



April 5, 2011

STATUS OF APPROPRIATIONS BILLS

As of April 4, 2011

Appropriation Bills		
Subcommittee Bills		
Administration and Regulation	HF 646	Passed House - 4-4
Agriculture and Natural Resources	SF 509	Passed House Appropriations - 3-24
Economic Development	SF 517	Passed Senate Appropriations - 3-23
Education	HF 645	Passed House Appropriations - 3-8
Health and Human Services	HF 649	Passed House Appropriations - 3-14
Justice System	SF 510	Passed House Appropriations - 3-29
Judicial Branch	SF 511	Passed House Appropriations - 3-29
Transportation	HF 642	Passed Senate Appropriations - 4-4
Infrastructure	HF 648	Passed House - 4-4
Other Bills		
Appropriation Adjustments	HF 45	Governor signed - 3-7
Transfer of Dairy Survey Officers	HF 658	Passed House Appropriations - 3-24
Tax Changes and Supplemental Appropriations	SF 209	In Conference Committee
Pathways for Academic Career and Employment	SF 328	Passed Senate - 3-15
Federal Block Grant Appropriations	SF 508	Passed House - 3-31
FY 2011 Supplemental for State Public Defender	SF 512	Passed House - 3-31

MARCH REVENUE ESTIMATING CONFERENCE

Conference Meeting. The Revenue Estimating Conference (REC) met on March 25, 2011, and increased estimated General Fund receipts by \$48.6 million for FY 2011 and by \$38.3 million for FY 2012 compared to the December REC estimate. Note that the December REC estimate has been adjusted to include an additional \$15.4 million for FY 2011 and \$119.3 million for FY 2012 as a result of the federal deductibility impacts of legislation enacted by Congress after the December REC meeting.

Revenue Estimate. The REC estimate for FY 2011 net General Fund receipts, including transfers, is now \$5.856 billion, an increase of \$221.8 million (3.9%) compared to actual FY 2010. Actual net General Fund cash revenue (excluding transfers) increased \$233.9 million (6.0%) through March 25, 2011. Changes from the adjusted December REC estimate include:

- An increase of \$58.9 million in gross income tax. The new estimate is an increase of \$199.1 million compared to FY 2010. Through March 25, gross income tax (cash basis) has increased \$159.7 million (7.2%).
- An increase of \$25.1 million in gross sales/use tax. The March estimate is an increase of \$101.5 million (4.4%) compared to FY 2010. Through March 25, the gross sales/use tax (cash basis) has increased \$73.4 million (4.4%).
- A decrease of \$25.7 million in gross corporate tax. The March estimate is a decrease of \$3.1 million (- 0.8%) compared to FY 2010. Through March 25, gross corporate tax (cash basis) has decreased \$13.1 million (- 5.3%).

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The REC estimate for FY 2012 net General fund receipts, including transfers, was set at \$6.189 billion, an increase of \$38.3 million over the adjusted December REC estimate for FY 2012. The FY 2012 estimate is an increase of \$333.3 million (5.7%) compared to the new FY 2011 estimated.

The following tables provide additional detail regarding the March REC estimates.

FY 2011 Revenue Estimating Conference Projection				
Dollars in Millions				
	Actual	December	March	Increase
	FY 2010	FY 2011	FY 2011	(Decrease)
		Estimate*	Estimate	to Estimate
Income Tax	\$3,235.9	\$3,376.1	\$3,435.0	\$58.9
Sales/Use Tax	2,293.1	2,369.5	2,394.6	25.1
Corporate Tax	389.3	411.9	386.2	-25.7
Insurance Tax	88.6	98.4	93.0	-5.4
Cigarette Tax	206.1	203.0	202.4	-0.6
Other Taxes	139.0	143.3	141.8	-1.5
Total Taxes	\$6,352.0	\$6,602.2	\$6,653.0	\$50.8
Other Receipts	359.4	330.0	324.4	-5.6
Gross Tax & Other Receipts	\$6,711.4	\$6,932.2	\$6,977.4	\$45.2
Accruals (Net)	13.1	13.9	13.9	0.0
Refund (Accrual Basis)	-859.1	-826.0	-826.0	0.0
Schl. Infr. Refunds (Accrual)	-372.5	-395.0	-398.1	-3.1
Total Net Receipts	\$5,492.9	\$5,725.1	\$5,767.2	\$42.1
Transfers (Accrual Basis)	140.9	81.9	88.4	6.5
Net Receipts Plus Transfers	\$5,633.8	\$5,807.0	\$5,855.6	\$48.6

