



January 30, 2015

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SUMMARY OF FY 2016 BUDGET AND GOVERNOR'S RECOMMENDATIONS

Summary Published. The Fiscal Services Division recently published the [Summary of FY 2016 Budget and Governor's Recommendations](#). The Summary provides an overview of the FY 2016 budget as impacted by the Governor's funding recommendations. Highlights of the **Summary** include:

- **Budget Overview.** This includes a discussion of the condition of the General Fund budget, including the General Fund surplus and reserve balances, a General Fund balance sheet, and a comparison of all appropriated funds.
- **Overall Budget Issues.** This includes sections on Iowa's revenue and economic outlook, federal funds, education reform initiatives, Medicaid, school aid, and property tax reform modifications.
- **Subcommittee Recommendations.** This includes a review of the Governor's recommended increases and decreases by appropriation subcommittee area.
- **Other Items.** These include appropriations tracking documents for General Fund and other funds, projected built-in and anticipated General Fund expenditures, an Interim Committee summary, a listing of fiscal publications, an overview of Iowa public retirement systems, a review of salaries and collective bargaining, and other fund balance sheets.

Detail Summaries Published. Also recently published are detail summaries for each appropriation subcommittee. These are commonly referred to as blue books. Copies have been provided to the appropriation subcommittee members and staff. These documents include:

- [Administration and Regulation](#)
- [Agriculture and Natural Resources](#)
- [Economic Development](#)
- [Education](#)
- [Health and Human Services](#)
- [Justice System](#)
- [Transportation, Infrastructure, and Capitals](#)

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APPROPRIATION SUBCOMMITTEES

Subcommittee Meetings. The appropriation subcommittees are meeting on a weekly basis. For more information, see the subcommittee websites listed in the following table. These websites include: committee members, links to subcommittee meeting notices and minutes, and materials distributed.

Subcommittee	Staff
Administration and Regulation	Jennifer Acton (281-7846) jennifer.acton@legis.iowa.gov Christin Mechler (281-6561) christin.mechler@legis.iowa.gov
Agriculture and Natural Resources	Deb Kozel (281-6767) deb.kozel@legis.iowa.gov
Economic Development	Ron Robinson (281-6256) ron.robinson@legis.iowa.gov
Education	Robin Madison (281-5279) robin.madison@legis.iowa.gov Tim Crellin (725-1286) timothy.crellin@legis.iowa.gov
Health and Human Services	Jess Benson (281-4611) jess.benson@legis.iowa.gov Kent Ohms (725-2200) kenneth.ohms@legis.iowa.gov
Justice System	Alice Wisner (281-6764) alice.wisner@legis.iowa.gov Beth Lenstra (281-6301) beth.lenstra@legis.iowa.gov
Transportation, Infrastructure, and Capitals	Adam Broich (281-8223) adam.broich@legis.iowa.gov Dave Reynolds (281-6934) dave.reynolds@legis.iowa.gov

IOWA JUDICIAL RETIREMENT SYSTEM AUDIT

FY 2014 Audit. On January 15, 2015, State Auditor Mary Mosiman released the [audit report](#) on the Iowa Judicial Retirement System for FY 2014. The System provides retirement, disability, and death benefits to judges serving on the Supreme Court, the Court of Appeals, and the District Courts. The System covered 404 active and retired judges in FY 2014.

FY 2014 Highlights. Financial highlights of the audit include:

- Covered payroll was \$28.2 million for FY 2014. Employer contributions increased \$398,000 (5.0%) and member contributions increased \$121,000 (5.0%).
- Net investment gain after related expenses was \$26.2 million in FY 2014 compared to a net investment gain of \$17.0 million in FY 2013. Investment management expenses increased from \$377,000 for FY 2013 to \$663,000 for FY 2014.
- Total additions for the year resulted in a positive impact of \$37.4 million in FY 2014 compared to a positive impact of \$27.7 million in FY 2013.
- Pension benefits to members increased by \$362,000 and totaled \$10.4 million in FY 2014.
- Total plan assets increased by \$27.7 million to \$161.9 million. The System's net pension liability decreased \$21.9 million to \$27.9 million. The net pension liability as a percentage of covered payroll was 99.0% on June 30, 2014.
- The investment rate of return for FY 2014 was 20.1%

