FISCAL UPDATE February 19, 2001

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Revenue Estimating Conference To Meet in MarcH

**REC Meeting** The Revenue Estimating Conference (REC) is scheduled to meet March 14 in Room 116. The REC will be reviewing its December estimate of the General Fund for Fiscal Years 2001 and 2002.

**December Estimate** The Conference established in December an estimated growth rate of 3.5% for FY 2001 and 4.4% for FY 2002. A growth rate of 3.5% will produce an increase of $178.4 million General Fund receipts as compared to FY 2000 receipts.



**FY 2001 Receipts** The LFB reported at the end of January that the receipts were only .2% ahead of the same period last year, rather than the estimated 3.5% increase as projected. If that .2% rate were to continue to June 30th, new receipts would only increase $10.2 million rather the $178.4 million projected amount. Each 1.0% change in the General Fund receipts equates to $50.0 million.

**Expenditure Limitation** When the REC meets in March, the results of that new estimate will have an effect on the expenditure limitation amount for the budgeting year, FY 2002. Anything less than the 3.5% growth for this year will reduce the FY 2001 ending balance and thus reduce the carry-over into the calculation of the expenditure limitation amount for FY 2002. If the December projected 4.4% growth for FY 2002 decreases, that amount of decrease will be subtracted from the Governor’s calculation of the expenditure limitation and will also be subtracted from the calculation of the expenditure limitation for the Legislature’s budget action.

**Impact of Adjustments** As the REC meets in March, any adjustments to the estimated receipts for FY 2001 carries over to the FY 2002 calculation for the expenditure limitation for that budget year. The calculation is further adjusted for any change to the FY 2002 estimated receipts.

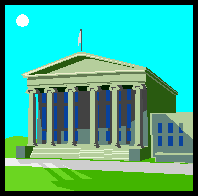
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Administration and Regulation Appropriations

Subcommittee

**Admin./Regulation Sub.** The Administration and Regulation Appropriations Subcommittee met February 13 to discuss any issues the Committee wished to address for the remainder of the scheduled subcommittee time. The following topics were discussed:



* The Chairpersons requested that departments locate areas in their budgets that could be deappropriated for a 5.0% (General Fund) reduction from their total FY 2001 General Fund budgets. The Chairpersons also indicated looking into areas of the budget to find savings in line items.
* The purchasing of computer hardware by the State from certain companies, taking into account which companies have businesses in Iowa or employees in Iowa and giving preference to those companies.
* The Real Estate Education Fund and the ability to resolve any disputes between realtors, the Department of Commerce, and the University of Northern Iowa (UNI), this session should realtor license fees be increased.

**More Information** Copies of agendas, minutes, and selected materials that were distributed to Subcommittee Members are available on the LFB web site at [http://staffweb.legis.state.ia.us/lfb/subcomm/admin/reg/admin reg.htm](http://staffweb.legis.state.ia.us/lfb/subcomm/admin/reg/admin%20reg.htm)

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Agriculture and Natural Resources Appropriations Subcommittee

**Agric./Natural Res. Sub.** The Agriculture and Natural Resources Appropriations Subcommittee met February 13 - 15. The following topics were discussed:

**Soil Conservation Division** On February 13, Jim Gulliford, Department of Agriculture and Land Stewardship, provided an update on the operations of the Soil Conservation Division. This included an update on programs in the Water Quality Initiative.

**Atrazine Update** On February 13, David Flakne, Syngenta Crop Protection, Inc., provided an update on the use of atrazine and water quality issues.

**Hitchcock Nature Center** On February 13, Chad Graeve, Pottawattamie County Conservation Board, provided an update on the plans to expand the Hitchcock Nature Center. The Center is located in the Loess Hills Region of the State.



**Dept. of Natural Resources** On February 14, Lyle Asell, Interim Director, Department of Natural Resources, presented the Department’s budget requests for FY 2002. Major changes to the General Fund included:

* An increase of $500,000 and 5.0 FTE positions in the Environmental Protection Division for the calculation of Total Maximum Daily Load (TMDL) as required by the federal Clean Water Act. An additional $500,000 would be available in federal funds.
* An increase of $150,000 and 3.0 FTE positions in the Parks and Preserves Division for staffing in the Maquoketa Caves, Bellevue, and Stone State Parks. These positions would provide maintenance and security at these locations.
* An increase of $125,000 and 1.0 FTE position for the resolution of environmental disputes using alternative solutions.

