FISCAL UPDATE May 07, 2001

Legislative Fiscal Bureau (515)-281-5279 FAX 281-8451

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Status of Appropriations Bills

As of May 7 at NOON.

| **Appropriations Subcommittee Bills** | | | | |
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| **Appropriations Subcommittee** |  | **LSB/File #** |  | **Status** |
| Admin./Regulation |  | SF 531 |  | Passed House on April 26. Motion to reconsider filed. |
| Ag./Natural Resources |  | HF 725 |  | Passed Senate April 27. Motion to reconsider filed. |
| Economic Development |  | HF 718 |  | Passed House second time on May 1. Motion to reconsider filed. |
| Education |  | SF 535 |  | Passed Senate second time on May 2. Motion to reconsider filed. |
| Health/Human Rights |  | HF 726 |  | Passed Senate second time on May 3. Ready to be sent to the Governor. |
| Human Services |  | HF 732 |  | Passed Senate second time on May 3. Motion to reconsider filed. |
| Justice System  Judicial Branch |  | SF 530  SF 527 |  | Justice System Bill – Passed House on May 1. Motion to reconsider filed.  Passed House on April 26. Motion to reconsider filed. |
| Oversight & Comm. |  | HF 719 |  | Passed Senate second time on May 7 |
| Transportation  Operations  Infrastructure |  | SF 528  HF 742 |  | Transportation Appropriations Bill passed Senate second time. Ready to be sent to the Governor.  Passed Senate Approps. on May 2. On Senate calendar. |

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| Other Appropriations Bills | | | | |
| Oil Overcharge |  | HF 706 |  | Signed by the Governor on May 2. |
| Teacher Compensation |  | HF 413 |  | Passed House Approps. on Feb. 26. On House calendar. |
| Tobacco Settlement Trust Fund Approps. |  | SF 533 |  | Signed by the Governor on May 2. |
| Tobacco Securitization |  | SF 532 |  | Passed House second time. Ready to be sent to the Governor. |
| Block Grant Bill |  | SF 525 |  | Passed House on April 23. Ready to be sent to the Governor. |
| Grape & Wine Assistance |  | SF 524 |  | Passed House on May 3. |
| 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) |  | Conference Committee report adopted on May 1. Ready to be sent to the Governor. |
| 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 Fund |  | HF 740 |  | Passed House second time on May 3. Ready to be sent to the Governor. |
| Tobacco – Healthy Iowans Tobacco Trust Appropriations |  | SF 537 |  | Passed House on May 3. On Senate Calendar – second time. |
| Salary Bill |  | HF 746 (similar to SF 541) |  | Passed House on May 3. |
| Standings Bill |  | HF 755 (similar to SF 542) |  | Passed House on May 4. |

STAFF CONTACT: Holly Lyons (Ext. 17845)

Legislative Action on Appropriations bills to date



**Action To Date** Attached is a copy of the projected General Fund Balance sheet and General Fund tracking document. Please note that these documents reflect action as of Friday, May 4 and will be updated as the bills reach final passage and are sent to the Governor.

***Special Edition*** Within one week of adjournment, the Fiscal Bureau will publish a **Special Edition** of the ***Fiscal Update*** that will contain summaries of all the appropriations bills and significant ways and means bills. The ***Update*** will also include a balance sheet and appropriations tracking document for the General Fund.

**Year End Summary** In June, the Fiscal Bureau will publish the 2001 Session Fiscal Report. This document will contain the final action bill summaries (NOBAs) of all appropriations bills, including summaries of any item vetoes. Meanwhile, if you have any questions concerning final action passage of appropriations bills or ways and means bills, please contact the Fiscal Bureau at (515) 281-5279.

STAFF CONTACT: Holly Lyons (Ext. 17845)

SF 535 - Education Appropriations Bill

**Education Approp. Bill** Senate File 535, the Education Appropriations Bill, passed both the House Floor and the Senate Floor for the second time on May 3. The Senate concurred with the House Amendment (S-3632).



