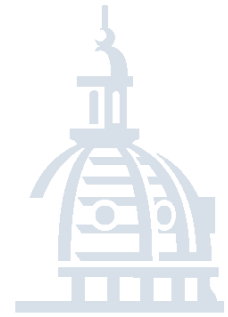


FISCAL UPDATE

Fiscal Services Division



March 20, 2013

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REVENUE ESTIMATING CONFERENCE (REC) MARCH MEETING DATE SET

REC Meeting. The REC is scheduled to meet Friday, March 22, 2013, at 10:00 a.m. in Room 116 of the State Capitol Building.

STAFF CONTACT: Holly Lyons (515-281-5279) holly.lyons@legis.iowa.gov

STATUS OF APPROPRIATION BILLS

Subcommittee Bills		
Administration and Regulation	HF 603	Passed House Appropriations – 3/14
Agriculture and Natural Resources	SSB 1245	Passed Senate Subcommittee – 3/14
Economic Development	SSB 1246	Passed Senate Subcommittee – 3/14
Education	HF 604	Passed House Appropriations – 3/14
Transportation	HF 602	Passed House Appropriations – 3/14
Other Bills		
Career and Technical Ed Reform	HF 501	Passed House Education – 3/7
Cigarette Fire Safety Standard Fund	HF 245	Passed House Appropriations – 2/14
County Mental Health Supplemental	HF 160	Passed Senate – 3/13
Education Reform	HF 215	Passed House – 2/20
Workforce Training	SF 291	Passed Senate Education – 2/27

RECENT PUBLICATIONS

Recently Published. The Fiscal Services Division has recently published the following:

NOBAs: See links to individual bills in the Status table above.

Fiscal Notes:

HF 599	Beginning Farmer Loan Program	3/19/2013
SF 427	Plumbing and Mechanical Licensing	3/19/2013
HF 598	Agricultural All-Terrain Vehicle Sales Tax Exemption	3/19/2013
SF 328	Special Olympics Lottery Scratch Ticket	3/19/2013
HF 587	Plumbing and Mechanical Licensing	3/19/2013
HF 586	Administrative Rules Reform	3/18/2013
SF 386	Transportation Department Policies	3/18/2013

Fiscal Notes, continued

HF 568	Child Welfare Policy, Human Services Department	3/18/2013
SF 366	Radon School Testing	3/18/2013
SF 304	Public Safety Training and Equipment Trust Fund	3/18/2013
SF 395	Child Welfare Policy, Human Services Department	3/18/2013
SF 394	Health Care Facility Informal Conference on Contested Citations	3/18/2013
SF 420	Buy American Act	3/18/2013
SF 422	Earned Income Tax Credit Increase	3/17/2013
HF 517	Administrative Rules Overreach	3/17/2013
HF 537	Educational Setting of Children	3/17/2013
HF 527	DNA Sampling	3/17/2013
SF 359	Domestic Abuse Assault, Intimate Relationships	3/17/2013
SF 419	Vision Screening for School Children	3/17/2013
SF 401	ADA-Compliant Fuel Pumps	3/14/2013
HF 528	Interference With Official Acts	3/14/2013
HF 553	Medicaid Program Collections and Integrity Policy	3/14/2013
HF 510	E911 Surcharge Equalization	3/14/2013
SF 341	Propane Education and Research Council	3/13/2013
SF 404	English Language Learners, School Funding	3/13/2013
SF 391	Workers' Compensation, Suitable Work	3/13/2013
SF 387	City Self-Funded Debt	3/13/2013
SF 295	Commercial Property Tax Credit	3/13/2013
SF 348	Driver's Licenses Period of Validity	3/13/2013
HF 352	School Instructional Time, Days to Hours	3/13/2013
HF 472	School District Sharing Incentives	3/13/2013
SF 292	Technology Worker Student Loan Tax Credit	3/13/2013
HF 355	Online Driver's License Renewal	3/12/2013
SF 300	Endow Iowa Tax Credit	3/12/2013
SF 224	Duplicate Driver's License Fee	3/12/2013
HF 455	Student Transportation and Bus Code Corrections	3/12/2013
SF 339	School Vehicle Transportation Safety	3/12/2013
SF 319	Class Size Early Literacy Extension	3/12/2013
HF 478	Income Tax, Alternative System for Individuals	3/12/2013
SF 269	Alzheimer's Disease Response Strategy	3/11/2013
SF 302	Military Employee Tax Credit	3/11/2013
SF 357	Medicaid Program Collections and Integrity Policy	3/11/2013
HF 473	Targeted Jobs Withholding	3/11/2013
HF 456	School Bus Purchasing, State Option	3/11/2013
HF 458	Agriculture Department, Conservation Cost Share	3/11/2013
SF 318	Court Fees and Receipts	3/11/2013
SF 356	Targeted Small Business Program	3/10/2013
HF 324	Targeted Small Business Program	3/10/2013
SF 246	Agriculture Department, Conservation Cost Share	3/4/2013
HF 300	Endow Iowa Tax Credits	3/4/2013
SF 270	Stray Electric Current or Voltage Claims	3/4/2013