**Department of Agriculture**  On February 15, Patty Judge, Secretary of Agriculture, presented the Department’s budget requests for FY 2002. Major changes to the General Fund included:

* An increase of $46,000 and 1.0 FTE position in the Administration Division for a Legislative Liaison.



* An increase of $80,000 and 1.0 FTE position in the Administration Division for a State Viticulturist to establish a grape production program in Iowa.
* An increase of $50,000 and 1.0 FTE position in the Administration Division for expansion of the Organic Certification Program.
* An increase of $226,000 and 4.0 FTE positions in the Administration Division for Information Technology Specialists positions. The positions will develop a database to provide public access to Internet information and to enable on-line purchases of Department licenses.
* An increase of $66,000 and 1.0 FTE position in the Administration Division to pursue marketing opportunities for processed food, feed, and other items with Iowa origin.
* An increase of $246,000 and a decrease of 1.0 FTE position to reallocate resources in the Regulatory Division. Several Programs in this Division are mandated by statute and the additional funds are necessary to provide services required by the Programs.
* A one-time funding request of $5.7 million in the Regulatory Division for required testing of Iowa herds infected with Pseudorabies. Funds will be used to carry out the requirements in the national Pseudorabies Program.
* An increase of $83,000 and 1.0 FTE position in the Regulatory Division for the inspection of gasoline for oxygenates, such as ethanol and other additives.
* An increase of $325,000 and 1.0 FTE position in the Regulatory Division to subsidize testing programs of Iowa dairy cattle herds for Johne’s Disease.
* An increase of 1.0 FTE position in the Laboratory Division for residue testing of new herbicides. The Department has been awarded resources from the United States Environmental Protection Agency to purchase equipment to test new generation herbicides for Iowa and one other state. Without the FTE position, the testing will be shifted to the other state.
* An increase of $157,000 and 2.2 FTE positions in the Laboratory Division for increased eradication efforts of the gypsy moth.
* An increase of $2.0 million in the Laboratory Division to implement the Agrichemical Remediation Program and for cleanup of sites which are contaminated with agricultural chemicals.
* An increase of $210,000 and 4.0 FTE positions in the Laboratory Division for the establishment of a bottled water and packaged ice regulatory program.



* An increase of $1.0 million and 26.0 FTE positions in the Soil Conservation Division to provide additional services in the Field Offices located around the State. The additional staff will increase the rate of soil conservation practices that will improve the quality of the soil and water.
* A decrease of 1.0 FTE position in the Soil Conservation Division due to decreased federal funding to the Mine and Minerals Program.
* An increase of $200,000 in the Farmer’s Market Coupon Program to provide elderly Iowa citizens with coupons to redeem for fresh produce at Farmer’s Markets.

**Web Site** For more information, copies of handouts, agendas, and minutes, refer to the Agriculture and Natural Resources web site at <http://staffweb.legis.state.ia.us/lfb/subcom/ag_dnr/ag_dnr.htm>

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ECONOMIC DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE

**Econ. Development Sub.** On February 14, the Economic Development Appropriations Subcommittee heard presentations concerning the Department of Agriculture’s value-added agricultural program and the Public Employment Relations Board.



**REVAMP** Pat Paustian, Department of Agriculture, presented information on the Rural Economic Value Added Mentoring Program (REVAMP). The program provides technical and planning assistance and grants to rural businesses producing renewable fuels and those with innovative products or processes that add value to Iowa agricultural commodities. REVAMP grants average approximately $3,000. The Program has assisted seven ethanol plants across Iowa. Sales of gasohol increased to 50.0% of gasoline sales in 2000, totaling 785.1 million gallons. Other value-added processes discussed included a tofu plant and meat processing. Information presented by Ms. Paustain showed more value is added through feeding crops to livestock and then processing the meat than by the processes utilizing crops directly.



**PERB Board** James Riordan and Sue Warner, Board members, presented information on the Public Employment Relations Board. The Board and staff are comprised of lawyers and labor negotiators who serve as an independent, neutral agency to facilitate bargaining between Iowa’s governmental units and organized labor unions and who adjudicate contested contract negotiations. They reported that most contracts are settled, but 4.0% to 5.0% go to arbitration. Mr. Riordan and Ms. Warner responded to questions about potential budget cuts and explained the Board’s use of various line items. They concluded their presentation by explaining the Board members’ salaries have not been increased since the Board’s inception, except for cost-of-living increases. As a result, some staff members supervised by Board members now earn more than the Board members. Their budget request included a decision package to raise the Board members’ salaries.