**Funding Summary** Senate File 535, as amended, appropriates a total of $920.7 million from the General Fund and 17,395.1 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 $59.3 million and an increase of 42.4 FTE positions compared to the FY 2001 estimated net appropriation.

**Changes by House** Changes made by the House include:

* Increases the FTE positions for the Department of Education Administration Division by 6.00 FTE positions to accommodate staffing needs resulting from teacher pay reform legislation.
* Eliminates the FTE reference for School Food Service in the Department of Education.
* Changes intent language regarding distribution of Community Empowerment Grants.
* Adds intent language that prohibits the Regents institutions from using State General Fund appropriations to provide medically induced abortions, including RU-486 (mifepristone) at the student health centers.

**NOBA**

**Bill Summary** A copy of the NOBA (Notes on Bills and Amendments) for SF 535 can be found on the Web at: <http://staffweb.legis.state.ia.us/lfb/noba/79_S3632_HF.pdf>

STAFF CONTACT: Mary Shipman (Ext. 14617) Robin Madison (Ext. 15270)

Human Services Appropriations Bill - HF 732 final legislative actions

**Human Services Approp.** On May 1, the Senate amended and passed HF 732, the Human Services Appropriations Bill. The Bill appropriates $777.2 million and 5,677.4 FTE positions, a decrease of $7.8 million and an increase of 145.6 FTE positions compared to the FY 2001 estimated net appropriation.



**Senate Action** The amendments passed by the Senate made the following significant changes:

* Funding
* Changes the appropriation for Mental Health Allowable Growth by decreasing the FY 2002 appropriation enacted by the 2000 General Assembly from $26.5 million to $24.9 million and further reducing the FY 2002 appropriation by $15.6 million. This action reduces the $10.3 million appropriation for Mental Health Allowable Growth to $9.3 million.
* Allocates $700,000 from the Children and Family Services appropriation for treatment and services relating to juvenile females.
* Establishes an allocation from the Family Investment Program of $150,000 for Food Stamp Employment and Training Program.
* Intent and Statutory Language
* Made changes to the Iowa Marriage Initiative relating to eligibility criteria for grants.
* Requires a report by December 15, 2001, regarding the utilization of funds from the Temporary Assistance for Needy Families (TANF).
* Requires a managed care contract for substance abuse services provide coverage for dual diagnosis for treatment at the Mental Health Institute at Mt. Pleasant.
* Requires a study regarding differences in compensation of public employees and employees of private providers relating to the provision of child welfare services. Requires a report of the results of the study and is to include a plan for reducing disparity.
* Changes the date of payment from the State to counties from the Property Tax Relief Fund to July and January of each year.

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**House Action** On May 3, the House amended the Senate amendment H-1855 and made these significant changes:

* Adds language regarding transfer of funds between appropriations within the Department of Human Services (DHS) to implement targeted case management activities.
* Changes language regarding allocation of funds for county mental health, mental retardation, and developmental disabilities allowed growth factor.

Also on May 3, the Senate concurred with the House amendment S-3651 to H-1855 and the FY 2002 Human Services appropriation was finalized.

**Bill Summary** Additional information is available upon request. 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>

**NOBA**

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

House Passes HF 742 - the Infrastructure Appropriations Bill



**Infrastructure Approps.** The House passed HF 742, the Infrastructure Appropriations Bill, on May 1, which appropriates a total of $85.0 million in FY 2002. This includes $50.0 million from the Rebuild Iowa Infrastructure Fund (RIIF) and $35.0 million from the Environment First Fund. The Bill also appropriates $27.2 million in FY 2003, $11.0 million in FY 2004, and $2.5 million in FY 2005 from the RIIF.

