management
3. One public member appointed by the Governor, confirmed by the Senate

This section changes and expands the membership to:

1. Director of the Department of Management
2. Four public members appointed by the Governor, confirmed by the Senate

The Director of the DE is moved to “ex officio” status

Section 3 – Unspent balance considered before SBRC grants modified allowable growth

Under current law school districts can apply to the SBRC to for “modified allowable growth” for 14 reasons involving special circumstances such as increased enrollment, to continue ESL programming.

This sections requires the SBRC to first look at the district’s unspent balance prior to granting the modified allowable growth levy authority.

Sections 4-6: Technical Inserts “fund” as appropriate.

Section 7 – Spend “excessive” balance before levy cash reserves.

If the SBRC determines that a district’s unexpended fund balance (all cash on hand whether designated, reserved or undesignated is “excessive” then they can require that district to spend down that balance to the “amount necessary for the operations.”

The terms “excessive” and “amount necessary for operations” are not defined allowing the SBRC to examine make determinations on a case-by-case basis.

Section 8 – Technical. Moves to a separate paragraph the provision that limits cash reserve levy to 20 percent of the districts general fund expenditures for the previous year starting in FY13.

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### Amendments

**H-8009** by *Wendt, Dolecheck and Raecker*: Excessive undesignated ending balance allows SBRC to set limit the amount the district can levy for cash reserves. **ADOPTED** by voice vote.

**H-8004** by *Rants*: Allows a district to sell up to \$1 million in spending authority to another school district. SBRC approval required. Ruled **Not Germane**.

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### Final Passage

The House **PASSED** HF 2030 on January 15, 2010, by a vote of 56-43:

32 Republicans and 53 Democrats voting **AYE**:

7 Republicans and 1 Democrat voting **NO**

7 Republicans and 0 Democrats **ABSENT OR NOT VOTING**

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On the question “Shall the bill pass?” (HF. 2030)

The ayes were, 85:

Abdul-Samad	Arnold	Bailey	Baudler
Beard	Bell	Berry	Bukta
Burt	Chambers	Cphoon	Cownie
De Boef	Deyoe	Dolecheck	Ficken
Ford	Forristall	Frevert	Gaskill
Gayman	Grassley	Hagenow	Hanson
Heaton	Heddens	Helland	Hunter
Huseman	Huser	Isenhardt	Jacoby
Kearns	Kelley	Koester	Kressig
Kuhn	Lensing	Lykam	Marek
Mascher	May	McCarthy	Mertz
Murphy, Spkr.	Oldson	Olson, D.	Olson, R.
Olson, S.	Olson, T.	Palmer	Paulsen
Petersen	Pettengill	Quirk	Raecker
Rayhons	Reasoner	Reichert	Roberts
Running-Marquardt	Schueller	Schulte	Shomshor
Smith	Soderberg	Sorenson	Steckman
Struyk	Swaim	Sweeney	Taylor

Thede  
Upmeyer  
Whitead  
Wenthe, Presiding

Thomas  
Wagner  
Winckler

Tjepkes  
Wendt  
Worthan

Tymeson  
Wessel-Kroeschell  
Zirkelbach

The nays were, 8:

Anderson  
Schultz

Kaufmann  
Watts

Rants  
Willems

Sands  
Windschitl.

Absent or not voting, 7:

Alons  
Miller, H.

Drake  
Miller, L.

Horbach  
Van Engelenhoven

Lukan