FISCAL UPDATE May 17, 2001

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*\*\*\*\* End of Session - Special Edition \*\*\*\**

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FY 2002 General Fund Final Appropriations



**FY 2002 Appropriations** The General Assembly appropriated $4.847 billion from the General Fund for FY 2002, or approximately $31.7 million less than the FY 2001 estimated net appropriations. A tracking document reflecting appropriations from the General Fund is attached to this document (**Attachment 5**). The tracking document will be updated with the Governor’s item vetoes as they are received.



**Projected Ending Balance** The legislative action, prior to any governor’s vetoes, results in a projected General Fund ending balance of $66.0 million for FY 2002. The Cash Reserve Fund for FY 2002 will receive the FY 2001 ending balance of approximately $8.9 million. The Cash Reserve Fund will have reached the 5.0% statutory maximum ($244.7 million). The balance in the Economic Emergency fund will be approximately $235.8 million or approximately $8.9 million less than the 5.0% statutory maximum. **Attachment 3 is a table reflecting the estimated balances of the reserve funds.**

**Balance Sheet** A copy of the General Fund projected balance sheet is attached to this document. **(Attachment 1)**

**Year-end Summary** The Legislative Fiscal Bureau’s **2001 Session Fiscal Report** should be completed and printed in late June. The Report will contain the annotated appropriations bills (NOBA style) and summaries of ways and means action.

**Fiscal Facts** **Fiscal Facts**, a pocket-sized document containing data pertaining to overall revenues and expenditures of State government, as well as detail based on the just-completed legislative action, will be available in late May.

STAFF CONTACT: Holly Lyons (Ext. 17845) Dennis Prouty (Ext. 13509)

Administration and Regulation Appropriations Subcommittee Bill - SF 531



**Admin./Reg. – SF 531** The General Assembly passed SF 531, the Administration and Regulation Appropriations Bill, on May 8. The Bill appropriates a total of $81.5 million from the General Fund and 1,909.5 FTE positions, a decrease of $5.5 million (6.3%) and an increase of 5.6 (0.3%) FTE positions compared to the FY 2001 estimated net appropriation. The Bill also appropriates $22.3 million of other funds; a decrease of $0.3 million (1.4%) compared to the FY 2001 estimated net appropriation. The FY 2002 General Fund appropriation represents a decrease of $5.1 million (5.8%) and an increase of 22.2 (1.2%) FTE positions compared to the Governor’s FY 2002 revised recommendations. Senate File 531 appropriates funds to the following entities:

Office of the Auditor of State

Ethics and Campaign Disclosure Board

Department of Commerce

Department of General Services

Office of the Governor and Lieutenant Governor

Department of Inspections and Appeals

Department of Management

Department of Personnel

Department of Revenue and Finance

Office of the Secretary of State

Office of the Treasurer of State

**Compared to FY 2001** The significant changes, compared to the FY 2001 estimated net appropriations, are outlined by department below:

**Auditor** Auditor of State – Appropriates $1.2 million from the General Fund and 116.7 FTE positions. This is a decrease of $188,000 and no change in FTE positions compared to the FY 2001 estimated net appropriations due to a general reduction.

**Ethics & Campaign Discl.** Ethics and Campaign Disclosure Board – Appropriates $428,000 from the General Fund and 8.0 FTE positions. This is a decrease of $88,000 and no change in FTE positions compared to the FY 2001 estimated net appropriations due to a general reduction.

**Department of Commerce** Department of Commerce – Appropriates $20.6 million from the General Fund and 318.0 FTE positions. This is a decrease of $104,000 and 3.0 FTE positions compared to the FY 2001 estimated net appropriations. The changes include:

* A decrease of $97,000 in Alcoholic Beverages due to general reduction.
* A decrease of $25,000 in Alcoholic Beverages License Fee Education.
* An increase of $70,000 in the Banking Division and a decrease of 3.0 FTE positions. The regulated banking institutions will reimburse the increase to the State General Fund.
* A decrease of $52,000 in the Professional Licensing Division due a general reduction.