**House Action** The House adopted two amendments to the Bill, one that was technical and another that appropriates $2.0 million from the RIIF in FY 2003 to complete the funding for the 200-bed Special Needs Unit at the Iowa State Penitentiary. The Senate Appropriations Committee passed the Bill out of Committee on May 2 without any amendments.

**NOBA**

**Bill Summary** The Notes on Bills and Amendments (NOBA) for HF 742 can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/noba/scripts/noba.dll/s>

STAFF CONTACT: David Reynolds (Ext. 16934)

Tobacco Securitization Bill - SF 532 Passes House

**Tobacco Securitization** On May 1, the House concurred with the Senate amendment on SF 532. The Bill:

* States legislative intent regarding capital projects.
* Creates the Healthy Iowans Tobacco Trust and repeals the Tobacco Settlement Endowment Fund.



* Defines terms to enable securitization of tobacco receipts due to Iowa from the Master Settlement Agreement.
* Clarifies the purpose 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 interest of the State due to market conditions.
* 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)

final action on the Grape and Wine Development Fund – SF 524 passes House Ways and Means committee and house floor

**Grape & Wine Devel. Fund** The House Ways and Means Committee passed SF 524, the Grape and Wine Development Fund, on May 2, and the House passed the Bill on May 3. The Bill does the following:

* C:FilesOffice.wmfA Wine Gallonage Tax of $1.75 is levied and collected from each Class A wine permit holder for wine manufactured and sold at wholesale in Iowa. This includes all wine imported into the state for sale at wholesale. Revenue collected from the Wine Gallonage Tax is deposited in the Wine Gallonage Tax Fund.
* Each year, the State Revenue Estimating Conference will determine the estimated amount that will be collected for the Wine Gallonage Tax Fund. Revenue collected in excess of the agreed amount will be deposited into the Grape and Wine Development Fund, with the maximum deposit being $75,000 per year.
* The Grape and Wine Development Commission is created, consisting of nine members—four non-voting members and five voting members. Members will not be reimbursed for expenditures related to the Commission.
* 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. The Bill specifies a maximum appropriation of $75,000 per year.

**NOBA**

**Bill Summary** Copies of the Notes on Bills and Amendments (NOBA) Executive Summary 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)

General Assembly Action on Senate File 537 - Healthy Iowans Tobacco Trust



**Healthy Iowans Tobacco Trst** The House Committee on Appropriations and the House of Representatives passed SF 537, Healthy Iowans Tobacco Trust. The Bill appropriates $57.2 million from the Healthy Iowans Tobacco Trust for FY 2002 to the Departments of Human Services, Public Health, and Corrections.

**House Action** The House amended the Bill language regarding the distribution of community empowerment funds to parallel SF 535, FY 2002 Education Appropriations Bill.

The House increased the appropriation for the Department of Public Health substance abuse treatment programs by $75,000 and eliminated the $75,000 appropriation for the provision of smoking cessation products.

**NOBA**

**Bill Summary** Additional information is available upon request. The Notes on Bills and Amendments (NOBA) for SF 537 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) Russ Trimble (Ext. 14613)

Determinate Sentencing - SF 543 Passes Senate

**Determinate Sentencing** The Senate passed SF 543 on May 3. The Bill:

* ****Changes the penalties for certain burglaries in the third degree and attempted burglaries in the third degree.
* Provides for determinate sentencing for Class D felons with an additional indeterminate term for no more than two years on supervised release.
* Assigns these offenders to the Community-Based Corrections (CBC) criminal sanctions continuum upon their release from prison.
* Provides for sentence reconsideration for up to one year of a felon’s sentencing date. Under current law, the sentence must be reconsidered within 90 days of the sentencing date.
* Requires the Department of Corrections, the Department of Human Rights’ Criminal and Juvenile Justice Planning Division, and the Prosecuting Attorneys Training Coordinator to compile and provide information about determinate sentencing through the Iowa Bar Association to educate attorneys and judges.