**Other Presentations** On February 15, the Economic Development Appropriations Subcommittee heard a presentation from members of the Essential Worker Immigration Coalition, the Iowa Immigration Legal Project, and the American Friends Association.

**Immigration Issues** Lori Chesser, an immigration lawyer with the Davis Law Firm in Des Moines, and also a member of the Essential Workers Immigration Coalition, stated that:

* A large portion of the immigrant workforce is undocumented and here without legal status. Resources need to be committed to help them obtain legal status.
* Skilled workers are needed in Iowa.
* We can’t be realistic about recruiting immigrants to Iowa until a system is established to answer questions on all aspects of living in Iowa.
* Resources are needed for Iowa employers to deal with immigration issues.



Immigration

**Iowa Immigrants** Jim Benzoni of the Iowa Immigration Legal Project, stated there has been a steady increase in the number of immigrants coming to Iowa, but that government has no figures indicating the true total. He asserted that immigrants contribute a great deal to the State’s economy, and many rural areas are very dependent upon them. He feels that Iowa officials should meet with Mexico’s new president and discuss economic and immigration issues. He stated there is a conflict of interest in having the State providing legal and other assistance to the immigrant population, while at the same time operating in a law enforcement role. He feels that more assistance would reach immigrants by operating a block grant program for non-profit institutions.

Ann Naffier of the American Friends Service Committee, stated that other states are looking at Iowa’s non-profit groups that are dealing with immigration issues as prototypes to copy in their own states. She feels that there is a need for more resources, more legal assistance, and training.

**Suggestions** The presenters concluded that Iowa needs to be more proactive at the federal level to enact positive changes in federal immigration policy, and Iowa also needs to develop a cohesive plan for the future using existing resources rather than developing an immigration bureaucracy through different State agencies. It is suggested that Iowa form a permanent Commission on Immigration/Workforce Development to develop a comprehensive policy to address Iowa’s long-term workforce needs.

**More Information Web Site:** For more information, copies of handouts, agendas, and minutes, refer to the Economic Development web site at [http://staffweb.legis.state.ia.us/lfb/subcom/econ\_dev/Handouts.htm](http://staffweb.legis.state.ia.us/lfb/subcom/ag_dnr/ag_dnr.htm)

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HEALTH AND HUMAN RIGHTS APPROPRIATIONS SUBCOMMITTEE

**Health/Human Rights Sub.** The Health and Human Rights Appropriations Subcommittee met February 13, 14, and 15, and conducted the following business:



**HOPES Program** On February 13, Department of Public Health personnel presented information on the Healthy Opportunities for Parents to Experience Success (HOPES) Program. HOPES is a prevention program, which provides family support and education services to families at high risk through home visiting and care coordination by qualified family support workers from prenatal until the child reaches the age of three years (age of four in cases of continuing serious need). The HOPES program is a pilot project that covers 10 counties: Black Hawk, Buchanan, Clinton, Hamilton, Lee, Muscatine, Polk, Scott, Wapello, and Woodbury. The Department is requesting and the Governor is recommending that $200,000 be transferred from Temporary Assistance for Needy Families (TANF) funds in the Department of Human Services to the Department of Public Health for FY 2002.

**Infant Mortality Issues** After the presentation on HOPES, the Department presented information regarding the high rate of infant mortality in Iowa’s African-American population. The Department attributed the high rate partly to low-birth weight babies. The Governor is recommending an increase of $90,000 and 2.0 FTE positions to address the situation.



**Veterans Affairs** On February 14, the Commission of Veterans Affairs presented budget requests to the Subcommittee. Commandant Jack Dack presented the Iowa Veterans Home’s budget. The Governor is recommending the following:

* An increase of $224,000 for new and increased medication costs.
* An increase of $693,000 for unfunded FY 2001 cost of living adjustments (COLA) and health insurance increases.
* An increase of $175,000 for a projected increase in the cost of providing Worker’s Compensation.
* An increase of $120,000 for the inflationary adjustment to the housekeeping contract with American Building Maintenance (ABM) and the additional cost of increased building space from the current construction project.
* An increase of $32,000 for food and dietary supplies.



