FISCAL UPDATE April 24, 2001

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 Status of Appropriations Bills

 AS of April 24 at 2:00 p.m.

| **Appropriations Subcommittee Bills** |
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| **Appropriations Subcommittee** |  |  **LSB/File #** |  | **Status** |
| Admin./Regulation |  | SF 531 |  | Passed House Approps. on April 23. |
| Ag./Natural Resources |  | HF 725 |  | Passed House Approps. on April 18 & House Ways & Means on April 19. |
| Economic Development |  | HF 718 |  | Passed House on April 19. In Senate Approps.  |
| Education |  | SF 535 |  | Passed Senate Approps. on April 19. |
| Health/Human Rights |  | HF 726  |  | Passed House Approps. on April 19 & Ways & Means on April 19. |
| Human Services |  | HF 732 |  | Passed House Approps. on April 19. |
| Justice SystemJudicial Branch  |  | SF 530 SF 527  |  | Justice System Bill - Passed Senate Approps. on April 18.Passed House Approps. on April 23. |

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|  | HF 718 – Economic Development, pg. 7 | HF 696 – Employment Security, pg. 24 |
|  | SF 535 – Education, pg. 8 | SF 259 – Victim Compensation, pg. 25 |
|  | HF 726 – Health & Human Rights, pg. 10 | HF 272 – Felonious Misconduct, pg. 25 |
|  | HF 732 – Human Services, pg. 14 | SF 94 – Escape from Custody, pg. 26 |
|  | SF 530 – Justice System, pg. 17 | HF 720 – Hunting/Fishing License Fees, pg. 26 |
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|  | HF 706 – Oil Overcharge, pg. 20 | SF 497 – IPERS Restructuring Changes, pg. 29 |
|  | SF 533 – Tobacco Settlement Trust, pg. 20 | Cost-of-Living Index/Median Household Inc., pg. 30 |
|  | SF 532 – Tobacco Securitization, pg. 21 | Board of Regents Meeting, pg. 31 |
|  | SF 524 – Grape & Wine Dev. Fund, pg. 22 | Tobacco Settlement Payment, pg. 33 |
|  |  | Medical Assistance Expenditures Update, pg. 33 |
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| **Appropriations Subcommittee Bills (continued)** |
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| Oversight & Comm. |  |  HF 719 |  | Passed House April 19. In Senate Approps.  |
| Trans., Infrastruc- ture, & Caps. |  |  SF 528LSB 1110 |  | Transportation Appropriations Bill passed House Approps on April 23.Infrastructure Bill in Joint Subcommittee. Bill starts in House. |

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| Other Appropriations Bills |
| Oil Overcharge |  | HF 706 |  | Passed House on April 19. |
| Teacher Compensation |  | HF 413 |  | Passed House Approps. on Feb. 26. |
| Tobacco Settlement Trust Fund Approps. |  | SF 533 |  | Passed House Approps. on April 24. |
| Tobacco Securitization |  | SF 532 |  | Passed House Approps. on April 24.  |
| Block Grant Bill |  | SF 525 |  | Passed House on April 23. |
| Grape & Wine Assistance |  | SF 524 |  | Passed Senate Approps. on April 16. |
| DOT Salt Supplemental |  | SF 509 |  | Signed by the Governor on March 30. |
| FY 2000 Deappropriations |  | SF 267 |  | Item Vetoed by the Governor on March 13. |
| Budget Guarantee and Reorganization Incentives |  | SF 203 (similar to HF 576) |  | Passed House Approps. on April 19. |
| General Fund Expenditure Limitation |  | SF 66 |  | Vetoed by the Governor on March 30. |
| Legislative Branch Approps. |  | SCR 14 |  | Passed by House Approps. on March 20. |
| Senior Living Trust Fd |  |  |  | Bill starts in the House. |
| Tobacco – Healthy Iowans Tobacco Trust Appropriations |  |  |  | Bill starts in the Senate. |
| Salary Bill |  |  |  | Bill starts in the House. |
| Standings Bill |  |   |  | Bill starts in the House. |

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Administration and Regulation Appropriations Bill – SF 531 Passes Senate

**Admin./Regulation Sub.** Senate File 531, the Administration Appropriations Bill, passed the Senate on April 19. The Bill appropriates a total of $100.3 million and 1,909.5 FTE positions, which includes $78.0 million from the General Fund and $22.3 million of other funds.



**Auditor** The Bill appropriates a total of $1.2 million from the General Fund and 116.7 FTE positions to the Auditor of State, a decrease of $238,000 and 0.1 FTE position compared to the FY 2001 estimated net appropriation due to a general reduction.

**Ethics/Campaign Discl.** The Bill appropriates a total of $428,000 from the General Fund and 8.0 FTE positions to the Ethics and Campaign Disclosure Board, a decrease of $88,000 and no change in FTE positions compared to the FY 2001 estimated net appropriation due to a general reduction.



**Dept. of Commerce** The Bill appropriates a total of $20.0 million from the General Fund and 318.0 FTE positions to the Department of Commerce, a decrease of $677,000 and 3.0 FTE positions compared to the FY 2001 estimated net appropriation. The Bill:

* Decreases the appropriation to the Alcoholic Beverages Division by $274,000 compared to the FY 2001 estimated net appropriation due to a general reduction.
* Decreases the appropriation to the Banking Division by $180,000 compared to the FY 2001 estimated net appropriation due to one-time funding of laptop computers for examination staff.
* Decreases the appropriation to the Professional Licensing Division by $148,000 compared to the FY 2001 estimated net appropriation due to a general reduction.

**Dept. of General Services** Senate File 531 appropriates a total of $9.2 million from the General Fund and 226.9 FTE positions to the Department of General Services, a decrease of $1.3 million and no change in FTE positions compared to the FY 2001 estimated net appropriation. The Bill also appropriates $3.0 million from other funds to the Department, a decrease of $23,000 compared to the FY 2001 estimated net appropriation. The Bill:

* Decreases the appropriation to the Administrative Services Division by $349,000 compared to the FY 2001 estimated net appropriation due to a general reduction.
* Decreases the appropriation to the Property Management Division by $821,000 compared to the FY 2001 estimated net appropriation due to a general reduction.

**Governor/Lt. Governor** The Bill appropriates a total of $1.8 million from the General Fund and 26.3 FTE positions to the Office of the Governor and Lieutenant Governor, a decrease of $356,000 compared to the FY 2001 estimated net appropriation due to a general reduction.



**Inspections & Appeals** Senate File 531 appropriates a total of $10.4 million from the General Fund and 315.8 FTE positions to the Department of Inspections and Appeals, a decrease of $149,000 and an increase of 7.7 FTE positions compared to the FY 2001 estimated net appropriation. The Bill also appropriates $1.2 million from other funds to the Department. The Bill decreases the appropriation to the Department of Inspections and Appeals for the Inspections Division by $149,000 compared to the FY 2001 estimated net appropriation due to a general reduction.

**Dept. of Management** The Bill appropriates a total of $2.0 million from the General Fund and 33.0 FTE positions to the Department of Management, a decrease of $598,000 and an increase of 1.0 FTE position compared to the FY 2001 estimated net appropriation. The major change is a decrease in the appropriation to the General Office of the Department of Management of $401,000 and an increase of 1.0 FTE position compared to the FY 2001 estimated net appropriation due to a general reduction.



**Dept. of Personnel** Senate File 531 appropriates a total of $4.1 million from the General Fund and 179.6 FTE positions to the Department of Personnel, a decrease of $870,000 and no change in FTE positions compared to the FY 2001 estimated net appropriation. The Bill also appropriates $8.6 million from other funds to the Department, a decrease of $252,000 compared to the FY 2001 estimated net appropriation. The Bill:

* Decreases the Administration and Program Operations Unit by $326,000 compared to the FY 2001 estimated net appropriation due to a general reduction.
* Decreases the appropriation to the Department of Personnel for the Customer Service and Benefits Unit by $504,000 compared to the FY 2001 estimated net appropriation due to a general reduction.