**FY 2002**  During FY 2002, it is estimated that 95 offenders will be convicted of an aggravated misdemeanor for certain burglaries in the third degree. Under current law, these convictions would be Class D felonies. There will be 27 offenders convicted of a serious misdemeanor for certain attempted burglaries in the third degree. Under current law, these convictions would be aggravated misdemeanors.

**FY 2003**  During FY 2003, it is estimated that 190 offenders will be convicted of an aggravated misdemeanor for certain burglaries in the third degree. Under current law, these convictions would be Class D felonies. There will be 53 offenders convicted of a serious misdemeanor for certain attempted burglaries in the third degree. Under current law, these convictions would be aggravated misdemeanors.

**Correctional Impact** The prison population will decrease by 13 inmates during FY 2002, 91 inmates during FY 2003, and 116 inmates during FY 2006. Admissions to CBC residential facilities will decrease by 6 offenders during FY 2002, and 12 offenders during FY 2003 and annually thereafter. Admissions to probation and parole supervision will increase by 37 offenders during FY 2002 and 74 offenders each year thereafter.

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**Jail Admissions** Annual admissions to county jails will change as follows:

* 29 more admissions for aggravated misdemeanors with an average length of stay of 41 days.
* 25 more admissions for serious misdemeanors with an average length of stay of 50 days.
* 23 fewer admissions for Class D felons with an average length of stay of 187 days.



**Fiscal Impact** State criminal justice system costs are expected to decrease under SF 543 by $306,000 during FY 2002 and $989,000 during FY 2003 as follows:

* State prison costs are expected to decrease by $76,000 during FY 2002 and $531,000 during FY 2003.
* CBC costs are expected to increase by $9,000 during FY 2002 and $18,000 during FY 2003.
* Indigent defense costs are expected to decrease by $7,000 during FY 2002 and $13,000 during FY 2003.
* Judicial Branch costs are expected to decrease by $232,000 during FY 2002 and $463,000 during FY 2003.

**Prision Capacity** The State prison system is currently operating at 111.0% of total capacity. The savings noted above may be a cost containment effort rather than an actual decrease in the operating budgets. Community-Based Corrections residential facilities are currently operating at 100.0% of capacity. The facilities have waiting lists of offenders scheduled to serve their time in the facilities. Rather than a savings in the facilities’ operating budgets, the number of offenders on the waiting lists may decrease compared to current law.

**County Costs** County costs for operating jails are expected to decrease by $23,000 during FY 2002 and $47,000 during FY 2003. While admissions to jails are expected to increase under SF 543, jails will experience a savings in the operating budgets since more offenders will serve less time compared to current law.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

final action on Solid Waste Tonnage Fee - HF 722 Passes senate Floor

C:FilesOffice_.wmf**Tonnage Fees** The Senate Floor passed HF 722, Solid Waste Tonnage Fees, on April 30. 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)

Tobacco Settlement Trust Fund Appropriations Bill - SF 533 Signed by Governor

**Tobacco Settlement Approps.** The Governor signed Senate File 533 on May 2. The Bill:



**Tobacco**

**Settlement**

* 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 under 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 enactment of SF 532.
* Requires gaming receipts in excess of the amounts transferred 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, contingent upon enactment of SF 532.
* States that the Bill takes effect only if 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)

Victim Compensation BIll - SF 259 Signed by Governor



Governor

Signed

**Victim Comp. Bill**  The Governor signed SF 259 on April 26. 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 services 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. The Justice System Appropriations Bill, SF 530, permits the Department to fund these 2.0 FTE positions from the Victim Compensation Fund.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

April 27 Meeting of the Risk Pool Board



**Board Meeting** The Risk Pool Board met April 27 to consider applications by three counties related to mental health expenditures. The Board was established to consider special circumstances dealing with Mental Health Allowable Growth formula. The following counties and amounts were approved:

* Iowa County: $26,258
* Jackson County: $16,799
* Calhoun County: $177,803

**Funding** Funds remaining from the FY 2000 carryforward ($1,704,615) and FY 2001 appropriation ($95,385) less this $220,860 action by the Risk Pool Board will carryforward into FY 2002 unless otherwise altered by the General Assembly. This amount of carryforward is $1,579,140.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

Department of General Services - Routine Maintenance Quarterly Report

**Report Received** The Department of General Services submitted the second quarter routine maintenance report in accordance with Chapter 1225, Section 5(3), 2000 Iowa Acts. The report details the allocation and expenditure of funds appropriated for routine maintenance. The General Assembly appropriated $2.0 million for FY 2001 to the Department for routine maintenance needs of State facilities. The Governor’s Vertical Infrastructure Advisory Committee established the policy to distribute the funds to State agencies on a square-foot basis.

**Maintenance Expenditures** The following table summarizes the quarterly report and shows the total FY 2001 allocation for each State agency and the amount expended and encumbered through April 30, 2001.

**Copies Available** Copies of the report are available from the Legislative Fiscal Bureau.

STAFF CONTACT: David Reynolds (Ext. 16934)

Presidential Disaster Declaration

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**Federal Disaster Declared** Confirmation was received May 2 that Iowans affected by the recent severe weather and flooding will receive federal disaster aid under a Presidential Disaster Declaration authorized by President Bush. The following thirteen Iowa counties will be eligible for assistance as a result of severe storms, tornadoes, and flooding: Allamakee, Buchanan, Clayton, Clinton, Des Moines, Dubuque, Jackson, Lee, Louisa, Muscatine, Ringgold, Scott, and Wapello.

**Federal Funds Available** The declaration also allows federal funds to be available to public entities for debris removal and emergency protective measures. The following counties are eligible for public assistance: Clayton, Jackson, Lee, Louisa, Ringgold, and Scott.

**Applications** Iowans whose homes and property were damaged by the recent flooding and tornadoes can apply for disaster assistance by calling FEMA at 1-800-462-9029. Additional information can be obtained at the Emergency Management Division web site at [www.state.ia.us/emergencymanagement/](http://www.state.ia.us/emergencymanagement/).

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Iowa Sex Offender Registry Statistics Update

**Sex Offender Registry** The Division of Criminal Investigation reports that as of April 1, 2001, there were a total of 4,006 individuals registered with the Iowa Sex Offender Registry. There are 455 out-of-State registrants.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Highway Construction Contract



**Decorah Contract** The Department of Transportation (DOT) notifies the Legislative Fiscal Bureau of all highway construction in excess of $5.0 million. The Department awarded one contract in April totaling $6.9 million. The contract was granted to Fred Carlson Co., Inc., of Decorah for approximately four miles of new pavement on U.S. 63 from less than one mile north of 290th street north to less than one mile south of 240th street in Chickasaw County.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

HAWK-I Program- Unity CHoice participation terminated

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**Contract Terminated** The Department of Human Services (DHS) notified legislators on May 4, that WELLMARK Health Plan of Iowa, Inc., is pulling its managed health care plan, Unity Choice, from the Iowa HAWK-I Program, effective July 1, 2001. The DHS identified the failure to reach a compromise on the insurance premium increased costs with the insurer as the cause for termination. This decision will affect over 2,600 children in 29 counties.

**Impact** Impacts of this decision include:

* Children and families enrolled in Unity Choice will be required to transfer to other participating plans.
* Depending where these children reside, there may not be more than one health plan available.
* If there is only one choice of health plan available in a county, the children will automatically be enrolled in that plan.
* If the child’s doctor does not participate in that health plan, the family will need to select a new doctor.
* The administrative contractor for the HAWK-I Program will work with the remaining health care plans to ensure a smooth transition with the transfer according to the notification from the DHS.

**More Information** Contact the Legislative Fiscal Bureau for more information.

STAFF CONTACT: Sam Leto (Ext. 16764)

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