* Post December REC estimates include an additional \$15.4 million for FY 2011 for adjustments relating to the deductibility impacts of federal legislation enacted after the December REC meeting.

FY 2012 Revenue Estimating Conference Projection				
Dollars in Millions				
	Estimate	December	March	Increase
	FY 2011	FY 2012	FY 2012	(Decrease)
		Estimate*	Estimate	to Estimate
Income Tax	\$3,435.0	\$3,550.0	\$3,615.0	\$65.0
Sales/Use Tax	2,394.6	2,449.9	2,470.0	20.1
Corporate Tax	386.2	469.7	432.1	-37.6
Insurance Tax	93.0	106.1	100.3	-5.8
Cigarette Tax	202.4	201.0	200.4	-0.6
Other Taxes	141.8	157.4	155.5	-1.9
Total Taxes	\$6,653.0	\$6,934.1	\$6,973.3	\$39.2
Other Receipts	324.4	381.3	373.9	-7.4
Gross Tax & Other Receipts	\$6,977.4	\$7,315.4	\$7,347.2	\$31.8
Accruals (Net)	13.9	17.6	17.6	0.0
Refund (Accrual Basis)	-826.0	-838.0	-831.0	7.0
Schl. Infr. Refunds (Accrual)	-398.1	-409.6	-411.6	-2.0
Total Net Receipts	\$5,767.2	\$6,085.4	\$6,122.2	\$36.8
Transfers (Accrual Basis)	88.4	65.2	66.7	1.5
Net Receipts Plus Transfers	\$5,855.6	\$6,150.6	\$6,188.9	\$38.3

* Post December REC estimates include an additional \$119.3 million for FY 2012 for adjustments relating to the deductibility impacts of federal legislation enacted after the December REC meeting.

Revenue Estimating Conference Projection				
Dollars in Millions				
	Actual FY 2009	Actual FY 2010	Estimated FY 2011	Estimated FY 2012
Income Tax	\$3,330.7	\$3,235.9	\$3,435.0	\$3,615.0
Sales/Use Tax	2,327.4	2,293.1	2,394.6	2,470.0
Corporate Tax	416.5	389.3	386.2	432.1
Insurance Tax	90.0	88.6	93.0	100.3
Cigarette Tax	215.8	206.1	202.4	200.4
Other Taxes	149.2	139.0	141.8	155.5
Total Taxes	<u>\$6,529.6</u>	<u>\$6,352.0</u>	<u>\$6,653.0</u>	<u>\$6,973.3</u>
Other Receipts	391.9	359.4	324.4	373.9
Gross Tax & Other Receipts	\$6,921.5	\$6,711.4	\$6,977.4	\$7,347.2
Accruals (Net)	17.2	13.1	13.9	17.6
Refund (Accrual Basis)	-803.9	-859.1	-826.0	-831.0
Schl. Infrs. Refunds (Accrual)	-385.8	-372.5	-398.1	-411.6
Total Net Receipts	\$5,749.0	\$5,492.9	\$5,767.2	\$6,122.2
Transfers (Accrual Basis)	185.0	140.9	88.4	66.7
Net Receipts Plus Transfers	<u>\$5,934.0</u>	<u>\$5,633.8</u>	<u>\$5,855.6</u>	<u>\$6,188.9</u>
Year-over-year Incr./Decr.	<u>\$-150.5</u>	<u>\$-300.2</u>	<u>\$221.8</u>	<u>\$333.3</u>