**Revenue & Finance** The Bill appropriates a total of $25.9 million from the General Fund and 617.6 FTE positions to the Department of Revenue and Finance, a decrease of $4.0 million and no change in FTE positions compared to the FY 2001 estimated net appropriation. The Bill also appropriates $9.5 million from other funds to the Department. The Bill:

* Increases the appropriation to the Department of Revenue and Finance for the Compliance Division by $151,000 compared to the FY 2001 estimated net appropriation to replace funding from the proposed fee to be collected for the administration of the Local Option Sales and Service Taxes.
* Decreases the appropriation to the Department of Revenue and Finance for the Compliance Division by $1.9 million compared to the FY 2001 estimated net appropriation due to a general reduction.
* Increases the appropriation to the Department of Revenue and Finance for the State Financial Management Division by $188,000 compared to the FY 2001 estimated net appropriation to replace funding from the proposed fee to be collected for the administration of the Local Option Sales and Service Taxes.
* Decreases the appropriation to the Department of Revenue and Finance for the State Financial Management Division by $1.5 million compared to the FY 2001 estimated net appropriation due to a general reduction.
* Increases the appropriation to the Department of Revenue and Finance for the Internal Resource Management Division by $61,000 compared to the FY 2001 estimated net appropriation to replace funding from the proposed fee to be collected for the administration of the Local Option Sales and Service Taxes.
* Decreases the appropriation to the Department of Revenue and Finance for the Internal Resource Management Division by $744,000 compared to the FY 2001 estimated net appropriation due to a general reduction.



**Secretary of State** The Bill appropriates a total of $2.2 million from the General Fund and 42.0 FTE positions to the Secretary of State’s Office, a decrease of $473,000 and no change in FTE positions compared to the FY 2001 estimated net appropriation. The Bill:

* Decreases the appropriation to the Administration and Elections Division by $154,000 compared to the FY 2001 estimated net appropriation due to a general reduction.
* Decreases the appropriation to the Business Services Division by $314,000 compared to the FY 2001 estimated net appropriation due to a general reduction.

**Treasurer’s Office** Senate File 531 appropriates a total of $916,000 from the General Fund and 25.8 FTE positions to the Treasurer’s Office, a decrease of $417,000 and no change in FTE positions compared to the FY 2001 estimated net appropriation. The Bill:

* Decreases the appropriation to the Office of the Treasurer by $167,000 compared to the FY 2001 estimated net appropriation due to a general reduction.
* Decreases the appropriation to the Office of the Treasurer by $250,000 compared to the FY 2001 estimated net appropriation due to the new administrative fee charged to the participants of College Savings Iowa.



**Intent Language** The Bill also makes the following intent language change:

* Allows the Utilities Division of the Department of Commerce to expend additional funds for additional personnel, if the funds are reimbursable by utility companies. Notification must be given to the Department of Management, the Legislative Fiscal Committee, and the Legislative Fiscal Bureau.

### NOBA

**Bill Summary** The Notes on Bills and Amendments (NOBA) for SF 531 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Christina Schaefer (Ext. 16765) Ron Robinson (Ext. 16256)

Agriculture and Natural Resources Appropriations Bill – HF 725 Passes house Appropriations committee and ways and means committee

**Agric./Natural Resources** The Agriculture and Natural Resources Appropriations Bill, HF 725, was passed by the House Appropriations Committee on April 18 and by the Ways and Means Committee on April 19. The Bill appropriates $35.2 million and 1,514.6 FTE positions. This is a General Fund decrease of $8.7 million (19.8%) and an increase of 7.5 FTE positions (0.5%).

**Changes by Committee** Major changes to the Bill as amended by the House Appropriations Committee include:



* Appropriates $500,000 from the Leopold Center appropriation from the Agricultural Management Account in the Groundwater Protection Fund. Of this amount, $250,000 will be appropriated to the Department of Agriculture and Land Stewardship and $250,000 to the Department of Natural Resources for operations.
* Appropriates $120,000 from the Forestry Management and Enhancement Fund to the Laboratory Division of the Department of Agriculture and Land Stewardship for the Gypsy Moth Program.
* Appropriates $450,000 from Stormwater Discharge Permit Fees to the Department of Natural Resources for operations.
* Specifies that all State Parks that are open on April 1, 2001, remain open, and that the Department of Natural Resources use funds from camping fee increases for operations.
* Creates the Branding Administration Fund in the Department of Agriculture and Land Stewardship. Allows cattle owners to register their cattle brand with the Secretary of Agriculture and Land Stewardship. The recording fee is $25 for a five-year period. A $25 renewal fee will be paid every five years from the date of record.

**Compared to FY 2001** The Bill, as amended, contains the following major changes compared to the FY 2001 estimated net appropriation:

**Agric./Land Stewardship** Department of Agriculture and Land Stewardship:

1. Decreases the General Fund appropriation to the Regulatory Division by $42,000 and 2.0 FTE positions for two vacant positions.

1. Decreases the General Fund appropriation to the Laboratory Division and restores funding from the Forestry Management and Enhancement Fund for the Gypsy Moth Program.
2. Decreases the General Fund appropriation by $165,000 for soil survey testing and by $200,000 for expense reimbursement to District Soil Commissioners in the Soil Conservation Division.
3. A decrease of 1.0 FTE position in the Mines and Minerals Bureau for a vacant position.

**Dept. of Natural Resources** Department of Natural Resources

1. Reduces the General Fund appropriation by $729,000 to the Water Quality Protection Fund.
2. Decreases the General Fund appropriation by $500,000 to the Parks and Preserves Division for a reduction in operations.
3. Decreases the appropriation to the Environmental Protection Division in the Department of Natural Resources by $1.1 million for a reduction in operations.



1. An increase of 5.0 FTE positions for the Total Maximum Daily Load Program. Funding is from the Environment First Fund.
2. An increase of 3.0 FTE positions for the federal Comprehensive Planning Process under the federal Clean Water Act. Funding is from federal funds.
3. An increase of 2.0 FTE positions for the Septic Tank Assistance Fund. Funding is from the Environment First Fund.
4. An increase of 1.0 FTE position for the Keepers of the Land Volunteer Program. Funding is from the Environment First Fund.
5. An increase of $200,000 and 2.0 FTE positions for the Private Land Access Program in the Fish and Wildlife Division. Funding is from the Fish and Game Protection Fund.

**Changes by Ways & Means** Major changes to the Bill as amended by the Ways and Means Committee include:



* Amends Section 169.4, Code of Iowa, and requires cattle owners that want to register their brand to submit a completed brand application with a $25 recording fee to the Secretary of Agriculture.
* Amends Section 169A.13, Code of Iowa, and requires a cattle owner with a registered brand to pay a $25 renewal fee every five years from the recording date. Funds will be deposited into the Branding Administration Fund. Estimated receipts are $18,000 per year.
* Appropriates money from the Branding Administration Fund to the Department of Agriculture and Land Stewardship for expenditures related to the registration of cattle brands.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for HF 725 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

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Economic DevelopmenT Appropriations Bill – HF 718 Passes House

**Economic Development** On April 19, the House amended and passed HF 718, FY 2002 Economic Development Appropriations Bill. The Bill appropriates $35.7 million and 1,220.4 FTE positions, a decrease of $1.4 million (3.7%) and 20.9 FTE positions (1.7%) compared to the FY 2001 estimated net appropriation.



**Changes by House** The amendments on the House floor made the following significant changes:

* Amended the Waste Tire Management Fund to eliminate the $3.0 million deposit into the Road Use Tax Fund for FY 2002 and deposited those moneys into the General Fund. A General Fund appropriation of $2.9 million was made to the Value-Added Agricultural Products and Processes Financial Assistance Fund from these revenues.
* Reduced the allocation for the Iowa Manufacturing Technology Center to $400,000, a decrease of $372,000 compared to the FY 2001 allocation.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for HF 718 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

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Education Appropriations Bill – Senate file 535

**Education Approp. Subcom.** The Education Appropriations Subcommittee met on April18 and approved LSB1104JA, the FY 2002 Education Appropriations Bill. The Bill appropriates a total of $914.4 million from the General Fund and 17,402.7 FTE positions to the College Student Aid Commission, the Departments of Cultural Affairs and Education, and the Board of Regents. This is a decrease of $65.6 million and an increase of 50.0 FTE positions compared to the FY 2001 estimated net appropriation.

**Senate Appropriations** On April 19, the Senate Appropriations Committee approved the Education Appropriations Bill which has now been designated SF 535. The only difference between the Senate Appropriations and Joint Subcommittee versions of the Bill relates to the Iowa Center for Agricultural Safety and Health (I-CASH) at the University of Iowa. Funding for the Center was eliminated in both versions of the Bill, but the Senate Appropriations Committee restored Code of Iowa language that will allow the Center to continue operations with federal and private funding.