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FEDERAL FUNDS FOR CONSERVATION PROJECTS

New Federal Program. The federal Secretary of Agriculture, Tom Vilsack, announced funding for 115 conservation projects in 50 states and the Commonwealth of Puerto Rico on January 14, 2015, from the Regional Conservation Partnership Program. There were 600 preproposals submitted in 2014, and 210 of those were selected to present full proposals. The 115 projects selected will receive an estimated \$370.0 million in federal funds and the projects will leverage \$400.0 million.

Iowa Projects. Iowa was awarded funding for the following projects:

- *National Level.* Regional Grassland Bird and Grazing Lands Enhancement Initiative. A total of \$5.0 million was awarded to create and implement acceptable pasture and grassland management practices. This includes portions of Kansas, Missouri, Iowa, and Nebraska and the lead partner is the Missouri Department of Conservation.
- *Critical Conservation Areas.* Iowa Targeted Demonstration Watershed Partnership Project. A total of \$3.5 million was awarded to Iowa to implement demonstration practices in nine watersheds as identified by the Water Resource Coordinating Council. The Department of Agriculture and Land Stewardship will be the lead partner.
- *State Funding Pool.* The Middle Cedar Partnership Project in Cedar Rapids was awarded \$2.1 million to implement best management practices in the Cedar River Watershed to improve water quality, water quantity, and soil health. The lead partner will be the City of Cedar Rapids.

More Information. See the Natural Resources Conservation Service website for more information: <http://www.nrcs.usda.gov/wps/portal/nrcs/detail/national/programs/farbill/rcpp/?cid=STELPRDB1264664>

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STATE APPEAL BOARD

January Meeting. The State Appeal Board met on Tuesday, January 13, 2015. The Board held its annual officer election. Michael Fitzgerald, Treasurer of the State of Iowa, was elected Chair of the Board and David Roederer, Director of the Department of Management, was elected Vice Chair. At the meeting, the Board reviewed general claims in accordance with Iowa Code chapter [25](#), ratified tort claims in accordance with Iowa Code chapter [669](#), and reviewed newly submitted settlements and judgments by the Attorney General's Office. The Board approved approximately \$7,900 in general claims and \$27,350 in tort claims. Several of the tort claims were related to claims against the Department of Transportation and the Department of Administrative Services for vehicle damages caused by State vehicles.

The Board also approved a general claim of \$20,600 to reimburse 14 employees of the Department of Public Defense for claims related to the federal Fair Labor Standards Act. The general claim was paid entirely with federal funds.

Settlements. The State Appeal Board approved two settlements with University of Iowa Hospitals and Clinics regarding wrongful death and negligence claims, for a total amount of \$185,000. The Board also approved three judgments totaling approximately \$689,000, as detailed below:

- \$686,600 for a violation of confidential disclosure with the intent to cause emotional distress.
- \$2,000 for violating religious freedom.
- \$280 for court reporter fees.

Next Meeting. The next meeting of the State Appeal Board is set for Monday, February 2, 2015.

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

MEETINGS MONITORED

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

Meeting	Date	Staff Contact
Early Childhood Iowa (ECI) Fiscal Accountability Work Group (FAWG)	January 8	Tim Crellin (725-1286)
Early Childhood Iowa (ECI) State Board	January 9	Tim Crellin (725-1286)
State Appeal Board	January 13	Beth Lenstra (281-6301) Christin Mechler (281-6561)
Iowa Public Information Board	January 15	Christin Mechler (281-6561)
Community College Council	January 21	Robin Madison (281-5270)
State Board of Education	January 22	Tim Crellin (725-1286)

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