APPROPRIATIONS SUBCOMMITTEES

Subcommittee Meetings. Some Appropriations Subcommittees continue to meet. For more information, see the Subcommittee websites listed below. These websites include: committee members, links to subcommittee meeting notices and minutes, and materials distributed.

Subcommittee	Staff
Administration and Regulation	Dwayne Ferguson (281-6561) dwayne.ferguson@legis.iowa.gov
Agriculture and Natural Resources	Adam Broich (281-8223) adam.broich@legis.iowa.gov Deb Kozel (281-6767) deb.kozel@legis.iowa.gov
Economic Development	Kent Ohms (725-2200) kenneth.ohms@legis.iowa.gov
Education	John Parker (725-2249) john.parker@legis.iowa.gov Robin Madison (281-5279) robin.madison@legis.iowa.gov
Health and Human Services	Estelle Montgomery (281-6764) estelle.montgomery@legis.iowa.gov Jess Benson (281-4611) jess.benson@legis.iowa.gov
Justice System	Beth Lenstra (281-6301) beth.lenstra@legis.iowa.gov Jennifer Acton (281-7846) jennifer.acton@legis.iowa.gov
Transportation, Infrastructure, and Capitals	Dave Heuton (725-0509) david.heuton@legis.iowa.gov Marcia Tannian (281-7942) marcia.tannian@legis.iowa.gov

COLLECTIVE BARGAINING UPDATE

Update. The following is an update of the collective bargaining process through March 15.

Public Professional and Maintenance Employees (PPME). Bargaining and arbitration have concluded between the State and PPME for FY 2014 and FY 2015. The final agreement includes:

- Across-the-board pay increases of 1.5% in each year (arbitration).
- Step increases that average 1.5% for eligible employees in both years (arbitration).
- No change in health insurance benefits in either year (agreement).

Judicial American Federal of State, County, and Municipal Employees (AFSCME). Bargaining has concluded between the State and Judicial AFSCME for FY 2014 and FY 2015. The parties agreed to follow the agreement:

- No across-the-board pay increase for either year.
- Step increases that average 4.5% for eligible employees in both years.
- No change in health insurance benefits in either year.