 Highlights of the Bill include:



**College Student Aid *College Student Aid Commission*** - Appropriates a total of $52.6 million from the General Fund and 5.4 FTE positions to the College Student Aid Commission. This is a decrease of $6.3 million and no change in FTE positions compared to the FY 2001 estimated net appropriation. Major changes include:

* Decreases the appropriation for the Des Moines University Osteopathic Medical Center Forgivable Loan Program by $154,000 compared to the FY 2001 estimated net appropriation.
* Decreases the appropriation for the National Guard Education Assistance Program by $75,000 compared to the FY 2001 estimated net appropriation.
* Eliminates the standing appropriation for the Work Study Program for FY 2002. This is a decrease of $2.8 million compared to the FY 2001 estimated net appropriation.
* Decreases the standing appropriation for the Tuition Grant Program by $2.9 million compared to the FY 2001 estimated net appropriation.
* Decreases the standing appropriation for the Vocational-Technical Tuition Grant Program by $149,000 compared to the FY 2001 estimated net appropriation.



**Cultural Affairs *Department of Cultural Affairs*** - Appropriates a total of $6.0 million from the General Fund and 90.7 FTE positions to the Department of Cultural Affairs. This is a decrease of $386,000 and an increase of 1.0 FTE position compared to the FY 2001 estimated net appropriation. This is an across-the-board reduction of 6.0%, with the exception of Historic Sites, which received a general reduction of 7.0%.

**Dept. of Education *Department of Education*** - Appropriates a total of $183.5 million from the General Fund and 561.0 FTE positions to the Department of Education. This is a decrease of $16.0 million and an increase of 0.5 FTE position compared to the FY 2001 estimated net appropriation. The major changes include:·

* Decreases the appropriation for Administration by $363,000 compared to the FY 2001 estimated net appropriation.
* Decreases the appropriation for the Board of Educational Examiners by $153,000 compared to the FY 2001 estimated net appropriation. It is anticipated that revenue from fees will be used to maintain operations.
* Decreases the appropriation for the Vocational Rehabilitation Services Division by $334,000 compared to the FY 2001 estimated net appropriation.

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* Decreases the appropriation for the State Library by $1.5 million compared to the FY 2001 estimated net appropriation. The appropriation eliminates funding for the Access Plus Program and shifts funding from the Open Access Program to the Enrich Iowa Program.
* Increases the appropriation for the Enrich Iowa Program by $880,000 compared to the FY 2001 estimated net appropriation. Libraries are required to offer open access as a condition of funding.



* Decreases the appropriation for the Regional Libraries by $101,000 compared to the FY 2001 estimated net appropriation.
* Decreases the appropriation for Iowa Public Television by $1.2 million compared to the FY 2001 estimated net appropriation.
* Decreases the appropriation for deposit in the School Ready Children Grants Account of the Iowa Empowerment Fund by $936,000 compared to the FY 2001 estimated net appropriation.
* Decreases the appropriation for community colleges by $8.9 million compared to the FY 2001 estimated net appropriation for operations.

**Board of Regents *Board of Regents*** - Appropriates a total of $672.3 million from the General Fund and 16,713.4 FTE positions to the Board of Regents. This is a decrease of $43.0 million and an increase of 50.9 FTE positions compared to the FY 2001 estimated net appropriation. Major changes include:



* Decreases the appropriation for Tuition Replacement by $1.5 million compared to the FY 2001 estimated net appropriation.
* Decreases the appropriation to the University of Iowa (SUI) by a total of $19.3 million compared to the FY 2001 estimated net appropriation.
* Decreases the appropriation to Iowa State University (ISU) by a total of $15.8 million compared to the FY 2001 estimated net appropriation.
* Decreases the appropriation to the University of Northern Iowa (UNI) by a total of $5.5 million compared to the FY 2001 estimated net appropriation.
* Decreases the appropriation to the Regents Special Schools by a total of $766,000 compared to the FY 2001 estimated net appropriation.

**Intent Language *Intent Language*** – The Bill requires the Division of Library Services of the Department of Education to submit a program evaluation report regarding the Enrich Iowa Program to the Governor and the General Assembly by January 15, 2002.

**Statutory Changes *Changes to the Code of Iowa***

* Requires county quotas for the Indigent Patient Program at the University of Iowa Hospitals and Clinics to be based on the 2000 census population data.
* Changes the name of the State-Hospital School at the University of Iowa to the Center for Disabilities and Development.
* Eliminates the Family Resource Pilot Project.
* Requires community colleges and Board of Regents institutions to obtain authorization from the General Assembly before entering into an agreement to transfer ownership of a radio broadcast license or station.
* Allocates $75,000 from the Phase III dollars in the standing appropriation for the Educational Excellence Program to administer the Ambassador to Education Program.
* Eliminates allocations totaling $1.1 million from the Phase III dollars in the standing appropriation for the Educational Excellence Program.
* Allocates $47,000 from the Phase III dollars in the standing appropriation for the Educational Excellence Program for the Iowa Mathematics and Science Coalition.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for SF 535 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

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Health and Human Rights Appropriations Bill – HF 726 passes House Appropriations Committee

**Health/Human Rts.**  House File 726, the Health and Human Rights Appropriations Bill, passed the House Appropriations Committee on April 18. The Bill appropriates a total of $84.0 million from the General Fund and 1,482.1 FTE positions to the seven departments of the Health and Human Rights Subcommittee. This is a General Fund decrease of $7.2 million and no change in FTE positions compared to estimated net FY 2001. The major changes include:

**Dept. for the Blind** Department for the Blind – The Bill appropriates a total of $1.8 million from the General Fund and 106.5 FTE positions to the Department for the Blind, a decrease of $66,000 and no change in FTE positions compared to the estimated net FY 2001 appropriation. The reduction is an unspecified decrease.

**Civil Rights Commission** Civil Rights Commission – The Bill appropriates a total of $1.1 million from the General Fund and 38.1 FTE positions to the Civil Rights Commission, a decrease of $144,000 and no change in FTE positions compared to the estimated net FY 2001 appropriation. The reduction is an unspecified decrease.



**Elder Affairs** Department of Elder Affairs –The Bill appropriates a total of $4.5 million from the General Fund and 30.0 FTE positions to the Department of Elder Affairs, a decrease of $598,000 and no change in FTE positions compared to the estimated net FY 2001 appropriation. The reduction is an unspecified decrease.

**Drug Control Policy** Governor’s Office of Drug Control Policy – The Bill appropriates a total of $488,000 from the General Fund and 13.0 FTE positions to the Governor’s Office of Drug Control Policy, a decrease of $111,000 and no change in FTE positions compared to the estimated net FY 2001 appropriation. The reduction is an unspecified decrease.



**Public Health** Department of Public Health – The Bill appropriates a total of $27.9 million from the General Fund and 363.6 FTE positions to the Department of Public Health, a decrease of $3.1 million and no change in FTE positions compared to the estimated net FY 2001 appropriation. The major changes include:

* An unspecified decrease of $891,000 and no change in FTE positions for the Addictive Disorders Program compared to the estimated net FY 2001 appropriation.
* An unspecified decrease of $77,000 and no change in FTE positions for the Adult Wellness Program compared to the estimated net FY 2001 appropriation.
* An unspecified decrease of $168,000 and no change in FTE positions for the Child and Adolescent Wellness Program compared to the estimated net FY 2001 appropriation.
* An unspecified decrease of $519,000 and no change in FTE positions for Chronic Conditions compared to the estimated net FY 2001 appropriation.
* An unspecified decrease of $183,000 and no change in FTE positions for Community Capacity compared to the estimated net FY 2001 appropriation.
* An unspecified decrease of $330,000 and no change in FTE positions for the Elderly Wellness Program compared to the estimated net FY 2001 appropriation.
* ****An unspecified decrease of $161,000 and no change in FTE positions for the Infectious Diseases Program compared to the estimated net FY 2001 appropriation.
* An unspecified decrease of $219,000 and no change in FTE positions for the Injuries Program compared to the estimated net FY 2001 appropriation.
* An unspecified decrease of $400,000 and no change in FTE positions for Public Protection compared to the estimated net FY 2001 appropriation.
* An unspecified decrease of $168,000 and no change in FTE positions for Resource Management compared to the estimated net FY 2001 appropriation.