**General Services** Department of General Services – Appropriates $9.2 million from the General Fund and 226.9 FTE positions. This is a decrease of $1.2 million and no change in FTE positions compared to the FY 2001 estimated net appropriations. The changes include:

* A decrease of $349,000 in the Administration Division due to a general reduction.
* A decrease of $821,000 in the Property Management Division due to a general reduction.
* A decrease of $39,000 in the Utilities Division due to a general reduction.

**Governor/Lt. Governor** Office of Governor and Lieutenant Governor – Appropriates $2.0 million from the General Fund and 26.3 FTE positions. This is a decrease of $139,000 and no change in FTE positions compared to the FY 2001 estimated net appropriations. The changes include:

* A decrease of $91,000 in the General Office due to a general reduction.
* A decrease of $23,000 in Terrace Hill Quarters due to a general reduction.

**Inspections & Appeals** Department of Inspections and Appeals – Appropriates a total of $10.6 million from the General Fund and 315.8 FTE positions. This is no change in funding and an increase of 7.7 FTE positions compared to the FY 2001 estimated net appropriation. The changes include:



* A decrease of $137,000 for Racing and Gaming Commission Racetrack Regulation due to the allocation of more office staff to Excursion Boat Regulation.
* An increase of $137,000 for Racing and Gaming Commission Excursion Boat Regulation due to the allocation of office staff from Racetrack Regulation. Excursion boat license fees will be increased to reimburse the General Fund for this increased cost.
* An increase of 3.0 FTE positions for Racing and Gaming Commission Racetrack Regulation to reflect the historical FTE position usage for Racing and Gaming Commission members and extra help.
* An increase of 4.7 FTE positions for Racing and Gaming Commission Excursion Boat Regulation to reflect the historical FTE position usage for Racing and Gaming Commission Members.

**Management** Department of Management – Appropriates a total of $2.4 million from the General Fund and 33.0 FTE positions. This is a decrease of $148,000 and an increase of 1.0 FTE position compared to the FY 2001 estimated net appropriation. The changes include:

* A decrease of $101,000 due to a general decrease.
* A decrease of $47,000 to eliminate law enforcement training reimbursements. Local governments will carry the reimbursements.



**Personnel** Department of Personnel – Appropriates a total of $4.6 million from the General Fund and 179.6 FTE positions. This is a decrease of $370,000 and no change in FTE positions compared to the FY 2001 estimated net appropriation. The changes include:

* A decrease of $326,000 in the Administration and Program Operations Unit due to a general reduction.
* A decrease of $504,000 in the Department of Personnel for the Customer Service and Benefits Unit due to a general reduction.
* A decrease of $40,000 for the Iowa Institute for Public Leadership.
* An increase of $500,000 for Workers’ Compensation.



**Revenue & Finance** Department of Revenue and Finance – Appropriates a total of $27.4 million from the General Fund and 617.6 FTE positions. This is a decrease of $2.5 million and no change in FTE positions compared to the FY 2001 estimated net appropriation. The changes include:

* An increase of $291,000 and 9.0 FTE positions in the Compliance Division due to the reallocation of resources from the Internal Resource Management Division and the State Financial Management Division.
* An increase of $151,000 in the Compliance Division to replace funding from the proposed fee to be collected for the administration of the Local Option Sales and Service Taxes.
* A decrease of $1.0 million in the Compliance Division due to a general reduction.
* An increase of $188,000 in the State Financial Management Division to replace funding from the proposed fee to be collected for the administration of the Local Option Sales and Service Taxes.
* A decrease of $73,000 and 5.0 FTE positions in the State Financial Management Division due to the reallocation of resources to the Compliance Division.
* A decrease of $1.1 million in the State Financial Management Division due to a general reduction.
* An increase of $61,000 in the Internal Resource Management Division to replace funding from the proposed fee to be collected for the administration of the Local Option Sales and Service Taxes.
* A decrease of $218,000 and 4.0 FTE positions in the Internal Resource Management Division due to the reallocation of resources to the Compliance Division.
* A decrease of $745,000 in the Internal Resource Management Division due to a general reduction.

