FISCAL UPDATE March 20, 2000

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 Status of Appropriations Bills



| **Appropriations Subcommittee Bills** |
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| **Appropriations Subcommittee** |  | **LSB/File #** |  | **Status** |
| Admin./Regulation |  | HF 2545 |  | Passed House Approps. on March 9. |
| Ag./Natural Resources |  | SSB 3220.1 |  | Passed Joint Subcommittee on March 13. Bill starts in Senate. |
| Economic Development |  | SF 2428 |  | Passed Senate Approps. on March 14. |
| Education |  |  LSB 5379 |  | In Joint Subcommittee. Bill starts in House. |
| Health/Human Rights |  | SSB 3216 |  | Passed Joint Subcommittee on March 8. Bill starts in Senate. |
| Human Services |  |  |  | In Joint Subcommittee. Bill starts in Senate. |
| Justice System |  |  |  | In Joint Subcommittee. Bill starts in House. |
| Oversight & Comm. |  | SSB 3219 |  | Passed Joint Subcommittee on March 13. Bill starts in Senate. |
| Trans., Infrastruc- ture, & Caps. |  | HF 2538 |  | Transportation Appropriations Passed House Approps. on March 9. Infrastructure Bill in Joint Subcommittee. Bill starts in Senate. |

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| **IN THIS ISSUE:** | Status of Appropriations Bills, pg. 1 | SF 2111 – Budget Guarantee Bill, pg. 6 |
|  | **Appropriations Subcommittees:** | HF 2496 – Supplementary Weighting Bill, pg. 6 |
|  |  Agriculture/Natural Resources, pg. 1 | SF 2141 – Merchant Marine Bonus, pg. 7 |
|  |  Oversight/Communications, pg. 3 | SF 2371 – Iowa’s Watershed Attributes, pg. 7 |
|  | SF 2411 – Retirement Systems Bill, pg. 5 | Informational Survey–Budget Syst. Redesign, pg. 7 |
|  |  |  |

Agriculture and Natural Resources Appropriations Bill -- Senate Study Bill 3220.1 Passes agriculture and natural resources joint appropriations Subcommitee

**SSB 3220.1 – Ag./Natl. Res.** The Agriculture and Natural Resources Appropriations Bill, SSB 3220.1, was passed by the House Appropriations Committee on March 14. The Bill appropriates $41.9 million and 1,491.3 FTE positions, a decrease of $2.2 million (4.88%) and 3.1 (0.21%) FTE positions compared to the adjusted FY 2000 appropriation.



**Joint Subcommittee Action** The Joint Subcommittee decreased appropriations by $1.0 million and 3.1 FTE positions in the Department of Agriculture and decreased appropriations to the Department of Natural Resources by $1.2 million. Other major changes include:

1. Appropriates $100,000 from the Solid Waste Account in the Groundwater Protection Fund to the Department of Agriculture and Land Stewardship for the establishment of the Agrichemical Remediation Fund. This is contingent upon passage of SF 466 (Remediation of Agrichemical Sites.)



1. Appropriates an increase of $200,000 and 4.00 FTE positions to the Regulatory Division in the Department of Agriculture and Land Stewardship if SF 2312 or HF 2490 (Pseudorabies Control) is enacted by the 2000 General Assembly.
2. Extends the completion date of the study on groundwater and surface water contamination originating from municipal lagoons to January 13, 2003, and changes dates for interim reports to January 8, 2001, and January 14, 2002. Specifies unencumbered and unobligated funds remaining on June 30, 2001, revert to the Water Quality Protection Fund.

**Compared to FY 2000** The Bill contains the following major changes compared to the adjusted FY 2000 appropriation:

1. Decreases the appropriation to the Administrative Division in the Department of Agriculture and Land Stewardship by $33,000 and 1.0 FTE position.
2. Decreases 1.0 FTE position to the Regulatory Division in the Department of Agriculture and Land Stewardship.
3. Decreases the appropriation to the Laboratory Division in the Department of Agriculture and Land Stewardship by $22,000 and 1.0 FTE position.