**Gambling Treatment Fund** Gambling Treatment Fund – The Bill appropriates $3.8 million from the Gambling Treatment Fund as follows:

* $1.7 million to the Addictive Disorders Program of the Department of Public Health.
* $371,000 to the Iowa Veterans Home.
* $1.7 million to the Gambling Treatment Program.



**Human Rights** Department of Human Rights – The Bill appropriates $2.6 million from the General Fund and 36.1 FTE positions to the Department of Human Rights, a decrease of $1.1 million and no change in FTE positions compared to the estimated net FY 2001 appropriation. The major changes include:

* An unspecified decrease of $58,000 and no change in FTE positions to the Central Administration Division compared to the estimated net FY 2001 appropriation.
* A decrease of $975,000 and no change in FTE positions to the Community Grant Fund compared to the estimated net FY 2001 appropriation. This will reduce the amount of grant funds available for distribution to local communities for juvenile justice and delinquency programs. The grants are distributed to 39 decategorization boards based on a child population formula.



**Veterans Affairs**  Veterans Affairs Commission – The Bill appropriates $45.7 million from the General Fund and 894.8 FTE positions to the Veterans Affairs Commission, a decrease of $2.1 million and no change in FTE positions compared to the estimated net FY 2001 appropriation. The major changes include:

* An unspecified decrease of $37,000 and no change in FTE positions to the Commission of Veterans Affairs compared to the estimated net FY 2001 appropriation.
* An unspecified decrease of $1.9 million and no change in FTE positions to the Iowa Veterans Home compared to the estimated net FY 2001 appropriation.

**Intent Language** Some of the intent language and/or changes to the Code of Iowa in the Bill include:

* Permits the Department of Public Health to retain fees collected from shippers of radioactive material waste containers transported across Iowa for the purpose of oversight and regulation of that activity. This would be a new source of revenue for FY 2002 and will not impact the General Fund.



* Permits the Board of Dental Examiners to retain and expend a maximum of $99,000 from dental assistant registration revenues. This will reduce General Fund revenues by $99,000.
* Prohibits the Board of Medical Examiners, Pharmacy Examiners, Dental Examiners, and the State Board of Podiatry from taking any action against licensees who use an automatic dispensing system for prescription drugs in the absence of a pharmacist or practitioner provided that certain conditions are met.
* Specifies the intent of the General Assembly that the Board of Medical Examiners, Pharmacy Examiners, Dental Examiners, and Podiatry Examiners meet to resolve the issues raised by the use of the automated dispensing systems for prescription drugs and requires the Boards to submit their findings to the Governor and the General Assembly by December 1, 2001.



* Requires the Director of the Department of Public Health, in consultation with an ad hoc committee, to conduct a study regarding comprehensive cancer control in the State and specifies what the study is to include. Requires the Director of Public Health to submit a report of the study's recommendations to the Governor and the General Assembly by January 2, 2002, as well as present the findings to a joint meeting of the Human Resources Committee during the 2002 session.
* Specifies that revenues for the Drug Abuse Resistance Education Surcharge may be utilized for the Drug Abuse Resistance Education (D.A.R.E.) Program and other similar programs.
* Increases the Drug Abuse Resistance Education Surcharge from five to ten dollars for operating while intoxicated offenses and offenses relating to the possession, manufacture, or delivery of controlled substances.

FISCAL IMPACT: The Surcharge is projected to increase the revenues for various drug abuse resistance education programs by an estimated $75,000.

* Specifies that Section 5.10(i), relating to the automatic dispensing system for prescription drugs, is effective upon enactment.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for HF 726 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Russ Trimble (Ext. 14613) Lisa Burk (Ext. 16765)

Human Services Appropriations Bill – HF 732 passes house appropriations committee



**Human Services** The Human Services Appropriations Subcommittee met April 18, and the House Appropriations Committee met April 19 and approved the Human Services FY 2002 Appropriations Bill (HF 732). The Bill appropriates $770.5 million from the General Fund and 5,648.4 FTE positions. This is a decrease of $12.5 million and an increase of 116.6 FTE positions compared to the estimated net FY 2001 appropriation.

**TANF Block Grants** Also approved was $142.8 million in Temporary Assistance For Needy Families (TANF) Block Grant funds. This is a decrease of $4.7 million compared to the FY 2001 estimated net appropriation. Significant changes in the Bill compared to FY 2001 are outlined below.

**Economic Assistance** Economic Assistance:

* Appropriates $36.0 million for the Family Investment Program from the General Fund. This is an increase of $454,000 compared to the FY 2001 estimated net appropriation.
* Appropriates $6.7 million for the Child Support Recovery Unit from the General Fund. This is a decrease of $118,000 and an increase of 49.0 FTE positions to convert contracted staff to State FTE positions compared to the FY 2001 estimated net appropriation.

**Medical Services** Medical Services:



* Appropriates $412.3 million for the Medical Assistance Program from the General Fund. This is an increase of $11.6 million compared to the FY 2001 estimated net appropriation.
* Appropriates $600,000 for the Health Insurance Premium Payment Program from the General Fund. This is an increase of $162,000 and 5.0 FTE positions compared to FY 2001 estimated net appropriation for increased participation costs.
* Appropriates $8.4 million for the Children’s Health Insurance Program from the General Fund. This is an increase of $4.7 million compared to the FY 2001 estimated net appropriation.
* Appropriates $8.7 million for Medical Contracts from the General Fund. This is an increase of $274,000 and 8.00 FTE positions compared to the FY 2001 estimated net appropriation.
* Appropriates $19.6 million for State Supplementary Assistance from the General Fund. This is a decrease of $436,000 compared to the FY 2001 estimated net appropriation.

**Adult/Children & Family Serv.** Adult Children and Family Services:

* Appropriates $6.6 million for the Juvenile Home at Toledo from the General Fund. This is an increase of $87,000 and 2.0 FTE positions compared to the FY 2001 estimated net appropriation.



* Appropriates $10.9 million for the Training School at Eldora from the General fund. This is an increase of $61,000 compared to the FY 2001 estimated net appropriation.
* Appropriates $106.0 million for Children and Family Services from the General Fund. This is a decrease of $2.8 million compared to the FY 2001 estimated net appropriation.
* Appropriates $2.1 million for the Family Support Subsidy Program from the General Fund. This is an increase of $62,000 compared to FY 2001 estimated net appropriation.

**MH/MR/DD** Mental Health, Mental Retardation, Developmental Disabilities (MH/NR/DD):



* Appropriates $44.8 million for the Mental Health Institutes from the General Fund. This is an increase of $299,000 and 5.8 FTE positions compared to the FY 2001 estimated net appropriation. This includes:
* An increase of $63,000 at Cherokee.
* An increase of $116,000 at Clarinda.
* An increase of $182,000 and 5.8 FTE positions at Independence.
* Appropriates $4.4 million for the State Resource Centers from the General Fund. This is a decrease of $1.9 million compared to the FY 2001 estimated net appropriation. This includes:
* A decrease of $1.1 million at Glenwood.
* A decrease of $814,000 at Woodward.
* Appropriates $12.7 million for State Cases from the General Fund. This is an increase of $91,000 compared to the FY 2001 estimated net appropriation.
* Appropriates $264,000 for the Personal Assistance Program from the General Fund. This is a decrease of $100,000 compared to the FY 2001 estimated net appropriation.
* Appropriates $1.3 million for the Sexual Predator Commitment Program from the General Fund. This is an increase of $99,000 and 5.0 FTE positions compared to the FY 2001 estimated net appropriation.
* Appropriates $8.3 million for Mental Health Property Tax Growth from the General Fund. This is a decrease of $18.2 million compared to the previously enacted FY 2002 appropriation.

**Managing & Delivering Serv.** Managing and Delivering Services:

* Appropriates $48.3 million for Field Operations from the General Fund. This is an increase of $800,000 and 182.0 FTE positions compared to the FY 2001 estimated net appropriation.
* Eliminates funding for Regional Offices. This is a decrease of $5.9 million and 154.2 FTE positions by eliminating the budget unit and merging a portion of the budget unit funds with the Field Operations budget unit.
* Appropriates $7.5 million for General Administration from the General Fund. This is a decrease of $7.9 million and an increase of 14.0 FTE positions compared to the FY 2001 estimated net appropriation.