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CHILD CARE AND ADOPTION SUBSIDY PROGRAM FY 2011 AND FY 2012 PROJECTIONS

Projections Workgroup: Staff from the Department of Management, the Department of Human Services (DHS), and the Fiscal Services Division of the Legislative Services Agency met March 25 to discuss estimated Child Care and Adoption Subsidy expenditures for FY 2011 and FY 2012. The projections workgroup is established in Code Section 234.47 to estimate the expenditures and revenues for these programs.

Child Care Subsidy Program

FY 2011: House File 2526 (FY 2011 Health and Human Appropriations Act) included State funding of \$32.3 million for Child Care Assistance. This is a decrease of \$221,500 compared to FY 2010.

Stimulus: On February 17, 2009, the President signed the American Recovery and Reinvestment Act (ARRA) of 2009. The Act provided an increase of approximately \$18.1 million for the Iowa allocation for the federal FY 2009 Child Care Development Block Grant (CCDBG). The funding is available through FY 2011. The targeted funds for quality expansion and infant and toddler care of approximately \$2.4 million have been appropriated for FY 2010 and FY 2011 in HF 820 (FY 2010 Federal Funds Appropriations Act). The unexpended balance of \$15.8 million was appropriated to the DHS to use for the Child Care Subsidy Program for FY 2011 in HF 2526. The funding available in FY 2011 due to the ARRA provisions will need to be replaced by State funding in FY 2012 to avoid program shortfalls.

FY 2011 Range: For FY 2011 the projections workgroup agreed to an estimated range of a surplus of \$780,000 to \$2.7 million with a midpoint of a \$1.75 million surplus that will carry forward to FY 2012.

FY 2012 Range: For FY 2012 the projections workgroup agreed to an estimated range of a need of \$19.5 million to a need of \$27.7 million with a midpoint need of \$23.6 million. The following are the factors involved in this projected need:

- Caseloads continue to grow in FY 2011 although the rate of growth is slower than originally projected. Based on this information, it is projected that caseloads will continue to grow slightly in FY 2012.
- One-time ARRA funding of \$15.8 million will not be available for FY 2012.
- One-time funding of \$9.6 million carried forward from FY 2010 to FY 2011 will not be available in FY 2012.

Adoption Subsidy Program

FY 2011: House File 2526 included State funding of \$32.3 million for the Adoption Subsidy Program. This is an increase of \$886,000 compared to estimated net FY 2010.

Stimulus: The ARRA Act of 2009 provided a 6.2% increase in the Federal Medical Assistance Percentage (FMAP) match over 27 months, retroactive to October of 2008 (State FY 2009). This increase also impacted federal Title IV-E matching funds resulting in an increase in the FMAP formula to offset State dollars needed to fund the Adoption Subsidy Program. For FY 2010, the 6.2% FMAP increase was available for all 12 months and offset State funds needed by \$3.3 million. For FY 2011, the increase was scheduled to end by December 31, 2010. However, President Obama signed the FAA Air Transportation Modernization and Safety Improvement Act in July of 2010 that included an extension of the ARRA FMAP increase. A provision in the legislation will reduce the FMAP increase from 6.2% to 3.2% in the third quarter and 1.2% in the fourth quarter of State FY 2011. The funding available in FY 2011 due to the ARRA FMAP provisions will need to be replaced by State funding in FY 2012 to avoid program shortfalls.

FY 2011 Range: For FY 2011, the projections workgroup agreed to an estimated range of a surplus of \$384,000 to \$597,000 with a midpoint of a \$491,000 surplus that will revert at the end of the fiscal year.