1. Decreases the appropriation to the Soil Conservation Division Cost Share Program in the Department of Agriculture and Land Stewardship by $1.0 million.
2. Decreases the appropriation to the Horse and Dog Program in the Department of Agriculture and Land Stewardship by $25,000.
3. Increases the appropriation to Iowa State University for Johne’s Disease research by $95,000.
4. Decreases the appropriation to the Administrative Services in the Department of Natural Resources by $100,000.
5. Decreases the appropriation to the Environmental Protection Division in the Department of Natural Resources by $1.1 million.
6. Allocates $300,000 from the Water Quality Protection Fund to the Environmental Protection Division in the Department of Natural Resources for operations.
7. Appropriates $540,000 from the Groundwater Protection Fund to the Environmental Protection Division for operations.

Retirement



1. Appropriates $200,000 for payment of retirement benefits to State Park Rangers for FY 2000.
2. Appropriates $100,000 from the Organic Nutrient Management Fund to the Environmental Protection Division for operations.
3. Decreases the appropriation to the Fish and Wildlife Division by $75,000 for the Water Safety Program that was not established in FY 2000. The funding was contingent upon passage of SF 187 (Water Safety Program).
4. Allows the Department of Natural Resources to use up to $250,000 for payment of retirement benefits to Conservation Officers.

**NOBA**

**Bill Summary** Copies of the Notes on Bills and Amendments (NOBA) are available from the LFB.

STAFF CONTACT: Deb Kozel (Ext. 16767) Sherry Weikum (Ext. 17846)

Oversight and Communications Appropriations Bill - SSB 3219



**Oversight/Communications** The Oversight and Communications Appropriations Subcommittee met on March 13, and passed SSB 3219 (Oversight and Communications Appropriations Bill). The Bill appropriates $21.6 million from the General Fund and 244.6 FTE positions. This is a decrease of $2.0 million and 26.0 FTE positions compared to the adjusted FY 2000 appropriation.

**Appropriations** The Bill makes the following appropriations:



* $12.9 million from the General Fund to the Treasurer of State for payment of debt service for the build out of Parts I and II of the Iowa Communications Network (ICN). This is no change compared to the adjusted FY 2000 appropriation, $3.0 million from the General Fund and 104.0 FTE positions to the Iowa Telecommunications and Technology Commission for operations, a decrease of $453,000 and no change in FTE positions compared to the adjusted FY 2000 appropriation.
* $2.2 million from the General Fund and 9.0 FTE positions to Iowa Public Television and the regional telecommunications councils for support of K-12 schools related to the ICN, a decrease of $121,000 and no change in FTE positions compared to the adjusted FY 2000 appropriation.
* $3.6 million from the General Fund and 131.6 FTE positions to the Information Technology Services (ITS) Division, Department of General Services, a decrease of $1.2 million and 26.0 FTE positions compared to the adjusted FY 2000 appropriation.

**Impact on Revenue** The Bill also requires the first $1.0 million of drivers’ record receipts to be transferred to ITS and allocates $400,000 to IowAccess and $600,000 to ITS operations. These funds would otherwise be deposited into the General Fund.

**Nonreversion Language** The Bill provides nonreversion language for specified projects funded through the Reversion Technology Initiatives Account from FY 1999 and FY 2000 reversions. Allows the funds to carry forward to FY 2001 so the departments can complete the projects.

**Pooled Technology Account** The Bill creates the Pooled Technology Account and allocates $29.7 million for technology projects. The Bill provides the following funding sources for the Account:



* 75.0% of the funds that would otherwise revert from operating accounts and 100.0% of funds that would otherwise revert from non-operational accounts, after the first $7.5 million of reversions are deposited into the General Fund.
* Transfers unobligated and unencumbered funds remaining in the following appropriations to the Pooled Technology Account on the effective date of this Bill.
* Funds remaining in the Reversion Incentive Program Fund for correction of the Year 2000 computer programming problem, currently estimated between $500,000 and $700,000.
* Funds remaining from the Reversion Technology Initiative Account allocation to the Department of General Services for a purchasing system, currently estimated at $2.5 million.
* Funds remaining from the Rebuild Iowa Infrastructure Fund appropriation to ITS for replacement of embedded computer chips that were not Year 2000 compliant, currently estimated at $2.0 million.