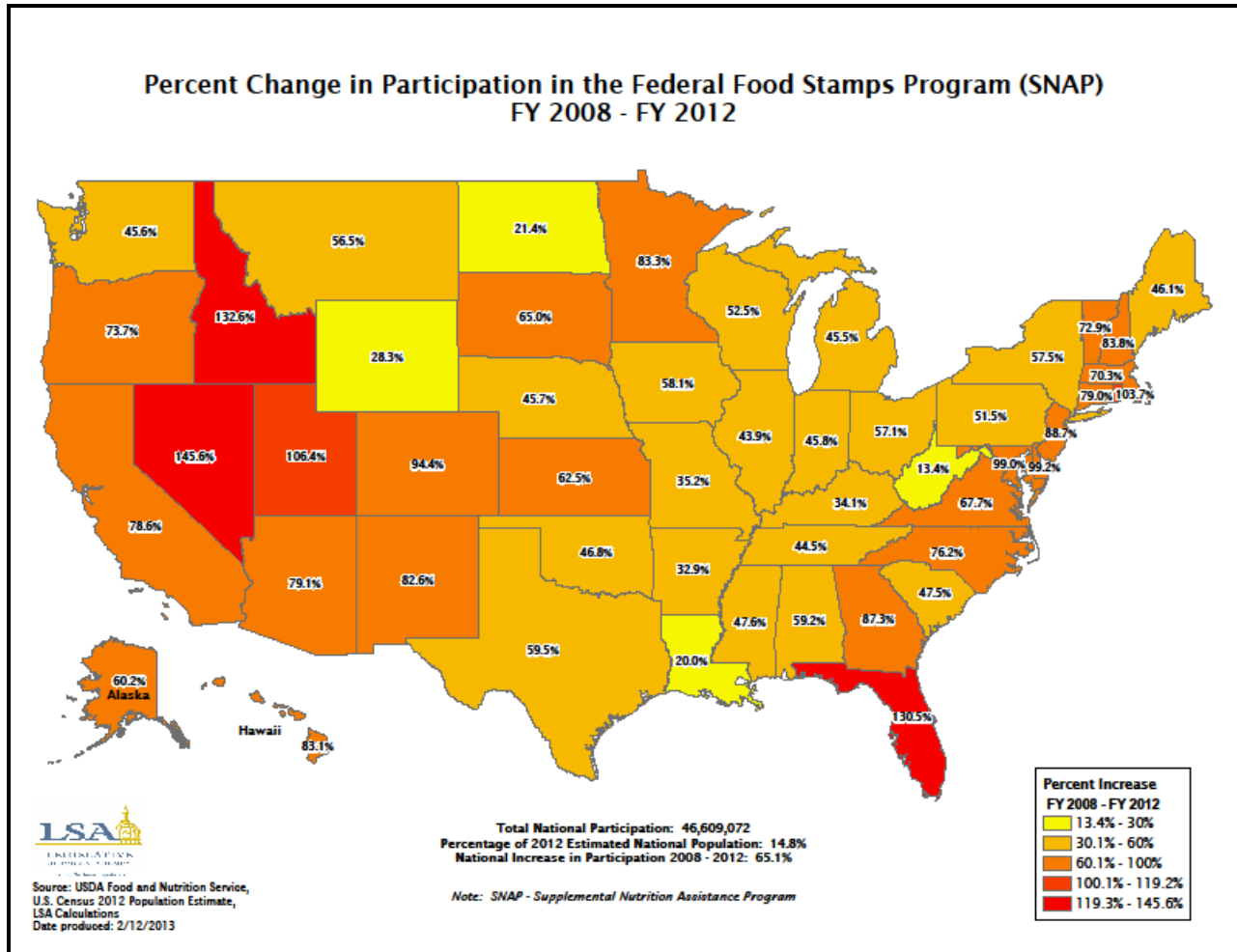
Central AFSCME. Bargaining and arbitration have concluded between the State and Central AFSCME for FY 2014 and FY 2015. The final agreement includes:

- No across-the-board pay increase for either year (agreement).
- Step increases that average 4.5% for eligible employees in both years (agreement).
- No change in health insurance benefits in either year (arbitration).

STAFF CONTACT: Ron Robinson (515-281-6256) ron.robinson@legis.iowa.gov

MAP – FEDERAL FOOD STAMP PARTICIPATION

Map. The following map shows participation in the federal food stamps program, the Supplemental Nutrition Assistance Program (SNAP). This map and others are available online at: <https://www.legis.iowa.gov/Resources/Mapping/mapOfTheWeek.aspx>.