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**Secretary of State** Secretary of State – Appropriates a total of $2.3 million from the General Fund and 42.0 FTE positions. This is a decrease of $373,000 and no change in FTE positions compared to the FY 2001 estimated net appropriation. The changes include:

* A decrease of $54,000 in the Administration and Elections Division due to a general reduction .
* A decrease of $314,000 to the Business Services Division due to a general reduction.
* A decrease of $5,000 to eliminate printing of the Official Register in CY 2001.

**Treasurer** Treasurer of State – Appropriates a total of $866,000 from the General Fund and 25.8 FTE positions. This is a decrease of $367,000 and no change in FTE positions compared to the FY 2001 estimated net appropriation due to a general reduction.

**Other Significant Changes** Other significant changes in Senate File 531 include the following:

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**Transfer**

* Senate File 531 requires that moneys in excess of the maximum balance in the Economic Emergency Fund at the end of FY 2001 be transferred in the following order:

The first $163.8 million is transferred to the General Fund.

The next $40.0 million is transferred to the Healthy Iowan's Tobacco Trust Fund to repay moneys used for the appropriation relating to House File 413 (Student Achievement and Teacher Quality Appropriations Bill).

Any amount over $203.8 million is transferred to the General Fund.

* The Bill requires that moneys in excess of the maximum balance in the Economic Emergency Fund at the end of FY 2002 be transferred to the Healthy Iowan's Tobacco Trust Fund. The amount transferred shall not exceed the difference between $40.0 million and the amount transferred to the Healthy Iowan's Tobacco Trust Fund at the end of FY 2002.
* This Section is contingent upon the enactment of Senate File 532 (Tobacco Securitization Bill).

**More Information** The Governor has not signed Senate File 531. Additional information is available from the Legislative Fiscal Bureau upon request or on the LFB web site at <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Christina Schaefer (Ext. 17942) Ron Robinson (Ext. 16256)

Agriculture and Natural Resources subcommittee Appropriations Bill – HF 725



**Ag./Natural Res. – HF 725** The General Assembly passed HF 725, the Agriculture and Natural Resources Appropriations Bill, on April 27. The Bill appropriates $35.5 million from the General Fund and 1,514.6 FTE positions. This is a decrease of $8.5 million (19.3%) and an increase of 9.5 FTE positions (0.6%) compared to the FY 2001 estimated net appropriation and a decrease of $1.9 million (5.0%) and a decrease of 3.6 FTE positions (0.2%) compared to the FY 2002 revised Governor’s recommendations.

**Ag. & Land Stewardship** The Department of Agriculture and Land Stewardship was appropriated $18.9 million from the General Fund and 451.4 FTE positions, a decrease of$5.9 million (23.9%) and a decrease of 3.6 FTE positions (0.8%) compared to FY 2001 estimated net appropriation.

**Operating Divisions** The Bill decreases the General Fund appropriation to the operating divisions in the Department of Natural Resources. They include:

* A decrease of $40,000 to the Administrative Division.
* A decrease of $42,000 and 2.0 FTE positions to the Regulatory Division.
* A decrease of $42,000 to the Milk Inspections Program.
* A decrease of $70,000 to the Laboratory Division.
* A decrease of $313,000 to the Pesticide Program.
* A decrease of $150,000 to the Fertilizer Program.
* An increase of $235,000 and a decrease of 1.0 FTE position to the Soil Conservation Division.

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**Natural Resources** The Department of Natural Resources was appropriated $16.5 million from the General Fund and 1,063.1 FTE positions, a decrease of $2.5 million (12.9%) and an increase of 13.0 FTE positions (1.2%) compared to the FY 2001 estimated net appropriation. Major changes compared to the FY 2001 estimated net appropriation are outlined below:



**Operating Divisions** The Bill decreases the General Fund appropriation to the operating divisions in the Department of Natural Resources. They include:

* A decrease of $200,000 to the Administrative Services Division.
* A decrease of $500,000 to the Parks and Preserves Division.
* A decrease of $50,000 to the Forests and Forestry Division.
* A decrease of $300,000 to the Energy and Geology Division.
* A decrease of $600,000 and an increase of 13.0 FTE positions to the Environmental Protection Division. Changes include:

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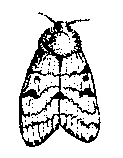
* A decrease of $600,000 for a reduction in operations.
* An increase of 5.0 FTE positions for the Total Maximum Daily Load (TMDL) Program. Funding is from the Environment First Fund.
* An increase of 3.0 FTE positions for the federal Comprehensive Planning Process under the federal Clean Water Act. Funding is from federal funds.
* An increase of 2.0 FTE positions for the Septic Tank Assistance Fund. Funding is from the Environment First Fund.
* An increase of 1.0 FTE position for the Volunteer Coordinator for the Keepers of the Land Volunteer Program with funding from the Environment First Fund.