**Intent Language** The Bill specifies legislative intent relating to:



* The Department of Human Services (DHS) utilizing the developing electronic benefit transfer (EBT) card for Medical Assistance and child care service providers in the future.
* Utilizing already existing retailer electronic funds transfer equipment for use with the electronic benefit transfer (EBT) card.
* Permitting the Mental Health Institute at Mount Pleasant to carry forward certain funds within the dual diagnosis program to meet county credit obligations at the end of the year.
* Prohibiting additional individuals from being accepted into the Personal Assistance Program pilot project.
* Permitting the Director of the DHS to add FTE positions to the Field Operations component of the DHS if able to leverage federal funds for child abuse prevention initiatives and activities.
* Requiring the DHS to eliminate the Regional Office administrative level within the Field Operations component.
* Requiring the DHS to report bonus payments and similar additional funding availabilities, and citations from the Department of Inspections and Appeals to the Office of the Governor, the General Assembly, the Legislative Service Bureau, and the Legislative Fiscal Bureau.
* Requiring funds from a court settlement with a former fiscal agent utilized by the DHS be used to supplement the FY 2002 appropriation for Medical Assistance.
* Prohibiting the DHS from purchasing nonessential equipment for the remainder of FY 2001.

**Statutory Changes** The Bill makes the following Code of Iowa changes:

* Creates a Juvenile Detention Home Fund to utilize existing revenues from motor vehicle reinstatement penalties instead of depositing into the State General Fund.
* Delays the repeal of Chapter 225B, Code of Iowa, relating to the Prevention of Disabilities until July 1, 2006.
* Changes the current fifteen cents per transaction reimbursement for the food stamp electronic benefit transfer (EBT) to seven cents per transaction.
* Reduces the FY 2002 appropriation for the Mental Health Allowable Growth from $26.5 million to $8.3 million.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for HF 732 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Sue Lerdal (Ext. 17794) Sam Leto (Ext. 16764)

Justice System Appropriations bill – SF 530 passes senate appropriations committee



**Justice System** Senate File 530 passed the Senate Appropriation Committee April 17. The Bill appropriates a total of $356.9 million from the General Fund and 5,993.2 FTE positions for FY 2002. This is a decrease of $17.1 million (4.8%) and 26.1 FTE positions (0.4%) compared to the FY 2001 estimated net appropriation. The following highlights major changes for each agency:

**Dept. of Justice** Department of Justice – Appropriates a total of $13.4 million from the General Fund and 260.5 FTE positions, a decrease of $887,000 and an increase of 3.0 FTE positions compared to the FY 2001 estimated net appropriation.

**Corrections** Department of Corrections **–** Appropriates a total of $241.8 million from the General Fund and 4,222.8 FTE positions, a decrease of $9.2 million and 13.6 FTE positions compared to the FY 2001 estimated net appropriation.

**Inspections & Appeals** Department of Inspections and Appeals **–** Appropriates a total of $34.6 million and 202.0 FTE positions, a decrease of $993,000 and an increase of 1.0 FTE position compared to the FY 2001 estimated net appropriation.

**Law Enforcement Academy** Iowa Law Enforcement Academy **–** Appropriates a total of $1.3 million and 29.0 FTE positions, a decrease of $95,000 and 1.0 FTE position compared to the FY 2001 estimated net appropriation.

**Parole Board** Parole Board **–** Appropriates a total of $1.0 million and 16.5 FTE positions, a decrease of $60,000 and 1.5 FTE positions compared to the FY 2001 estimated net appropriation.

**Public Defense** Department of Public Defense **–** Appropriates a total of $6.2 million and 285.0 FTE positions, a decrease of $50,000 and an increase of 3.0 FTE positions compared to the FY 2001 estimated net appropriation.

**Public Safety** Department of Public Safety **–** Appropriates a total of $58.6 million and 997.4 FTE positions, a decrease of $5.8 million and 17.0 FTE positions compared to the FY 2001 estimated net appropriation.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for SF 530 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Jennifer Dean (Ext. 17846) Beth Lenstra (Ext. 16301)

judicial Appropriations Bill – SF 527 passes the senate

**Judicial Dept. Bill** Senate File 527 passed the Senate as amended April 18. The Bill appropriates a total of $117.0 million from the General Fund to the Judicial Branch. This is an increase of $377,000 compared to the FY 2001 estimated net appropriation. There is no change in FTE positions. Major highlights include:



* A decrease to the employer’s contribution rate to the Judicial Retirement System by $1.3 million to fund the system at 16.6% of covered payroll.
* Maintained the current cap for Enhanced Court Collections at $4.0 million.
* Contingency language was included regarding $624,000 and 1.0 FTE position for the Justice Data Warehouse.
* Allows up to $317,450 of the Enhanced Court Collections Fund to be used by the Court for compensation of judicial hospitalization referees.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for SF 527 can be found on the LFB web site: http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Oversight and Communications Appropriations Bill - HF 719 passes the house

**Oversight/Commun.**  House File 719, the Oversight and Communications Appropriations Bill, was passed by the House on April 19. The Bill appropriates a total of $31.4 million and 271.91 FTE positions. This includes $18.4 million from the General Fund and $13.0 million from the Rebuild Iowa Infrastructure Fund (RIIF).

**Changes by the House** Significant changes to the Bill made by the House include:

* Added language that allows reversions from FY 2001 over $10.0 million to be deposited in the Pooled Technology Account.
* Allocates $624,000 from the Pooled Technology Account to the Information Technology Department (ITD) for lease purchase costs associated with the Justice Data Warehouse Project. Of this allocation, $60,000 is required to be transferred to the Division of Criminal and Juvenile Justice Planning, for support of 1.00 FTE position to operate the system.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for HF 719 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

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

Transportation Appropriations Bill – SF 528 Passes the senate

**Transportation Bill**  The Transportation Appropriations Bill, SF 528, passed the Senate on April 18. The Bill appropriates a total of $264.5 million to the Department of Transportation (DOT), which includes $2.8 million from the General Fund, $36.6 million from the Road Use Tax Fund, $225.1 million from the Primary Road Fund, and 3,859.0 FTE positions. This is a decrease of $11.1 million (4.0%) and no change in FTE positions compared to the FY 2001 estimated net appropriation.



**Significant Changes** Senate File 528 includes significant increases to the following areas compared to FY 2001: the Driver License Digitized Imaging System, inflationary costs of replacing equipment purchased through the Materials and Equipment Revolving Fund, airport engineering studies and improvement projects, renovation of the first floor of the DOT Administration Building, and worker’s compensation costs. The Bill also eliminates the Driver License Renewal by Mail Program.

**Public Transit** Senate File 528, as passed by the Transportation, Infrastructure, and Capitals Subcommittee, included a $660,000 reduction to the Standing Appropriation for Public Transit. The reduction was stricken from the Bill in the Senate Appropriations Committee.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for SF 528 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

FEDERAL BLOCK GRANT BILL - SF 525 PASSES THE HOUSE APPROPRIATIONS COMMITTEE



**Block Grant Bill** On April 18, the House Appropriations Committee passed SF 525, Federal Block Grant Bill. The Bill provides a mechanism for the State to receive $153.8 million in federal block grant funds, including the following:

* Substance Abuse: $12.7 million.
* Community Mental Health Services: $2.7 million.
* Maternal and Child Health Services: $7.0 million.
* Preventive Health and Health Services: $1.9 million.
* Drug Control and System Improvement Grant Program: $5.7 million.
* Stop Violence Against Women Grant Program: $1.6 million.
* Local Law Enforcement Block Grant Program: $300,000.
* Residential Substance Abuse Treatment for State Prisoners Formula Grant Program: $502,000.
* Community Services: $6.5 million.
* Community Development: $31.3 million.
* Low-Income Home Energy Assistance: $25.5 million.
* Social Services: $18.5 million.
* Child Care and Development Fund: $39.5 million.

**Categorical Funds** The Bill also provides the mechanism for State agencies to receive $2.642 billion in categorical federal and nonstate funds.