STAFF CONTACT: Robin Madison (515-281-5270) robin.madison@legis.iowa.gov

ECONOMIC DEVELOPMENT AUTHORITY BUSINESS INCENTIVES

The Iowa Economic Development Authority (IEDA) has two main components for business incentives through the High Quality Jobs Program: tax credits that are capped at \$120.0 million annually and cash incentives that are appropriated by the General Assembly. Within these tax credits and funds there are other programs that have mandatory and discretionary allocation amounts.

[House File 2337](#), section 16 (FY 2013 Economic Development Appropriations Act) appropriated \$15.0 million from the Rebuild Iowa Infrastructure Fund (RIIF) for High Quality Job Creation Financial Assistance. This is the successor program to the Economic Development (formerly Grow Iowa Values)

Fund Financial Assistance Program. The table below reflects the adopted budget, estimated monthly utilization, and balance available to date through FY 2013.

High Quality Job Creation Cash Incentives	
<u>Award Month</u>	<u>Amount</u>
Revenue	
Fiscal Year 2013 Appropriation	\$ 15,000,000
Interest Repayments	395
Allocated Amounts	
Administration	\$ 1,650,000
Laborshed Studies	275,000
National Marketing	2,800,000
Technical Assistance and Information Technology	750,000
Regional Financial Assistance	200,000
Innovation and Commercialization Transfer	800,000
Entrepreneur Investment Awards Program Transfer	200,000
Awards Obligated	
July Awards	\$ 360,000
August Awards	1,136,000
September Awards	344,000
October Awards	411,000
November Awards	1,500,000
December Awards	700,000
January Awards	820,000
February Awards*	100,000
Total Allocations and Awards	<u>\$ 12,046,000</u>
Balance Remaining	<u>\$ 2,954,395</u>
*Estimated from Project Award documents	
Source: Iowa Economic Development Authority Board Documents	

Additionally, the previous Economic Development Fund has an unobligated balance of \$15.1 million as of January 31, 2013.

The IEDA also has a tax credit cap that was established for FY 2010 in Iowa Code section [15.119](#). Last year, the IEDA presented a [report](#) to the Legislative Tax Expenditure Committee on its history and utilization. If the IEDA exceeds the cap for a given fiscal year, the amount in excess is counted against the next fiscal year. Although the IEDA did not award more than \$120.0 million in FY 2012, it did run up against the cap once the mandatory \$10.0 million allocation for Innovation Fund Tax Credits and Community-Based Seed Capital Fund Tax Credits were included. No tax credits were awarded for these programs in FY 2012. The table to the right outlines the historical utilization. The table below reflects the adopted allocations and the year-to-date utilization.

Tax Credit Cap Utilization			
(in millions)			
<u>Fiscal Year</u>	<u>Statutory Cap</u>	<u>Awards</u>	
FY 2010	\$ 185.0	\$ 104.4	
FY 2011	120.0	68.6	
FY 2012	120.0	119.4	
FY 2013 YTD*	110.6	106.4	
*Excludes FY 2012 awards counted against cap.			