**Fish and Wildlife Division** House File 725increases the appropriation of the Fish and Game Protection Fund by $200,000 (0.8%) and increases the number of FTE positions in the Fish and Wildlife Division by 2.0 (0.6%) compared to the FY 2001 estimated net appropriation for the Private Land Access Program.

**Other Provisions** Other provisions of the Bill include:

* Appropriates $200,000 from the Brucellosis Eradication Fund to the Department of Agriculture and Land Stewardship to control foreign agricultural animal diseases introduced into the State of Iowa.
* Appropriates $500,000 from unobligated Stormwater Discharge Permit Fees as of June 30, 2001, to the Department of Natural Resources for operations. The Energy and Geology Division will receive $250,000 and the Environmental Protection Division will receive $250,000.
* Appropriates $350,000 remaining from the Leopold Center appropriation from the Agricultural Management Account of the Groundwater Protection Fund. The Department of Agriculture and Land Stewardship will receive $100,000 for the Pesticide Program in the Laboratory Division and the Department of Natural Resources will receive $250,000 for the Environmental Protection Division.
* Specifies all operational State Parks as of April 1, 2001, remain open, and that the Department of Natural Resources use funds from camping fee increases for operations.
* Appropriates $74,000 from the Hazardous Substance Remedial Fund for payment of the workers compensation insurance premium in the Department of Natural Resources.



* Appropriates $40,000 from the Forestry Management and Enhancement Fund to the Department of Agriculture and Land Stewardship for the Gypsy Moth Program.
* Creates the Branding Administration Fund under the direction of the Department of Agriculture and Land Stewardship. The Fund will receive revenues from the cattle brand recording and renewal fee, the federal government, or private sources.
* Requests the Legislative Council to establish an interim committee to study the quality of the State’s surface and subsurface waters, including drinking water sources.

**More Information** The Governor has not signed HF 725. Additional information is available from the Legislative Fiscal Bureau upon request or on the LFB web site at: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Economic Development Appropriations Subcommittee Bill - HF 718

**Economic Devel. – HF 718** The General Assembly passed HF 718, the Economic Development Appropriations Bill, on May 8. The Bill appropriates $35.7 million from the General Fund and 1,201.8 FTE positions to the Department of Workforce Development, Department of Economic Development, Public Employment Relations Board, and several programs at Board of Regents institutions. This is a decrease of $1.4 million (3.7%) and 39.5 (3.2%) FTE positions compared to the FY 2001 estimated net appropriation. The total General Fund appropriated amount is $1.2 million more than the Governor’s revised recommendation. The appropriations are outlined by department below:





**Economic Development** Department of Economic Development -Appropriates a total of $21.7 million from the General Fund and 223.8 FTE positions, a decrease of $122,000 (0.6%) and an increase of 3.8 (1.7%) FTE positions compared to the FY 2001 estimated net appropriation. Major changes include:

* A decrease of $42,000 for programs within the Administrative Services Division. The World Food Prize received an increase of $35,000.
* An increase of $2.3 million and an increase of 1.0 FTE position for programs within the Business Development Division. The Value-Added Agricultural Products and Process Program receives a new General Fund appropriation of $2.9 million within this Division, yielding a net reduction of $584,000 for the other budget units in the Division.
* A decrease of $658,000 for programs within the Community and Rural Development Division.
* A decrease of $1.4 million for advertising and operations in the Tourism Division.
* A decrease of $240,000 for programs within the International Division.

**Other Funds** Major changes in other funds include:

* Reduces the cap on the Workforce Development Fund Account from $8.0 million to $4.0 million. The reduction in income tax diversions will result in a decrease in funds for workforce training programs at the DED and the community colleges. The General Fund will receive an increase of $4.0 million in revenues.
* Appropriates $1.2 million appropriation from the FY 2002 Community Attraction and Tourism Fund appropriation to partially offset the General Fund reduction to the tourism advertising budget.