**NOBA**

**Bill Summary** Copies of the Notes on Bills and Amendments (NOBA) are available from the Legislative Fiscal Bureau or online at [<http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>](http://staffweb.legis.state.ia.us/lfb/)

STAFF CONTACT: Russ Trimble (Ext. 14613) Lisa Burk (Ext. 16765)

Oil Overcharge Bill - HF 706 Passes House floor

**HF 706 - Oil Overcharge** The House Floor passed HF 706, Oil Overcharge Appropriations Bill, on April 19. The Bill appropriates petroleum overcharge funds for FY 2002 to the Department of Human Rights and the Department of Natural Resources. The Bill:



* Appropriates $182,000 to the Department of Human Rights from the Stripper Well Fund for qualifying energy conservation programs for low-income housing. This is a decrease of $168,000 compared to the FY 2001 appropriation.
* Appropriates $68,000 to the Department of Human Rights from the Exxon Fund for qualifying energy conservation programs for low-income housing. This is an increase of $28,000 compared to the FY 2001 appropriation.
1. Appropriates $30,000 from the Exxon Fund to the Department of Natural Resources for energy conservation and extension purposes. This is a decrease of $30,000 compared to the FY 2001 appropriation.
2. Appropriates $150,000 from the Stripper Well Fund to the Department of Natural Resources for administrative functions. This is no change compared to the FY 2001 appropriation.

**NOBA**

**Bill Summary** Copies of the Notes on Bills and Amendments (NOBA) are available from the LFB or can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Deb Kozel (Ext. 16767)

Tobacco Settlement Trust Fund Appropriations Bill - SF 533 Passes the Senate

**Tobacco Appropriations** The Senate passed SF 533, the Tobacco Settlement Trust Fund Appropriations Bill, on April 20. The Bill:



Tobacco Settlement Fund

* Transfers gaming receipts that are currently dedicated to infrastructure projects to the Endowment for Iowa’s Health Account of the Tobacco Settlement Trust Fund, contingent upon enactment of SF 532, which authorizes securitizing tobacco receipts due to Iowa from the Master Settlement Agreement.
* States the amount of gaming receipts transferred to the Endowment for Iowa’s Health Account of the Tobacco Settlement Trust Fund for FY 2002 through FY 2007, contingent upon the enactment of SF 532.
* Requires gaming receipts in excess of the amounts in Section 1 of this Bill to be deposited in the Rebuild Iowa Infrastructure Fund (RIIF).
* Makes contingent General Fund appropriations for FY 2002 through FY 2007 to the Endowment for Iowa’s Health Account of the Tobacco Settlement Trust Fund, if tobacco receipts are securitized.
* States that this Bill takes effect only of SF 532 is enacted, and if the Tobacco Settlement Authority securitizes tobacco receipts due to Iowa under the Master Settlement Agreement.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for SF 533 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Beth Lenstra (Ext. 16301) Holly Lyons (Ext. 17845)

Tobacco Securitization BILL - SF 532 Passes Senate

**Tobacco Securitization** The Senate passed SF 532, the Tobacco Securitization Bill, on April 20. The Bill:



* Creates the Healthy Iowans Tobacco Trust and repeals the Tobacco Settlement Authority.
* Defines terms to enable the securitization of tobacco receipts due to Iowa under the Master Settlement Agreement.
* Clarifies the purposes of the Tobacco Settlement Authority.
* Requires the Tobacco Settlement Authority to implement the program plan and to securitize tobacco receipts due to Iowa under the Master Settlement Agreement. The Tobacco Settlement Authority is not required to issue tax-exempt bonds if it is not in the best interests of the State due to market conditions.

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* Permits the Tobacco Settlement Authority to issue bonds and states the requirements of any bond proceeds.
* Defines the accounts within the Tobacco Settlement Trust Fund to include the Tax-Exempt Bond Proceeds Restricted Capitals Funds Account and the Endowment for Iowa’s Health Account. States the purposes of the accounts.
* Transfers $55.0 million from the Endowment for Iowa’s Health Account to the Healthy Iowans Tobacco Trust for FY 2002.
* Beginning in FY 2003, makes an annual standing appropriation of $55.0 million from the Endowment for Iowa’s Health Account to the Healthy Iowans Tobacco Trust. The standing appropriation is adjusted by an annual inflation factor of 1.5% of the amount transferred the previous year.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for SF 532 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: Beth Lenstra (Ext. 16301) Holly Lyons (Ext. 17845)

Grape and Wine Development Fund – SF 524 passes Senate appropriations

**Grape & Wine Devel. Fund** The Senate Appropriations Committee passed SF 524, Grape and Wine Development Fund, on April 16. The Bill establishes a Grape and Wine Development Commission that consists of nine members—four non-voting members and five voting members. The Bill establishes a Grape and Wine Development Fund that consists of appropriations by the General Assembly, federal funds, and private sources. There is no appropriation for FY 2002. The Department of Agriculture and Land Stewardship will adopt rules and administer the programs approved by the Grape and Wine Development Fund.

STAFF CONTACT: Deb Kozel (Ext. 16767)

House Ways and Means Passes HF 576 – House appropriations amends and passes SF 203

**School Finance Provisions** The House Ways and Means Committee amended and passed House File 576, School Reorganization Incentives Bill, on April 18 and the House Appropriations Committee amended Senate File 203, Budget Guarantee Bill, on April 19. As amended, both Bills have identical language. The Bills as amended, provide incentives for school district reorganization, incentives for establishing regional academies, a budget guarantee provision, and an on-time funding provision.

**Reorganization Incentives** Reorganization Incentives

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* Starting in FY 2003 and continuing through FY 2007, school districts with enrollments under 600 that have reorganized or dissolved will have their uniform levy reduced from $5.40 per $1,000 of assessed valuation to $4.40 per $1,000 of assessed value in the first year of the reorganization or dissolution. The uniform levy will be increased over the next three preceding years until the uniform levy returns to the $5.40 level.
* School districts that have participated in whole grade sharing in FY 2002 and adopt a resolution jointly with other affected school boards to study reorganization or dissolution to take effect by FY 2007 will receive a weighting of 0.1 per pupil for a maximum of two years. School districts that are not participating in whole grade sharing in FY 2002 but initiate a whole grade sharing program beginning in FY 2003 and adopt a resolution with other affected school boards to study reorganization or dissolution to take effect by the end of FY 2007 will receive a weight of 0.1 for the pupils for a maximum of three years.
* Starting in FY 2003 and continuing through FY 2007, school districts that have reorganized, have previously had a whole grade sharing program, and have studied reorganization, will be eligible to receive a weight of 0.1 for the pupils added due to reorganization.
* School districts that qualify for the additional weighting are eligible to receive that additional weighting for a maximum of six years.
* The estimated fiscal impact of the school reorganization incentives cannot be determined at this point. The fiscal impact could occur as early as FY 2003 and would impact the amount of allowable growth eligible school districts would receive.

**Regional Academy Incentives** Regional Academy Incentives



* Starting in FY 2003, school districts that establish a regional academy are eligible to receive a weighting of 0.1 for resident pupils who attend classes at a regional academy. The maximum amount of additional weighting cannot exceed 15.0 per school district.
* The estimated FY 2002 fiscal impact of the regional academy incentives is approximately $62,000 in State aid and $9,000 in local property tax.
* The estimated FY 2003 fiscal impact of the regional academy incentives is approximately $510,000 in State aid and $73,000 in local property tax.

**On-Time Funding** On-Time Funding Provision

* An on-time funding provision allows school districts with increasing enrollments to levy an adjustment of the difference between the actual enrollment for the budget year and the budget enrollment for the budget year, multiplied by the district cost per pupil.
* The estimated FY 2002 statewide property tax cost of this provision is $11.7 million, with 113 school districts estimated to receive this provision.

**Budget Guarantee** Budget Guarantee Provision



* In FY 2002, the budget guarantee is 100.0% of the FY 2001 total regular program cost that includes the FY 2001 budget adjustment. The estimated FY 2002 statewide property tax cost of this provision is $7.7 million, with 115 school districts estimated to receive this provision.
* In FY 2003, a school district would receive the greater of the FY 2003 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 90.0% budget adjustment based on the FY 2002 total regular program district cost with the FY 2002 budget guarantee.
* In FY 2004, a school district would receive the greater of the FY 2004 regular program district cost, or 101.0% of the previous year’s regular program district cost, or an 80.0% budget adjustment based on the FY 2002 total regular program district cost with the FY 2002 budget guarantee.
* In FY 2005, a school district would receive the greater of the FY 2005 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 70.0% budget adjustment based on the FY 2002 total regular program district cost with the FY 2002 budget guarantee.
* In FY 2006, a school district would receive the greater of the FY 2006 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 60.0% budget adjustment based on the FY 2002 total regular program district cost with the FY 2002 budget guarantee.
* In FY 2007 and following years, a school district would receive the greater of the FY 2007 regular program district cost, or 101.0% of the previous year’s regular program district cost.