**Budget** Brian Bales, Executive Director of the Commission of Veterans Affairs, presented the Commission’s budget. The Governor is recommending the following:

* An increase of $47,000 and 0.8 FTE position for a coordinator for a pilot project to help increase veterans’ benefits.
* An increase of $3,000 for a poster campaign on veterans’ benefits availability.

**Organ Donor Network** After the conclusion of the Commission’s budget presentation, the Subcommittee heard presentations from the Iowa Organ Donor Network regarding the establishment of an organ donor registry and from Teen Challenge of the Midlands regarding faith-based substance abuse treatment.



**Dept. for the Blind** On February 15, Creig Slayton, Director of the Department for the Blind, gave a presentation to the Subcommittee. Mr. Slayton reviewed the overall budget and programs the Department administers in order to assist blind individuals in Iowa. The major portion (71%) of program funding in the Department's budget is allocated for vocational rehabilitation services. These services assist clients in the areas of job placement, assistive technology, vocational and technical training, and higher education.



**Office of Drug Control Policy** After the presentation from the Department for the Blind, the Subcommittee heard a presentation from the Governor's Office of Drug Control Policy. Bruce Upchurch, Director, reviewed the history and functions of the Department. He responded to questions regarding the Department's administration of various grants to local entities, the annual Youth Mentoring Conference, and the DARE Program.

**More Information** Copies of agendas, minutes, and selected materials that were distributed to Subcommittee members are available on the LFB web site at: <http://staffweb.legis.state.ia.us/lfb/subcom/health_hr/health_hr.htm>

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human services appropriations Subcommittee

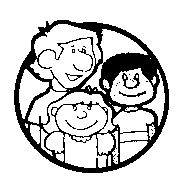
**Human Services Subcom.** The Human Services Appropriations Subcommittee met the week of February 12 and conducted the following business:

**Children’s Issues** On February 13, the Subcommittee received information from:



* The Superintendents of the Toledo Juvenile Home and Eldora Training School. Topics of discussion included an overview of populations at the two facilities, services provided, capital improvements, educational opportunities, and uses of the campuses to meet existing and future needs.
* Regional Administrators from the DHS presented information on utilization of Child Welfare funding for Decategorization (DECAT) services throughout the State. Discussion included the process for allocation of Decategorization funds and shifts of these funds within the State.
* Representatives from the DHS, Department of Public Health, and Department of Education, presented the progress with collaboration efforts to assess and to meet children’s mental health issues. Discussion included current planning efforts, collecting data, the need for public education, and maximizing funding to help address the issues.
* Representatives of the Coalition for Family and Children Services and the DHS discussed the released report on reimbursements to Psychiatric Medical Instructions for Children (PMIC). The Legislature directed the DHS in SF 2435 (FY 2001 Human Services Appropriation Act) to convene a work group, including representatives of large and small providers of such services, to review the current reimbursement methodology and manner of payment for services.

**Child Care Topics** On February 14:



* Senator Steve King discussed a proposed bill relating to fraudulent acts involving child care funding.
* Julie Ingersoll, representing the DHS, spoke on the following child care topics:
* Changes in billing practices/financial accountability.
* Impact of waiting lists implemented October 1, 2000.
* Update on new grant programs funded by the Temporary Assistance for Needy Families (TANF) for FY 2001.
* Report requested by the Legislature for possible differential child care subsidy payments.
* Fiscal Year 2001 budget status for child care subsidy and the Governor’s recommendation for a supplemental appropriation from Temporary Assistance for Needy Families funds.
* A representative of the Consumer Advisory Team provided personal examples of the need for increases in funding and access to child care assistance throughout the State.
* Legislative Fiscal Bureau Staff presented information on the At-Home Infant Child Care Program in the State of Minnesota.



**Federal Funding Issues** On February 15, the following presenters provided information regarding federal funding and possible actions by the Department of Human Services:

* Ira Barbell from the Casey Foundation
* Carl Valentine, a private consultant
* Cynthia Eisenhauer and staff from the Department of Management
* Candice Bennett from the Chief Juvenile Court Officers

**More Information** Specific agendas and materials distributed are available on the web site at:

<http://staffweb.legis.state.ia.us/lfb/subcom/human_serv/human_serv.htm>

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Justice System Appropriations Subcommittee

**Justice System Sub.** On February 13, the Judicial Branch presented its budget to the Justice Subcommittee. David Boyd, Deputy State Court Administrator, discussed the FY 2002 budget request and FY 2001 budget shortfall. The Judicial Branch is requesting an additional $2.4 million for FY 2002 to offset a budget shortfall from FY 2001.