FY 2012 Range: For FY 2012, the projections workgroup agreed to an estimated range of a need of \$1.8 million to a need of \$4.2 million with a midpoint need of \$3.0 million. Caseload growth is still increasing in FY 2011, although at a slower rate than in FY 2010. Based on this information, it is projected that caseloads will continue to grow slightly in FY 2012. Caseload growth and the loss of the ARRA FMAP provisions are the leading factors of the need in FY 2012.

Next Meeting. The Child Care and Adoption Subsidy projections workgroup will meet again in the summer for revision of the FY 2011 and FY 2012 expenditure projections.

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FY 2012 SCHOOL AID STATUS

School Aid Update. As of March 25, 2011, an allowable growth rate has not been established for FY 2012. The LSA and the Department of Management (DoM) have agreed that if no allowable growth rate is established for FY 2012, the allowable growth rate would default to 0.0%. Each State cost per pupil and each district cost per pupil used in calculating school aid amounts will remain the same in FY 2012 as they were in FY 2011 if no allowable growth rate is established for FY 2012. As districts submit their certified budgets, the DoM will verify and adjust any budgets that did not use a 0.0% allowable growth rate. Additionally, if an allowable growth rate is established that is not 0.0% for FY 2012, the DoM will make adjustments to each school district's certified budget based on the allowable growth rate established and enacted.

Estimated Fiscal Impact. The following table provides the estimated fiscal impact of school aid at 0.0% and 2.0% allowable growth rate for FY 2012. At a 0.0% allowable growth rate the General Fund increase is estimated to total \$215.9 million. The increase includes:

- State aid for the regular program portion the school aid formula is estimated to decrease by \$15.9 million.
- State aid for the State categorical supplements is estimated to increase by \$1.0 million.
- State aid for the preschool formula funding is estimated to increase by \$21.6 million due to an increased number of districts entering the funding formula in FY 2012.
- An increase of \$156.1 million due to the backfill of the \$156.1 million State aid shortfall that resulted from an appropriation cap in FY 2011.
- An increase of \$47.9 to replace one-time funding (ARRA) used in lieu of General Fund dollars in FY 2011.
- An increase of \$5.1 million to replace one-time funding (UST Fund) used in lieu of General Fund dollars in FY 2011.

Estimated FY 2012 State School Aid Amounts					
School Aid Funding - FY 2012	0.0% Allowable Growth Rate Totals	0.0% Allowable Growth Rate - Change from FY 2011	2.0% Allowable Growth Rate Totals	2.0% Allowable Growth Rate - Change from FY 2011	
Regular Program	\$ 2,276.3	\$ -15.9	\$ 2,335.3	\$ 43.1	
State Categorical Supplements	315.9	1.0	319.9	5.0	
Preschool Formula	69.9	21.6	71.3	23.0	
Total for Program Changes*	\$ 2,662.0	\$ 6.7	\$ 2,726.5	\$ 71.2	
Backfill of State Aid Shortfall	\$ 0.0	\$ 156.1	\$ 0.0	\$ 156.1	
Backfill of ARRA	0.0	47.9	0.0	47.9	
Backfill of UST	0.0	5.1	0.0	5.1	
Total for Backfill	\$ 0.0	\$ 209.2	\$ 0.0	\$ 209.2	
Est. School Aid General Fund Amount	\$ 2,662.0	\$ 215.9	\$ 2,726.5	\$ 280.4	
PTER Fund	\$ 6.7	\$ -18.7	\$ 6.7	\$ -18.7	
Est. School Aid Property Tax Increase	\$ 1,319.5	\$ 70.0	\$ 1,300.5	\$ 51.1	
Est. Combined District Cost Increase	\$ 3,918.4	\$ 36.6	\$ 3,962.5	\$ 80.7	

*Not including PTER Funds.
Estimates as of December 28, 2010.

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SCHOOL BUDGET REVIEW COMMITTEE - MARCH MEETING

Committee Meeting. The School Budget Review Committee (SBRC) met on March 14, 2011. Items addressed at the meeting included:

- Approval of modified allowable growth (MAG) for on-time funding for 129 districts totaling \$22.6 million.
- Approval of MAG for open enrollment students not included in the prior year's certified enrollment for 203 districts totaling \$15.4 million.
- Approval of MAG for costs associated for limited English proficient (LEP) costs in excess of funding generated Program for 82 districts totaling \$11.8 million.