**Bill Summary** The Notes on Bills and Amendments (NOBA), *Executive Summary Only* for the bills can be found on the LFB web site: http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s

STAFF CONTACT: Shawn Snyder (Ext. 17799)

Low Income Housing Property Tax Assessment Bill – SF 519 Passes House Ways and Means

**Housing Prop. Tax** Senate File 519, Low Income Housing Property Tax Assessment Bill, passed the Senate floor and the House Ways and Means Committee on April 17.

**Rental or Leased Property** Senate File 519 provides that property which is rented or leased to low income families for use as habitation under a governmental contract for affordable housing be valued on its earning capacity and its restricted uses in arriving at a market value for purposes of property tax assessments.

**Fiscal Impact** It is estimated that the reduction in the eligible properties could range from 10.0% to 40.0%. The reduction in property valuation would increase the amount of State aid for allowable growth due to the decrease received from the Uniform levy. The estimated fiscal impact of SF 519 in FY 2002 and FY 2003 is stated in the table below:

|  |  |  |
| --- | --- | --- |
|  **Fiscal Year** | **General Fund Impact of a 10.0% Reduction in Property Valuations** | **General Fund Impact of a 40.0% Reduction in Property Valuations** |
| 2002 | $42,000 | $166,000 |
| 2003 | $43,000 | $174,000 |

**More Information** Information regarding this fiscal note can be found on the LFB’s web site at: <http://staffweb.legis.state.ia.us/lfb>

STAFF CONTACT: Shawn Snyder (Ext. 17799)

EMPLOYMENT SECURITY ADMINISTRATIVE CONTRIBUTION SURCHARGE BILL - HF 696 PASSES THE HOUSE

**Surcharge Bill** House File 696 passed the House on April 17. The Bill extends repeal of the employment security administrative contribution surcharge to July 1, 2003, instead of July 1, 2001. The Bill changes the surcharge for calendar years 2002 and 2003. Currently the surcharge is one-tenth of one percent of federal taxable wages, capped at $7.16 per employee. This formula yields approximately $7.5 million per year, which is used to support 56 rural and satellite offices of the Iowa Workforce Development (IWD). Under HF 696, the formula would still be established as a percentage of taxable wages, but would be capped at a maximum collected of $6.25 million for both calendar years 2002 and 2003.



**Bill Provisions** In addition to the funding change, the Bill requires IWD to collocate rural and satellite offices at community college facilities or other governmental entities, and requires the surcharge fund be used only for specified purposes as provided in the Code of Iowa or appropriated by the General Assembly. In addition, the Department is directed to conduct an annual review of the rural and satellite offices and consider consolidation of offices while developing a customer satisfaction survey to gather information from employers and individuals who utilize the offices. Review findings are to be submitted by December 21, 2001, and December 21, 2002, to the Governor and the General Assembly.



**Fiscal Impact** It is estimated that the fiscal impact of HF 696 would decrease the amount of surcharge collected during FY 2002 by approximately $600,000, and the amount collected during FY 2003 by $1.2 million as compared to current law. This would decrease the amount available to the rural and satellite offices funded through Iowa Workforce Development.

STAFF CONTACT: Alice Wisner (Ext. 14611)

Victim Compensation – SF 259 Passes House

**Victim Compensation** Senate File 259 passed the House on April 18. The Bill expands the authority of the Department of Justice to allow moneys from the Victim Compensation Fund to be used for the Department’s prosecutor-based victim service coordination and the Department’s restitution and victim rights duties. The Bill also permits up to $100,000 from the Victim Compensation Fund to be used to provide training for victim service providers.

**Fiscal Impact** Senate File 259 would result in additional costs to the Victim Compensation Fund of approximately $180,000 annually. Of this amount, $100,000 may be used for training victim service providers, while $80,000 will be used to fund two victim-witness coordinators.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Felonious Misconduct - HF 272 Signed by Governor



Governor Signed

**Governor Signed** The Governor signed House File 272 on April 16. The Bill concerns felonious misconduct by a public officer or employee. The Bill prohibits a public officer or employee from falsifying a writing, or knowingly delivering a falsified writing that will become a public record of a government body. The effect of HF 272 is to apply existing penalties earlier in a document’s life cycle. The penalty for felonious misconduct in office is a Class D felony, which is punishable by confinement for no more than five years and a fine of at least $750 but no more than $7,500. It is anticipated that HF 272 will have no significant correctional or fiscal impact.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Escape from Custody - SF 94 signed by the Governor



Governor Signed

**Governor Signed** The Governor signed Senate File 94 on April 16. The Bill creates a new criminal offense of escape from custody by a sexually violent predator civilly committed under Chapter 229A, Code of Iowa. A person who commits a violation of the provisions of SF 94 commits a simple misdemeanor or may be subject to contempt proceedings.

**Correctional Impact** No sexually violent predator has escaped from the civil commitment unit. The risk of a civilly committed person escaping is low. Therefore, any correctional impact under SF 94 would be minimal.

**Fiscal Impact** The fiscal impact of SF 94 is expected to be minimal. The maximum cost for the State for one simple misdemeanor case is $600. The counties may incur additional costs of $175 for holding an escapee, pending return to the civil commitment unit. This information excludes transportation costs.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

HUNTING and Fishing license Fees – HF 720 passes house ways and means committee

**Fishing and Hunting Fees** The House Ways and Means Committee passed HF 720, Hunting and Fishing License Fees, on April 17. The Bill increases the fees paid for various licenses, and the funds are deposited into the Fish and Wildlife Trust Fund. Some of the changes include:

* A resident and non-resident habitat fee will increase from $5.50 to $8.00, and creates a resident and non-resident fish habitat fee for $3.00.
* Increases the number of non-resident wild turkey licenses from 2,000 to 2,300 and the number of non-resident hunting licenses from 7,500 to 8,500.
* Specifies December 15, 2001, as the effective date for the increase.

**Fish & Wildlife Trust Fund** The Department of Natural Resources estimates there will be an increase of $3.6 million to the Fish and Wildlife Trust Fund. The Agriculture and Natural Resources Subcommittee appropriates from the Fish and Wildlife Trust Fund to the Fish and Wildlife Division in the Department of Natural Resources for operations.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Solid waste tonnage fee - hf 722 passes house ways and means committee

**Tonnage Fees** The House Ways and Means Committee passed HF 722, Solid Waste Tonnage Fees, on April 17. The Bill increases the amount of tonnage fees retained by landfill operators. Currently, the tonnage fee is $4.25 per ton and $0.95 is retained by the landfill operators. The remaining $3.30 goes to the Solid Waste Account of the Groundwater Protection Fund. The Bill makes the following changes:

* A landfill operator can retain an additional $0.25 of the tonnage fee if they have not obtained the 50% waste reduction goal.
* A landfill operator can retain an additional $0.10 if they have obtained the 25% waste reduction goal but have not obtained the 50% waste reduction goal.
* The allocation to the University of Northern Iowa for waste reduction programs was increased from $65,000 to $165,000.

**Solid Waste Account** The Department of Natural Resources estimates there will be a reduction of $750,000 to the Solid Waste Account in the Groundwater Protection Fund for FY 2002 and subsequent years.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Transportation Policy Changes - HF 324 Signed by the Governor



Governor Signed

**Governor Signed** House File 324 was signed by the Governor on April 16. The Act provides several transportation-related policy changes to the Department of Transportation (DOT), including, but not limited to, the following:

 **Bid Threshold Subcommittee -** A Bid Threshold Subcommittee shall be appointed by the Director of the Department to review competitive bid thresholds of city and county public improvements. The Subcommittee shall review price adjustments for all public improvements based on changes in the construction price index from the preceding year. Upon completion of the review, the Subcommittee may make adjustments in the applicable bid threshold for types of work based on the price adjustments.

Construction Bids **Advertising for Construction Bids**

* A city with a population of more than 50,000 is required to advertise and let for bid certain public improvements, as modified by the Bid Threshold Committee, with an estimated cost in excess of a threshold of $50,000.
* A county may contract for certain public improvements without advertising for bids. The Act requires the work to cost less than $100,000, and if possible, the county is to notify the appropriate Iowa highway contractors’ associations of the proposed work.
* The Department may contract for certain public improvements without advertising for bids. The Act requires the work to cost less than $500,000, and if possible, the Department is to notify the appropriate Iowa highway contractor’s associations of the proposed work.
* The Department may advertise for bids if the estimated cost exceeds $1,000.