* Appropriates $500,000 from the Iowa Finance Authority for housing development assistance programs to offset a corresponding decrease in the General Fund.
* Amends Section 321.52A(2), Code of Iowa, to eliminate the transfer of $3.0 million from the Waste Tire Management Fund to the Road Use Tax Fund and instead deposits the money into the General Fund. Of these funds, $2.9 million is appropriated for the Value-Added Agricultural Products and Processes Financial Assistance Fund.

**Regents** Regents Universities - Appropriates a total of $7.2 million from the General Fund and 73.5 FTE positions, a decrease of $458,000 (6.0%) and 0.6 (0.8%) FTE position compared to the FY 2001 estimated net appropriation.



**Workforce Development** Iowa Workforce Development: - Appropriates a total of $5.9 million from the General Fund and 129.5 FTE positions, a decrease of $746,000 (11.2%) and 0.3 (0.2%) FTE position compared to the FY 2001 estimated net appropriation. (There are 762.2 FTE positions funded through other funds that are not reflected in this Bill.) Major changes include:

* A decrease of $210,000 to the Labor Division.
* A decrease of $143,000 to the Workers’ Compensation Division.
* No funding for the Welfare-to-Work Program. This is a decrease in general funds of $153,000. No funding was requested or recommended because the Program will end in FY 2003 and the present appropriated funds should be enough to meet client needs.
* A decrease of $249,000 for the New Employment Opportunity Fund. It has been determined that this amount will be unspent from the FY 2001 appropriation of $500,000 at the end of the fiscal year and not revert. With an FY 2002 appropriation of $251,000, the total amount available in FY 2002 will be approximately $500,000.

**Other Funds** Major changes in other funds include:

* A transfer of $67,000 from General Funds for Employment Statistics to funding from the Penalty and Interest Fund.
* A transfer of $30,000 from General Funds to Job Training Funds for phase-out funding of existing labor management projects. This is a decrease of $39,652 and 0.25 FTE position compared to the FY 2001 estimated net appropriation.
* The Legislature did not pass legislation to extend the administrative contribution surcharge. The surcharge will expire on July 1, 2001. Funds will continue to be collected through the end of calendar year 2001. It is estimated that this amount will be $4.0 million (as compared to the estimate of $6.8 million if the surcharge were extended). This Bill allows Iowa Workforce Development to spend what is collected during FY 2002.

**PERB** Public Employment Relations Board: Appropriates $857,000 from the General Fund and 12.8 FTE positions, a decrease of $55,000 (6.0%) and an increase of 0.8 (6.7%) FTE position compared to the FY 2001 estimated net appropriation.

**More Information** The Governor has not signed HF 718. Additional information is available from the Legislative Fiscal Bureau upon request or on the LFB web site at: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561) Alice Wisner (Ext. 14611)

Education Appropriations Bill – SF 535



**Education – SF 535** The General Assembly passed SF 535, the Education Appropriations Bill, on May 3. The Bill appropriates a total of $920.7 million from the General Fund and 17,359.4 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 41.3 FTE positions compared to the FY 2001 estimated net appropriation. The General Fund appropriations in SF 535 represent a decrease of $23.0 million and a decrease of 12.0 FTE positions compared to the Governor’s revised recommendation for FY 2002.

**College Aid** College Student Aid Commission - Appropriates a total of $53.0 million from the General Fund and 5.4 FTE positions to the College Student Aid Commission. This is a decrease of $5.8 million and no change in FTE positions compared to the FY 2001 estimated net appropriation. Major changes include:

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* Decreases the appropriation for the Des Moines University Osteopathic Medical Center Forgivable Loan Program by $154,000 compared to the FY 2001 estimated net appropriation.
* Decreases the appropriation for the National Guard Educational Assistance Program by $75,000 compared to the FY 2001 estimated net appropriation.
* Eliminates the standing appropriation for the Work Study Program for FY 2002. This is a decrease of $2.8 million compared to the FY 2001 estimated net appropriation.
* Decreases the standing appropriation for the Tuition Grant Program by $2.5 million compared to the FY 2001 estimated net appropriation.
* Decreases the standing appropriation for the Vocational-Technical Tuition Grant Program by $149,000 compared to the FY 2001 estimated net appropriation.