**Hospitalization Referees** The Judicial Branch also discussed the issue of hospitalization referees. A question was raised regarding making all magistrates eligible to hear hospitalization cases rather than just lawyer magistrates as the law presently reads. It was the opinion of the Judicial Branch that this would be an agreeable thing to do. The Justice Systems Subcommittee meetings were canceled for the remainder of the week.

**More Information** Agendas, minutes, and handouts can be obtained on the Justice Systems web site. The address is: <http://staffweb.legis.state.ia.us/lfb/subcom/justice/justice.htm>.

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Oversight and Communications Appropriations Subcommittee

**Oversight/Commun. Sub.** The Oversight and Communications Appropriations Subcommittee met February 14 and 15.

**Technology Recomm.** On February 14, the Subcommittee heard presentations on and discussed the following:



* Randy Bauer, Department of Management (DOM), presented the Governor’s Technology FY 2002 Recommendations, including the recommendation to use a lease purchase option to finance the following:
* Completion of the conversion of the Iowa Communications Network (ICN) to asynchronous transfer mode and MPEG 2 technology.
* Completion of the conversion of Iowa Public Television (IPTV) to digital broadcast format, as required by the Federal Communications Commission.
* Purchase of the necessary hardware and software for deploying an Enterprise Resource Planning (ERP) System for State government.
* Cindy Eisenhauer, Director, DOM, presented information related to the need for an Enterprise Resource Planning (ERP) System for State government and the efficiencies it will bring.

**Other Presentations** On February 15, the Subcommittee heard presentations on and discussed the following:



* Garry Bozylinsky, University of Northern Iowa (UNI), presented the mission of the 21st Century Learning Project and an overview of the project to date.
* John O’Connell, Department of Education, discussed the Department’s current activities and status related to the project, including:
* The area education agencies (AEAs) and schools involved. These are:
* AEA 7 and AEA 10
* Aplington/Parkersburg Middle School, Denver Middle School, Jesup Middle School, North Tama High School, H-L-V Junior-Senior High, Iowa City Northwest Junior High, and Iowa City Southeast Junior High.
* The number of teachers involved in the pilot effort.
* The focus of the project on middle school math and science.



**ITD Activities**

* Darrell Fremont, Information Technology Department, discussed the Department’s current activities and status related to the project, including:
* Content purchases and licenses
* Getting hardware in place
* Software for indexing
* Demo of content delivery and web sites
* Rich Gross discussed the research group’s activities to identify current technologies being used in education and future needs through:
* Focus groups
* Conducting a technology scan
* Identifying system architecture design features needed for the future in educational applications



* Garry Bozylinsky, UNI, discussed the FY 2002 funding request of $2.0 million for the continuation of the project. This level of funding would allow:
* Expanding the number of participating schools.
* Expanding the curriculum areas that would be covered.
* Expanding the collaborations with IPTV, libraries, AEAs, and others.
* Tommy Thompson, ICN, discussed the involvement of the Network, including:
* Provision of additional bandwidth for pilot project schools.
* Provision of additional routers for Network to handle the additional demands on the Network.



* Pam Pfitzenmaier, IPTV, discussed the involvement of IPTV and the types of programming they are making available for use in the pilot project.
* Col. Vince Reefer, Iowa National Guard, discussed the cooperative work the Iowa National Guard was doing with the Project and the larger curriculum effort of the Iowa National Guard to develop curriculum for all the branches of the U.S. military. The federal government selected Iowa due to the technological advantage the ICN provides Iowa over other states. Congress has provided $18.0 million toward this effort for the current federal fiscal year and may provide an estimated $80.0 million over the life of the Project.
* Judy Boerm, North Tama County Community Schools, discussed her participation in the pilot program and how she felt it is improving the learning abilities of all her students.
* Pam Pfitzenmaier, Iowa Public Television, presented the FY 2002 budget request for the Regional Telecommunications Councils.