 **Displacement of Employees**

* If a city or county employee is displaced as a result of a city or county complying with the provisions of this Act, the city or county shall offer the employee other available employment with the city or county.

 **Motor Vehicles**

* Persons eligible for Congressional Medal of Honor, Ex-Prisoner of War, Legion of Merit, or Disabled Veteran license plates, shall receive the armed forces plates at no charge, but must pay a $15 annual registration fee.
* The Department shall use first-class mail instead of certified mail when giving notice to a person in regard to laws regulating the operation of motor vehicles.
* “Tracked implement of husbandry” is defined as a fence-line feeder, grain cart, or tank wagon. As a result, these vehicles must now comply with certain weight and length provisions.
* The Act amends several Code of Iowa provisions in Chapters 322, 322A, 322B, and 322C, relating to motor vehicle dealers, motor vehicle franchiser, mobile home dealers, and travel trailer dealers.



**Fiscal Impact** It is anticipated that HF 324 will result in increased expenditures to the Primary Road Fund of approximately $102,000 annually and decreased expenditures to the Motor Vehicle Division of approximately $432,000 annually. The Motor Vehicle Division is funded through the Road Use Tax Fund and Primary Road Fund.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

Biodiesel Fuel Bill – sf 465 Signed by Governor



Governor Signed

**Governor Signed** Senate File 465 was signed by the Governor on April 19. The Bill requires the Department of Transportation (DOT) to create a Biodiesel Fuel Revolving Fund consisting of moneys received from the sale of EPAct credits banked by the Department (EPAct credits are credits issued in accordance with the federal Energy Policy Act of 1992). The fund will also include moneys appropriated by the General Assembly and any other moneys obtained or accepted by the Department for deposit in the Fund.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

FINAL ACTION ON INFORMED CONSENT BILL - HF 341



**Informed Consent Bill** House File 341, Informed Consent Bill, passed the Senate on April 16. The Bill establishes a new chapter in the Code of Iowa relating to informed consent prior to an abortion. House File 341 specifies the required informed consent provisions and provides alternatives to providing informed consent in the case of a medical emergency. The Bill also requires the Department of Public Health to publish certain information relating to options for managing a pregnancy and provides penalties for those who do not comply with the provisions of the Bill.

**Fiscal Impact** The estimated FY 2002 General Fund cost of House File 341 is approximately $94,000.

**More Information** Copies of the Fiscal Note for HF 341 are available from the Legislative Fiscal Bureau or online at <http://staffweb.legis.state.ia.us/lfb/>.

STAFF CONTACT: Russ Trimble (Ext. 14613)

CHANGES IN IOWA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (IPERS) RESTRUCTURING BILL - SF 497 PASSES HOUSE

Retirement



**IPERS Bill – SF 497** The House passed SF 497, IPERS Restructuring Bill, on April 16. The Bill passed the Senate on April 3. The Bill would make the Iowa Public Employees’ Retirement System (IPERS) a separate and distinct Division within the Department of Personnel to administer the System. All powers and duties currently given to the Department of Personnel to manage and operate IPERS would be given to the Division. A chief Executive Officer, who would manage the Division, would be appointed by the Governor and be subject to confirmation by the Senate.

**New Committee** The Bill also establishes a new Benefits Advisory Committee and changes the duties of the Investment Board. The Committee would have 11 members, including four non-voting legislative members.

**Fiscal Impact** It is estimated that the changes would cost the General Fund an additional $98,000 annually beginning in FY 2003. The changes would also cost the IPERS Trust Fund an additional $255,000 in FY 2003 and $152,000 annually beginning in FY 2004

STAFF CONTACT: Ron Robinson (Ext. 16256)

Cost-of-Living Index and median household income

**Cost-of-Living Indices** The Department of Economic Development has issued the cost-of-living indices for various cities around the United States. The overall cost of living in Iowa is typically two to three percent less than the nation overall. Housing costs are well below the national average while utilities are well above the national norm.



**Iowa Graduates** The above table also presents the cost-of-living indices for cities around the central United States, for cities that are often cited as places where Iowa’s graduates move, and for cities in or near retirement areas. The group of cities that may be attracting Iowa graduates typically have much higher cost-of-living indices, sometimes 10.0% or more.

**Median Household Incomes** The Department of Economic Development also has published the median household incomes since 1985. The following table presents the median household incomes for Iowa and surrounding states and for states that are often cited as locations to which Iowa’s graduates move, and states known as retirement areas.



**Iowa’s Ranking** Over the past 15 years, Iowa’s median household income has grown from about $4,000 below the national median to just over the national median. Currently, Iowa’s median household income ranks in the middle for the surrounding states.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

Board of Regents Meeting

**Regents Board Meeting** The Board of Regents met on April 18 at the Iowa Braille and Sight Saving School in Vinton and on April 19 at the University of Iowa in Iowa City.

**Agenda Items** Significant agenda items included:

* Accreditation Report for the College of Law at the University of Iowa. The American Bar Association’s Committee on Accreditation re-accredited the College of Law during a visit on January 26-27, 2001. The next review of the College of Law will occur in 2006-2007.
* Report of the Priority Issue Study Group on Distributed Learning. This Group was charged with reviewing policies, issues, and plans related to distance education. One of the recommendations of the Group was to establish a “2+2 Committee”, whose purpose would be the promotion of efforts between community colleges and the universities to improve the transition of students. A second recommendation included establishing a “Coordinating Committee” for the purpose of continued exploration of a feasible electronic system of Regent courses and programs.



* Proposed Training Program for Teachers of the Deaf/Hearing Impaired. University of Northern Iowa (UNI) President Koob has proposed that UNI pursue an articulation agreement with the University of Nebraska-Lincoln (UNL). The agreement would allow bachelor’s degree graduates from UNI to articulate directly to the master’s degree teacher of the deaf and hard of hearing program at UNL. Under the agreement, UNL would reserve a specific number of slots for Iowa graduates in its program.
* Banking Committee/Bonding. The Regents opened bids for bonds to refund $23.2 million of academic revenue bonds. These bonds were originally issued for Iowa State University in 1990 and 1991. The net and present value savings from the refunding is estimated at $2.8 million and $2.5 million, respectively. The Board also approved a preliminary resolution to refund $16.0 million of academic revenue bonds, SUI Series 1992. This action will occur at the May Board meeting. The net and present value savings from this refunding is estimated at $1.5 million and $1.2 million, respectively.
* Approved 2001-2002 Residence System Rates. The rates approved were as follows:
* SUI - $4,671. This is an increase of $273 (6.2%) compared to the 2000-2001 rate.
* Iowa State University - $4,666. This is an increase of $234 (5.3%) compared to the 2000-2001 rate.
* UNI - $4,398. This is an increase of $249 (6.0%) compared to the 2000-2001 rate.
* Annual Report on Competition with Private Enterprise

**Next Meeting** The next meeting of the Board is scheduled for May 16-17 at the Iowa School for the Deaf in Council Bluffs.

STAFF CONTACT: Mary Shipman (Ext. 14617)

Tobacco Settlement Payment

**Payment Received** The State received $34.9 million from the tobacco industry on April 16, as authorized by the Master Settlement Agreement. The State has received $125.1 million from the tobacco industry since 1998 and is scheduled to receive approximately $1.9 billion through 2025.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

FY 2001 MEDICAL ASSISTANCE EXPENDITURES UPDATE



**Medical Asst. Program** For the week ending April 16, 2001, FY 2001 General Fund expenditures for the Medical Assistance Program in the Department of Human Services were $6.1 million. This is $11.3 million below the weekly budget established by the Department of $17.4 million. Year-to-date Medical Assistance General Fund expenditures are $318.57 million, which is $4.0 million under the $322.58 million budgeted by the Department for the fiscal year-to-date.

**Expenditures Monitored** The LFB will continue to monitor Medical Assistance Program expenditures and will provide regular updates to members of the General Assembly. More information is available from the Fiscal Bureau.

STAFF CONTACT: Sam Leto (Ext. 16764) Sue Lerdal (Ext. 17794)

This document can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/fupdate/fupdate.htm>