 The Bill specifies the priority order of projects that shall be funded if sufficient funds are available.

**Intent Language** The Bill includes the following intent language:

* Specifies the intent of the General Assembly that the Iowa Telecommunications and Technology Commission enter into an agreement for a demonstration project to provide voice service for State government over Internet protocol.
* Specifies the intent of the General Assembly that all fees collected from transactions involving IowAccess be deposited in the IowAccess Revolving Fund, to be used only for the support of IowAccess projects.

**Revolving Fund Created** The Bill creates the Operations Revolving Fund if Senate File 2395 (Information Technology Department Bill) is enacted this Session. All fees and appropriations to a new Information Technology Department are to be deposited in the Fund and all proceeds of the Fund are for use of the new Department. The Bill also changes various references in the Code of Iowa related to the new Department contingent on the passage of SF 2395.

**Bill Summary** Copies of the Notes on Bills and Amendments (NOBA) for SSB 3219 are available at the Legislative Fiscal Bureau Office.

STAFF CONTACT: Douglas Wulf (Ext. 13250) Glen Dickinson (Ext. 14616)

Retirement Systems Bill – SF 2411 Passes House State Government Committee

Retirement



**Retirement Systems Bill** Senate File 2411 (Retirement Systems Bill) was passed by the House State Government Committee with a proposed committee amendment on March 19. The amendment made several technical and corrective changes. The substantive changes by the amendment include:

* Adding a fifth member to the Board of Trustees for the Peace Officers’ Retirement System (POR). The new member is to be appointed by the Governor, be an executive from the insurance or financial industry, and be confirmed by the Senate. The Bill passed by the Senate adds a retiree to the current three-member Board.
* Eliminates the enhancement providing increased credit for additional years for POR members who have already retired.
* Eliminates the intent language stating that when the POR Fund and the Municipal Fire and Police Retirement System of Iowa (MFPRSI or 411s) Fund can afford it, the General Assembly will increase the retirement benefit, with credit for extra years of service beyond the normal retirement date, to 90.0% of the member’s earnable compensation.
* Increases the period an Iowa Public Employees’ Retirement System (IPERS) disability retiree can receive retroactive benefit adjustments from 12 months to 36 months. Current law permits adjustments back to July 1, 1990.
* Reduces the waiting period for an IPERS retiree to return to work for a covered employer from three months to one month of retirement benefits. This change permits a retiree to return to uncovered temporary employment with a covered employer after receiving retirement benefits for one month, rather than waiting three months.
* Permits IPERS members who retire on a Social Security or Railroad Retirement Act disability and receive an IPERS refund to buy back those years of service by paying the actuarial cost of that credit, for purposes of receiving an IPERS retirement benefit. The individual must exercise this option within 90 days after July 1, 2000, or within 90 days after first receipt of the federal disability payment, whichever is later.
* Amends the IPERS Death Benefit to apply to members who die after January 1, 1999, and provides a one-year window after implementation for beneficiaries who received the current death benefit payment to return that amount and receive the new benefit. The Senate Bill implements the new death benefit after the actuary determines the IPERS Fund can afford the benefit without an increase in contribution rates.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

Budget Guarantee Bill - SF 2111 - Senate and House Action

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**Budget Guarantee Bill** Senate File 2111 (Budget Guarantee Bill) passed the Senate on March 13. The Bill extends the budget guarantee provision that allows school districts experiencing decreasing enrollment to receive additional funds that guarantee the FY 2001 regular program district cost is equal to the FY 2000 total program district cost. Under the proposal, the budget guarantee is entirely funded from property taxes. The estimated budget guarantee amount for FY 2001 is $7.0 million. In FY 2000, the budget guarantee is entirely State aid and is estimated to be $6.2 million.