Tax Credit Obligations					
Award Month	Business Awards (HQC and EZ)	Housing Enterprise Zones	Brownfield Redevelopment Program	Innovation Investment Tax Credit	Total Available Balance
Fiscal Year 2013 Allocations	\$ 95,000,000	\$ 10,000,000	\$ 5,000,000	\$ 10,000,000	\$ 120,000,000
Awards Made in FY 2012	-6,109,518	-3,299,815	0	0	
Available Cap in FY 2013	<u>\$ 88,890,482</u>	<u>\$ 6,700,185</u>	<u>\$ 5,000,000</u>	<u>\$ 10,000,000</u>	\$ 110,590,667
Awards					
July Awards	\$ 0	\$ 1,558,515	\$ 0	\$ 0	109,032,152
August Awards	2,206,949	191,798	4,916,449	0	101,716,956
September Awards	28,239,127	849,020	0	0	72,628,809
October Awards	386,932	2,080,025	0	0	70,161,852
November Awards	27,004,235	3,291,807	0	0	39,865,810
December Awards	326,806	4,970,965	0	0	34,568,039
January Awards	6,334,350	1,122,779	83,551	0	27,027,359
February Awards*	22,860,152		0	0	4,167,207
FY 2013 Awards Total	<u>\$ 87,358,551</u>	<u>\$ 14,064,909</u>	<u>\$ 5,000,000</u>	<u>\$ 0</u>	
Unobligated Balance Remaining	<u>\$ 1,531,931</u>	<u>\$ -7,364,724</u>	<u>\$ 0</u>	<u>\$ 10,000,000</u>	

*Estimated from Project Award documents at that months Board Meeting. Housing Tax Credit estimate from Legislative Tax Committee Document.
 Source: Iowa Economic Development Authority Board Documents

Next Meeting. The next meeting of the Iowa Economic Development Authority Board is scheduled for March 22, 2013.

STAFF CONTACT: Kent Ohms (515-725-2200) kenneth.ohms@legis.iowa.gov

BOARD OF CORRECTIONS MEETING

Recent Events. Deputy Director Diann Wilder Tomlinson updated the Board of Corrections on recent events during the meeting on March 8, 2013. The Department of Corrections (DOC) provided tours to the members of the Justice System Appropriations Subcommittee at Mitchellville, Fort Madison, and Fort Des Moines. The DOC pharmacy, through a grant with Iowa Pharmacy Corporation and the Office of the Attorney General, has funds to provide three months of medication to mentally ill offenders released from prison. Offenders should be under the care of community medical providers by the end of three months. A research plan is in place to determine if this pilot project is successful in reducing recidivism. The pilot project will start April 1, 2013.

Legislative Update. Board member Johnnie Hammond asked if the DOC has taken a position on the legislation dealing with juvenile offenders that have been sentenced to life in prison. Deputy Director Wilder Tomlinson indicated the DOC has not done so. The federal Prison Rape Elimination Act (PREA) requires juveniles convicted as adults and sentenced to prison to be housed separately from adult offenders. The DOC is in the process of designating prison space to comply with the PREA.

Budget Update. Deputy Director Brad Hier updated the Board on the budget process. Both the House and Senate have released budget targets but no more details are available at this time. Fred Scaletta provided information on legislation that may impact the DOC. He indicated the DOC supports the DNA legislation.

Policy Process. Assistant Attorney General William Hill discussed the process the DOC uses to develop and implement policies. Occasionally, offenders file lawsuits regarding these policies, especially when

security issues are involved. Mr. Hill indicated there is clear statutory authority for the Department to set its own policies for operating the prison system. Deputy Director Jerry Bartruff reviewed policies for administrative segregation, disciplinary detention, and the transition incentive policy with the Board. Offenders have due process rights and Administrative Law Judges hold hearings in cases of disciplinary detention.

Meeting Materials. Information distributed at the Board meeting is available on the DOC website at <http://www.doc.state.ia.us/BoardofCorrections.asp>.

Next Meeting. The next meeting of the Board is scheduled for April 5, 2013, at the Fifth Judicial District Department of Correctional Services.

STAFF CONTACT: Beth Lenstra (515-281-6301) beth.lenstra@legis.iowa.gov

VETERANS TRUST FUND BALANCE

Fund Balance. As of February 28, 2013, the Veterans Trust Fund Balance total is \$17.2 million. The total principal balance is \$16.8 million. The total spendable portion of the Trust Fund balance (including the interest income and the FY 2013 lottery transfer) is approximately \$443,000. Expenditures to date for FY 2013 have totaled approximately \$126,000.