**Next Meeting** The next meeting of the Subcommittee will be February 21.

**More Information** Copies of agendas, minutes, and selected materials distributed to Subcommittee members are available on the LFB web site at <http://staffweb.legis.state.ia.us/lfb/subcom/oversight/oversight.htm>.

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Transportation, Infrastructure, and Capitals Appropriations Subcommitte

**Tran., Infras., & Capitals** The Transportation, Infrastructure, and Capitals Appropriations Subcommittee met February 13, 14, and 15, and heard presentations from the following organizations. Each presented their overall scope, current progress, and budget requests for FY 2002:

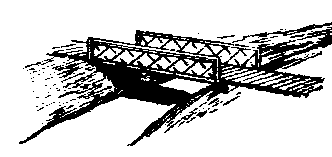
**S. Iowa Conserv. Authority** Southern Iowa Development & Conservation Authority



* Established by the Iowa State Legislature in 1999, the Authority’s mission is to implement projects related to the unique natural resource, rural development, and infrastructure problems of southern Iowa.
* The Authority is requesting an appropriation of $600,000 for FY 2002. Of the State funds requested, 100% will be used to cost share the construction of 20 road structures at a total cost of $1.0 million.

**Loess Hills** Loess Hills Hungry Canyons

* The mission of Hungry Canyons is to protect threatened infrastructure and land through the construction of stream stabilization structures.



* Between 1992 and 2000, the Canyons have been appropriated a total of $11.1 million in State and Federal Funds, with a county share of $3.9 million.
* The Canyons are requesting $29 million to protect 404 bridges that are susceptible to significant damage from stream degradation. The $29 million includes annual appropriations of $2.3 million ($1.5 million in State funds and $750,000 in federal funds) for 13 more years (assuming 1.2 structures protecting each bridge and no disastrous floods).

**Loess Hills Alliance** Loess Hills Alliance

* In December 1998, Iowa legislators met with Loess Hills representatives to plan necessary presentations for the upcoming legislative session. It was determined that funds requested from the Legislature would be directed through the existing Loess Hills Development and Conservation Authority. The funding would be used to initiate work to balance development and preservation of the unique landform. As a result, the Loess Hills Alliance was formed.
* The Governor is recommending $1.0 million from the Environment First Fund for deposit in the Loess Hills Conservation and Development Fund. The funds would be used for both the Hungry Canyons and the Loess Hills Alliance organizations.

**Rural Water System** Lewis & Clark Rural Water System

* Organized in 1990 in Sioux Falls, South Dakota, the Lewis and Clark Rural Water System was formed to provide stable water resources to over 180,000 people who have few options with their current water source.

**Rural Water**

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* The Rural Water System is requesting $60,000 for FY 2002 to continue Iowa’s share of funding for the Water System development. The total cost for development of the water system is estimated at $335.0 million. Lewis and Clark Rural Water System has received federal authorization for funding approximately 80.0% of the cost. The total cost to Iowa is projected to be $5.6 million.

**Metro Transit Authority** Des Moines Metropolitan Transit Authority



* Steve Spade, Manager of the Des Moines Metropolitan Transit Authority, presented the Employee Support Program, which could be expanded to State employees in order to alleviate parking congestion on the Capitol Complex. Under the Program, the State would purchase a portion of the employees’ monthly bus passes and, in return, lower the cost for construction and maintenance of parking facilities.
* Mr. Spade also discussed the possibility of partnering with the State of Iowa for construction of a park and ride facility, which could be funded with 70.0% federal transit funds. The Transit Authority would provide shuttle service for State employees to the Capitol Complex from the park and ride facility.

**Regents** Board of Regents

* Representatives from the Regents institutions presented their number one priority capital projects:



Iowa State University is requesting $10.9 million from the Rebuild Iowa Infrastructure Fund (RIIF) for FY 2002 to fund the College of Business Building. The total cost of the project is estimated to be $24.6 million. The University has received private gifts totaling $13.4 million. The Governor is recommending bonding for construction of the facility.

The University of Iowa is requesting $16.0 million from the RIIF for construction a new Art Building. The University has received private gifts totaling $2.7 million for the facility. The Governor is recommending bonding for construction of the facility.

The University of Northern Iowa is requesting $12.7 million from the RIIF for Phase I construction of a utility tunnel. The Governor is recommending bonding for the project.

The Braille and Sight Saving School and the Iowa School for the Deaf are requesting a total of $835,000 from the RIIF for replacement of utility systems, tuckpointing of buildings, and upgrade to heating, ventilation, and air conditioning systems.