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- Approval of MAG for the FY 2012 Returning Dropout and Dropout Prevention Programs for 329 districts totaling \$103.6 million.
 - Acceptance of the Van Buren school district final action to reimburse the district's General Fund to the fullest extent possible for improper transfers from the district's General Fund to the daycare fund. Additionally, the SBRC recommended to the State Appeal Board that it deny the district's request to approve the permanent transfers of funds from the district general fund to the enterprise fund for daycare because the matter is now closed. Over the past 10 years, the district had transferred school district general fund dollars to cover a portion of costs to fund a daycare program run by the district. Over the 10-year period, the transfers have totaled approximately \$927,000. A portion of the costs were determined to be lease payments for the daycare (\$120,593) and that amount was transferred to the daycare fund from the Physical Plant and Equipment Levy (PPEL) to alleviate a portion of the burden on the district's general fund. The district had requested permission of the State Appeal Board last September to make a permanent transfer of district general fund money to the daycare fund and at that time, the decision was deferred. The resolution was based on research done by the Department of Education, in consultation with the State Appeal Board and the SBRC.

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DEPARTMENT OF EDUCATION - SPECIAL EDUCATION WAIVER REQUEST

Waiver Request. The Iowa Department of Education will be submitting a waiver request (in March 2011) to the U.S. Department of Education Office of Special Education Programs for Iowa to receive the full share of IDEA Part B funding despite recent State school aid reductions (including a FY 2011 State aid shortfall due to a school aid appropriation cap).

Financial Report. The Department provided the following State financial support for special education to the OSEP:

- FY 2009: \$525.6 million
- FY 2010: \$486.0 million
- Estimated FY 2011: \$521.5 million
- Estimated FY 2012 (assumes a 0.0% allowable growth rate): \$549.9 million

FY 2010 Waiver. The Department sought and received a waiver for FY 2010. The Department estimates that if a waiver is not approved, the FY 2012 IDEA Part B allocation will be reduced by \$4.1 million (which is equivalent to the estimated FY 2011 State special education financial support is below the FY 2009 amount).

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RECENT PUBLICATIONS

Recent Publications. The Fiscal Services Division has recently published the following:

NOBAs (Notes on Bills and Amendments)

General website: <http://www.legis.iowa.gov/LSARReports/fiscalNotes.aspx>

The following list of appropriation bills is hyperlinked to the most recent NOBA for each:

[HF 646 – Administration and Regulation](#)

[SF 509 – Agriculture and Natural Resources](#)

[SF 517 – Economic Development](#)

[HF 645 – Education](#)

[HF 649 – Health and Human Services](#)

[SF 510 – Justice System](#)
[SF 511 – Judicial Branch](#)
[HF 642 – Transportation](#)
[HF 648 – Infrastructure](#)

[HF 45 – Appropriation Adjustments](#)
[HF 658 – Transfer of Dairy Survey Officers](#)
[SF 209 – Tax Changes and Supplemental Appropriations](#)
[SF 328 – Pathways for Academic Career and Employment](#)
[SF 508 – Federal Block Grant Appropriations](#)
[SF 512 – Supplemental for State Public Defender](#)

FISCAL NOTES:

HF 666	Fund of Funds Restoration	4/4/2011
HF 56	Sales Tax Exemptions - Veterans Organizations	4/4/2011
HF 590	Iowa Partnership for Economic Progress	3/30/2011
HF 652	Military Active Duty Income Tax Exemption	3/30/2011
HF 580	Home School Assistance Program Enrollment	3/30/2011
SF 300	Wind Energy	3/29/2011
SF 514	Brownfields Redevelopment Tax Credit	3/29/2011
HF 101	Sales Tax Exemption - Employment Agencies	3/28/2011
HF 653	Local Exchange Carrier Property Tax	3/28/2011
HF 484	Iran Divestiture Act	3/28/2011
SF 424	Joint School Infrastructure Projects	3/28/2011
HF 644	Hunter Safety Course Exceptions	3/24/2011
HF 643	Water Resources Coordinator Council Transfer	3/23/2011
SF 450	Emergency Medical Service District Property Tax Levy	3/23/2011
HF 636	Urban Revitalization, Vacant Commercial Property	3/23/2011
HF 473	Contractor Reciprocal Preference	3/22/2011
HF 393	Death Certificates	3/22/2011
HF 603	Eminent Domain Omnibus	3/22/2011
HF 559	Health Insurance Exchange	3/21/2011
SF 506	Small Business Health Care Tax Credit	3/21/2011
HF 531	Telehealth, Federal Medicaid Coverage	3/21/2011
HF 254	Iowa Communication Network User Flexibility	3/21/2011
HF 119	Volunteer Firefighter and EMS Tax Credit	3/21/2011
SF 448	Wireless Surcharge	3/17/2011
SF 395	Property Taxation, Undeveloped Subdivisions	3/17/2011
HF 631	Livestock Production Tax Credit	3/17/2011
HF 618	Electrician's Licensing Repeal	3/17/2011
HF 589	Animal or Crop Facility Trespass Provisions	3/17/2011
HF 135	Instructional Support Levy	3/16/2011
HF 403	DNA Testing	3/16/2011
SF 302	Endow Iowa Tax Credit Limit - Revised	3/16/2011
HF 534	School Hours and Start Date Changes	3/16/2011

HF 617	Alcoholic Beverages Permits and Licenses	3/15/2011
HF 549	Motor Vehicle Traffic Cameras	3/15/2011
SF 301	Save Our Small Business Fund	3/15/2011
SF 31	Earned Income Tax Credit Increase to 10%	3/14/2011
SF 456	Weapons Permits, Mental Health Disabilities	3/14/2011
SF 430	Public Information Board	3/14/2011
HF 184	State Categorical School Aid	3/14/2011
HF 185	School Aid	3/14/2011
HF 526	Criminal Possession Definition Changes	3/14/2011
HF 561	Nuclear Power Generation	3/11/2011
SF 496	Biodiesel Retail and Production Tax Credits	3/10/2011
HF 498	Span of Control	3/10/2011
SF 451	School Dropout Prevention	3/10/2011
HF 513	Snowmobile Trail Maintenance and Enhancement	3/9/2011
SF 469	School Transportation	3/9/2011
SF 422	Expanded PPEL Uses	3/9/2011
SF 359	County Recorder Fee Change	3/9/2011
HF 524	Appraisers Fund and Assessment Expense Fund	3/9/2011
SF 389	National Guard Educational Assistance	3/9/2011
HF 525	Public Employment Relations Bill	3/9/2011
HF 452	Biodiesel Retailer Tax Credit - Revised	3/9/2011
SF 410	Division of Libraries	3/9/2011
HF 324	Administrative Rulemaking Limitation	3/8/2011
HF 535	Preschool Program Replacement	3/7/2011
HF 392	Plumbers Licensing Repeal	3/7/2011
HF 493	Salary Repayment Plan for Convicted Professors	3/7/2011
SF 326	Judicial Officers	3/4/2011
HF 391	School Infrastructure Funding, Joint Projects	3/1/2011

OTHER ITEMS

- [Monthly Revenue Memo](#)
- [Video version of Monthly Revenue Memo](#)
- [Twelve-month total Tax Report](#)
- [Monthly Medicaid Forecast](#)

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MEETING MONITORED

The following meeting was monitored by Fiscal Services staff. Please contact the staff listed for more information.

Meeting	Date	Staff Contact
State Workforce Development Board (Conference Call)	3/3/2011	Ron Robinson (281-6256)