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

**Dept. of Education** Department of Education - Appropriates a total of $188.1 million from the General Fund and 561.0 FTE positions to the Department of Education. This is a decrease of $11.4 million and an increase of 0.5 FTE position compared to the FY 2001 estimated net appropriation. Major changes include:



* Decreases the appropriation for Administration by $363,000 compared to the FY 2001 estimated net appropriation.
* Decreases the appropriation for the Board of Educational Examiners by $153,000 compared to the FY 2001 estimated net appropriation. It is anticipated that revenue from fees will be used to maintain operations.
* Decreases the appropriation for the Vocational Rehabilitation Services Division by $284,000 compared to the FY 2001 estimated net appropriation.
* Decreases the appropriation for the State Library by $1.5 million compared to the FY 2001 estimated net appropriation. The appropriation eliminates funding for the Access Plus Program and shifts funding for the Open Access Program to Enrich Iowa.

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* Increases the appropriation for the Enrich Iowa Program by $880,000 compared to the FY 2001 estimated net appropriation. Libraries are required to offer Open Access as a condition of funding.
* Decreases the appropriation for the Regional Libraries by $101,000 compared to the FY 2001 estimated net appropriation.
* Decreases the appropriation for Iowa Public Television by $652,000 compared to the FY 2001 estimated net appropriation.
* Decreases the appropriation for deposit in the School Ready Children Grants Account of the Iowa Empowerment Fund by $936,000 compared to the FY 2001 estimated net appropriation.
* Decreases the appropriation for community colleges by $4.9 million compared to the FY 2001 estimated net appropriation for operations.

**Regent’s**  Board of Regents - Appropriates a total of $673.6 million from the General Fund and 16,710.3 FTE positions to the Board of Regents. This is a decrease of $41.7 million and an increase of 47.8 FTE positions compared to the FY 2001 estimated net appropriation. Major changes include:



* Decreases the appropriation to the Regents Board Office for Tuition Replacement by $1.5 million compared to the FY 2001 estimated net appropriation.
* Decreases the appropriations to the University of Iowa (SUI) by a total of $18.7 million compared to the FY 2001 estimated net appropriations.
* Decreases the appropriations to Iowa State University (ISU) by a total of $15.4 million compared to the FY 2001 estimated net appropriations.
* Decreases the appropriations to the University of Northern Iowa (UNI) by a total of $5.2 million compared to the FY 2001 estimated net appropriations.
* Decreases the appropriations to the Regents Special Schools by a total of $753,000 compared to the FY 2001 estimated net appropriations.

**Studies/Intent Language** Studies and Intent Language:

* Requires the Division of Library Services of the Department of Education to submit a program evaluation report regarding the Enrich Iowa Program to the Governor and the General Assembly by January 15, 2002.
* Specifies distribution of Community Empowerment Grants.
* Requires county quotas for the Indigent Patient Program at the University of Iowa Hospitals and Clinics to be based on the 2000 census population data.
* Prohibits the Regents institutions from using State General Fund appropriations to provide medically induced abortions, including RU-486 (mifepristone) at the student health centers.

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

* Changes the name of the State-Hospital School at the University of Iowa to the Center for Disabilities and Development.

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* Eliminates the Family Resource Center Pilot Project.
* Requires community colleges to obtain authorization from the State Board of Education before entering into an agreement to transfer ownership of a radio broadcast license or station.
* Requires the Board of Regents institutions to obtain authorization from the Executive Council before entering into an agreement to transfer ownership of a radio broadcast license or station.
* Allocates $50,000 from the Phase III dollars in the standing appropriation for the Educational Excellence Program to the Department of Education for participation in the National Assessment of Education Progress (NAEP).
* Allocates $75,000 from the Phase III dollars in the standing appropriation for the Educational Excellence Program to administer the Ambassador to Education Program.
* Allocates $47,000 from the Phase III dollars in the standing appropriation for the Educational Excellence Program for the Iowa Mathematics and Science Coalition.