**House Education Committee** Senate File 2111 was amended and passed the House Education Committee on March 14. The Bill as passed by the House Education Committee extends the budget guarantee provision that allows school districts with declining enrollment to receive additional funds that guarantee the FY 2001 regular program district cost is equal to 99.0% of the FY 2000 total program district cost. The Bill also allows school districts with increasing enrollments to apply with the School Budget Review Committee to receive 50.0% of the total amount for on-time funding. Both the budget guarantee and the on-time funding would be entirely funded through property taxes. The estimated FY 2001 amount for the 99.0% budget guarantee is $4.4 million. The estimated FY 2001 amount for the 50.0% on-time funding is $5.9 million.

**District Estimates** District-by-district estimates of these proposals are available from the Legislative Fiscal Bureau.

STAFF CONTACT: Shawn Snyder (Ext. 17799)

Supplementary Weighting Bill – HF 2496 Passes Senate Education Committee

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**Suppl. Weighting Bill** House File 2496 passed the Senate Education Committee on March 16. The Bill provides that school districts receive an additional supplementary weighting for students that is based on an at-risk poverty weight and an enrollment weight. The Bill also provides that for FY 2001-2003, eligible school districts will receive a guarantee amount based on dollars received for supplementary weighting during FY 2000. The guarantee amount is 100.0% in FY 2001, 75.0% in FY 2002, and 50.0% in FY 2003.

**Estimated Cost** The estimated cost of the supplementary weighting program will be $12.1 million in FY 2001. Of that amount, approximately $900,000 has previously been built into the FY 2001 allowable growth estimate. The new State aid portion of this Bill is estimated to be $9.8 million and the new property tax portion is estimated to be $1.4 million.

**District Estimates** District-by-district estimates for FY 2001–FY 2004 are available from the Legislative Fiscal Bureau.

**Bill Summary** Copies of the Notes on Bills and Amendments (Executive Summary Only) are available from the Legislative Fiscal Bureau.

STAFF CONTACT: Shawn Snyder (Ext. 17799)

Merchant Marine Bonus – SF 2141 Passes Senate

**SF 2141 - Merchant Marine**  Senate File 2141 (Merchant Marine Bonus) passed the Senate Appropriations Committee on February 29. The Bill creates a Merchant Marine Bonus Fund and appropriates $150,000 from the General Fund for FY 2001 to provide bonuses to eligible World War II merchant marines or eligible dependents of such merchant marines.

**NOBA**

**Bill Summary** Copies of the Notes on Bills and Amendments are available from the Legislative Fiscal Bureau.

STAFF CONTACT: Valerie Thacker (Ext. 15270)

Initiative on Improving Iowa’s Watershed AttRibutes - SF 2371 Passes House Environmental Protection Committee



Water Quality

**Water Quality Initiative** The House Environmental Protection Committee passed SF 2371 (Initiative on Improving Our Watershed Attributes) on March 16. The Bill establishes policy for a number of programs that will be implemented in the Department of Agriculture and Land Stewardship and the Department of Natural Resources. The goal of the Bill is to develop a comprehensive water quality program to improve the quality of water in the State of Iowa.

**Fiscal Estimate** Estimates for funding the programs include $11.2 million from the Rebuild Iowa Infrastructure Fund (RIIF), $1.9 million from the Fish and Game Protection Fund, and $81.7 million from federal and other sources of funds.

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INFORMATIONAL Survey On-line - Budget System Redesign

**Budget System**  The Department of Management (DOM) and the Legislative Fiscal Bureau (LFB) are working together to redesign the State of Iowa’s budget system. The State currently uses a system of collecting information and preparing budget documents which was created and implemented nearly thirty years ago.

Survey!

**Identifying Needs** We need your assistance in helping us identify which components of a budget system are important to you. The system redesign does not include changes to the actual legislative appropriations process, but system changes should facilitate decision making by the Governor’s Office, Department of Management, and the Legislature.

**Web-Based Survey** We have prepared a brief, web-based survey we’d like you to respond to. Your participation is critical to helping us design a system that will come as close as possible to serving the needs of all our customers.

**Please Complete** Please pass the URL address on to anyone you think would be interested in completing the survey. If you have questions, you can contact Holly Lyons (LFB) at 281-7845 or Kathy Mabie (DOM) at 281-8834.

**URL Address** The URL address is <http://www.infopoll.net/Live/surveys/s6830.htm>

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