STAFF CONTACT: Jennifer Acton (515-281-7846) jennifer.acton@legis.iowa.gov

STATE APPEAL BOARD

Members and Duties. The State Appeal Board is comprised of the Auditor of State, the Treasurer of State, and the Director of the Department of Management, in accordance with [Iowa Code section 24.26](#). Officers of the Board include a Risk Manager from the Department of Management and Legal Counsel from the Attorney General's Office. The Board approves or rejects claims against the State or its employees, and helps resolve local budget protests. Meetings are held on the first Monday of each month.

March Meeting. The Board met on March 4, 2013. At the meeting, the Board reviewed general claims, in accordance with [Iowa Code chapter 25](#), ratified tort claims, in accordance with [Iowa Code chapter 669](#), and reviewed newly submitted settlements and judgments by the Attorney General's Office. The Board approved approximately \$12,700 in general claims and \$19,800 in tort claims. Several of the tort claims were related to vehicle claims against the Department of Transportation due to damage that snow plows may have caused other vehicles.

Settlements. The Board approved three new settlements made by the Attorney General's Office for various lawsuits. These include:

- A \$50,000 settlement was made in a lawsuit alleging that the University of Northern Iowa was negligent in responding to a 2004 sexual assault case.
- A \$200,000 settlement is the State's portion of a total \$1.2 million settlement for a tort claim related to an accident that occurred on a recreational trail located on the Oakdale Campus at the University of Iowa. The City of Coralville was also a defendant in the case.
- A \$60,000 settlement was made in a lawsuit that alleged a driver of a State vehicle was negligent. In each case, the Attorney General's Office determined that it was in the best interest of the State to settle rather than go to trial.

Next Meeting. The next meeting of the State Appeal Board will be Monday, April 1, 2013.

STAFF CONTACTS: Marcia Tannian (515-281-7942) marcia.tannian@legis.iowa.gov
Beth Lenstra (515-281-6301) beth.lenstra@legis.iowa.gov

**IOWA COMMUNICATIONS NETWORK (ICN)
OFFEROR CONFERENCE AND REQUEST FOR PROPOSALS (RFP) UPDATE**

Offeror Conference Held. The ICN held a conference for potential bidders on the RFP to sell or lease the ICN on February 28, 2013, at the Joint Forces Headquarters in Johnston. After the conference, participants were invited for a tour of the ICN operations center.

Attendees. Representatives attended from several interested parties. Attendees included the Midwest Rural Telemedicine Consortium, Iowa Network Services, Iowa Public Television, Iowa Cable & Telecommunications Association, Windstream, Telephone and Data Systems, Inc., Mediacom, Central Scott Telephone Company, Jefferson Telecom, Iowa Association of Municipal Utilities, IP Pathways, LLC, Iowa Telecommunications Association, and the Iowa Association of Community College Trustees.

Joint Resolution. In accordance with the 2011 Acts, the ICN must complete its bidding process and analysis of the results by June 30, 2013, so the RFP to sell or lease the ICN has a deadline for submission of bids by April 30, 2013. In anticipation of complicated bids and a lengthy preparation process, the Senate Commerce Committee approved [SSB 1210](#) on March 6, 2013, to provide additional time for bidders to submit their proposals to the ICN. The legislation, now [Senate Joint Resolution 9](#), passed the Senate on March 18, 2013. The resolution extends the date for responding to the RFP through July 31, 2013. If approved, the Joint Resolution has the force of law and can extend the timeframe.

More Information. For additional information and updates on the RFP process, see www.ICNRFP.com.

STAFF CONTACT: Marcia Tannian (515-281-7942) marcia.tannian@legis.iowa.gov

MEETINGS MONITORED

The following meetings were monitored by Fiscal Services staff. Please contact the staff listed for more information.

Meeting	Date	Staff Contact
State Appeal Board	3/4/2013	Marcia Tannian (281-7942)
Board of Corrections	3/8/2013	Beth Lenstra (281-6301)

This document is available online at: <https://www.legis.iowa.gov/LSAReports/fiscalUpdate.aspx>