**More Information** The Governor has not signed SF 535. Additional information regarding SF 535 can be obtained from the LFB web site located at <http://staffweb.legis.state.ia.us/lfb>.

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Health and Human Rights Appropriations Subcommittee Bill - HF 726



**Health/Human Rts. – HF 726** The General Assembly passed HF 726, the Health and Human Rights Appropriations Bill, on May 3. The Bill appropriates a total of $86.0 million from the General Fund and 1,437.3 FTE positions to the Department for the Blind, Civil Rights Commission, Department of Elder Affairs, Governor’s Office of Drug Control Policy, Department of Public Health, Department of Human Rights, and the Commission of Veterans Affairs. This is a General Fund decrease of $5.2 million (5.7%) and 44.8 (3.0%) FTE positions compared to the FY 2001 estimated net appropriation. The FY 2002 General Fund appropriation represents a decrease of $3.5 million (3.9%) and 66.0 (4.4%) FTE positions compared to the Governor’s FY 2002 revised recommendations.

**Health and Human Rights**

(General Fund Dollars in Millions)\*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Estimated Net Appropriation FY 2001** |  | **Legislative Action FY 2002** |  | **Change** |
| Dept. for the Blind | $1.9 |  | $1.8 |  | $-0.1 |
| Civil Rights Commission | 1.2 |  | 1.1 |  | -0.1 |
| Dept. of Elder Affairs | 5.1 |  | 4.5 |  | -0.6 |
| Gov. Office of Drug Control Policy | 0.6 |  | 0.5 |  | -0.1 |
| Dept. of Public Health | 31.0 |  | 27.9 |  | -3.1 |
| Dept. of Human Rights | 3.7 |  | 2.7 |  | -1.0 |
| Veterans Affairs Commission | 47.8 |  | 47.6 |  | -0.2 |
| Total | $91.3 |  | $86.1 |  | $-5.2 |

\*Numbers may not add due to rounding

**Bill Highlights** Highlights of the Bill include:

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

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

**Elder Affairs** Department of Elder Affairs - Appropriates a total of $4.5 million from the General Fund and 30.0 FTE positions to the Department of Elder Affairs. This is an unspecified decrease of $598,000 and no change in FTE positions compared to the FY 2001 estimated net appropriation. **Drug Control Policy Office** Governor’s Office of Drug Control Policy - Appropriates a total of $488,000 from the General Fund and 13.0 FTE positions to the Governor’s Office of Drug Control Policy. This is an unspecified decrease of $111,000 and no change in FTE positions compared to the FY 2001 estimated net appropriation.

**Public Health** Department of Public Health - Appropriates a total of $27.9 million from the General Fund and 363.6 FTE positions to the Department of Public Health. This is an unspecified decrease of $3.1 million and no change in FTE positions compared to the FY 2001 estimated net appropriation. Major changes include unspecified decreases of:



* $891,000 to the Addictive Disorders Program.
* $77,000 to the Adult Wellness Program.
* $168,000 to the Adolescent Wellness Program.
* $519,000 to the Chronic Conditions Program.
* $183,000 to the Community Capacity Program.
* $330,000 to the Elderly Wellness Program.
* $161,000 to the Infectious Disease Program.
* $219,000 to the Injuries Program.
* $400,000 to the Public Protection Program.
* $168,000 to the Resource Management Program.

**Human Rights** Department of Human Rights - Appropriates a total of $2.7 million from the General Fund and 36.1 FTE positions to the Department of Human Rights. This is an unspecified decrease of $984,000 and no change in FTE positions compared to the FY 2001 estimated net appropriation. Major changes include:

* An unspecified decrease of $58,000 to the Central Administration Division.
* A decrease of $875,000 to the Community Grant Fund.



**Veterans Affairs** Commission of Veterans Affairs - Appropriates a total of $47.6 million from the General Fund and 850.0 FTE positions to the Veterans Affairs Commission. This is an unspecified decrease of $220,000 and 44.8 FTE positions compared to the FY 2001 estimated net appropriation.

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



$1.7 million to the Addictive Disorders Program in the Department of Public Health.