**Dept. of Cultural Affairs** Department of Cultural Affairs



* The Department is requesting a total of $275,000 to preserve artifacts from Iowa’s Civil War collection, including:
* $75,000 for conservation of Civil War muster rolls
* $100,000 for a 5-year backlog of newspaper microfilming
* $100,000 for eliminating a virus affecting the microfilm
* The Department is also requesting and the Governor has recommended $2.0 million from the RIIF for continued funding of the Historic Site Preservation Program. Included in the Governor’s $2.0 million recommendation is $120,000 for continued funding of the Iowa Battle Flags preservation.

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Governor Signs HF 191 (FY 2003 Allowable Growth Bill)

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**Allowable Growth – HF 191** On February 12, the Governor signed HF 191 establishing a 4.0% rate of allowable growth for State cost per pupil for FY 2003. The rate of allowable growth is used to determine the amount by which State School Foundation Aid to local school districts will increase and the amount by which school districts’ controlled budgets may increase over the prior year’s amounts. As a result of this action, each school district’s cost per pupil will increase $180 for the 2002–2003 school year.

**FY 2003 Fiscal Estimate** House File 191 is estimated to increase FY 2003 State support of local school districts by $63.0 million (3.5%) and property tax support of local schools by $40.3 million (4.2%), compared to the estimated FY 2002.

**FY 2002 Growth Rate** The FY 2002 allowable growth rate of 4.0% was set in the 2000 Session. State aid is estimated to increase by $57.2 million (3.3%) and property taxes by $30.5 million (3.3%) for FY 2002, compared to estimated FY 2001.

**District Information** The FY 2002 and FY 2003 State aid and property tax estimates are available by district from the Legislative Fiscal Bureau (LFB). However, these estimates are based on several statewide assumptions that may not accurately reflect conditions in local districts. Information on the assumptions used to compute these estimates may also be obtained from the LFB.

**More Information** Copies of the 4.0% allowable growth estimates by school district for FY 2003 are available on the LFB web site at: <http://staffweb.legis.state.ia.us/lfb/subcom/ed_standing/Spreadsheets.htm>

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Budget Guarantee Bill – SF 203 Passes Senate Education Committee

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**Budget Guarantee – SF 203** The Senate Education Committee passed SF 203 on February 14. The Bill provides the following:

* budget guarantee provision for FY 2002 that allows school districts with declining enrollments to receive additional funds that guarantee the FY 2002 regular program district cost is equal to 100.0% of the FY 2001 total program district cost. Total cost of this plan for FY 2002 is approximately $7.7 million and is funded entirely through property taxes.
* A budget guarantee provision for FY 2003 that allows school districts with declining enrollments to receive additional funds that guarantee the FY 2003 regular program district cost is equal to 100.0% of the FY 2002 total program district cost. Total cost of this plan for FY 2003 is approximately $5.3 million and is funded entirely through property taxes.

**Board Approval Required** School districts eligible to receive the budget guarantee must have approval of the school district board of directors.

**More Information** District by district estimates of budget guarantee amounts are available from the Legislative Fiscal Bureau, or from the LFB web site at: <http://staffweb.legis.state.ia.us/lfb/subcom/ed_standing/Spreadsheets.htm>

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Tobacco Settlement Authority Meeting

**Authority Meeting** The Tobacco Settlement Authority met February 14 and approved the resolution transmitting the program plan to the Executive Council and Legislative Council. Public Financial Management (PFM), the Authority’s financial advisor, provided a financial analysis of funding options with or without the use of securitization and bonds. The financial study recommends a $718.0 million tax-exempt securitization. Consideration of a $400.0 million tax exemption is also recommended.

**Program Plan** The program plan includes:

* Structure of sales agreement between the State and the Authority.
* Terms of payment of amounts due from the Authority to the State.
* Investment criteria of funds held by the Authority.
* Alternative funding options.
* Recommendations for amendments to the Act.
* Date of consummation of sale.
* Procedures for amending the program plan.
* Other terms and provisions necessary to implement HF 2579.

**Repeal Date** House File 2579 authorized the creation of the Tobacco Settlement Authority and provided the requirements of the program plan. It was noted that the Act sunsets March 1, 2001. The sunset would need to be repealed for the Tobacco Settlement Authority to continue in existence.

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