$371,000 for the Iowa Veterans Home.

$1.7 million for the Gambling Treatment Program.

**Intent Language** The Bill contains the following Legislative Intent Language:

* Requires the Iowa Veterans Home to submit a report to the Legislative Fiscal Committee by December 1, 2001, regarding its funding and budget practices.



* Requires the remaining balance in the Gambling Treatment Fund, after appropriations are made to the Addictive Disorders Program and the Iowa Veterans Home, be used for the Gambling Treatment Program.
* Permits the Department of Public Health to retain fees collected from shippers of radioactive material waste containers transported across Iowa for the purpose of oversight and regulation.
* Permits the Board of Dental Examiners, Pharmacy Examiners, Medical Examiners, and Nursing Examiners of the Department of Public Health to retain $263,000 in fees collected to use for relocation expenses during FY 2002.
* Permits the Department of Public Health to retain up to $100,000 from fees collected by the Board of Medical Examiners during FY 2002 to improve licensure functions.
* Permits the Board of Dental Examiners to retain and expend a maximum of $99,000 from dental assistant registration revenues.



* Prohibits the Board of Medical Examiners, Pharmacy Examiners, Dental Examiners, and the State Board of Podiatry from taking any action against licensees who use an automatic dispensing system for prescription drugs in the absence of a pharmacist or practitioner provided that certain conditions are met.
* Specifies the intent of the General Assembly that the Board of Medical Examiners, Pharmacy Examiners, Dental Examiners, and Podiatry Examiners meet to resolve issues generated by the use of automated dispensing systems for prescription drugs and requires the Boards to submit their findings to the Governor and the General Assembly by December 1, 2001.
* Permits the Iowa Veterans Home to retain approximately $1.1 million in drug reimbursements from the federal Department of Veterans Affairs to be used for pharmaceutical-related expenses at the Home.



* Requires the Director of the Department of Public Health, in consultation with an ad hoc committee, to conduct a study regarding comprehensive cancer control in the State and specifies what the study is to include. Requires the Director of Public Health to submit a report of the Committee’s recommendations to the Governor and the General Assembly by January 2, 2002, as well as present the findings to a joint meeting of the Human Resources Committee during the 2002 Legislative Session.

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

* Specifies that revenues for the Drug Abuse Resistance Education Surcharge may be utilized for the Drug Abuse Resistance Education (D.A.R.E.) Program and other similar programs.

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* Increases the Drug Abuse Resistance Education Surcharge from five to ten dollars for operating while intoxicated offenses and offenses related to the possession, manufacture, and delivery of controlled substances.
* Requires the Department of Public Health adopt rules regarding model regulations to be used in instances where a child is confirmed as lead poisoned. Requires the Department to make the model regulations available to local boards of health and to promote the adoption of the regulations at the local level. Specifies adoption of the model regulations at the local level is not required.



**Fee/Revenue Changes** Fees and Other Revenue Changes - The Bill makes changes to the Code of Iowa that affect fees and revenues for the Governor’s Office of Drug Control Policy and the Department of Public Health. The changes include:

* Increases the Drug Abuse Resistance Education Surcharge from five to ten dollars. This fee is anticipated to generate approximately $154,000 annually in General Fund receipts. The funds are appropriated by the General Assembly to the Governor’s Office of Drug Control Policy for the Drug Abuse Resistance Education (D.A.R.E.) Program and other similar programs.
* Permits the Board of Dental Examiners to retain and expend a maximum of $99,000 from dental assistant registration revenues. This will reduce General Fund revenues by $99,000.

**More Information** The Governor has not signed SF 535. Additional information regarding SF 535 can be obtained from the LFB web site located at: <http://staffweb.legis.state.ia.us/lfb>.

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HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE BILL- HF 732



**Human Services - HF 732** The General Assembly passed HF 732, the Human Services Appropriation Bill, on May 3. The Bill appropriates $777.2 million from the General Fund and 5,677.4 FTE positions. This is a decrease of $5.8 million (0.7%) and an increase of 145.6 FTE positions (2.6%) compared to the FY 2001 estimated net appropriation. This is also a decrease of $19.7 million (2.5%) and 75.4 FTE positions as compared to the Governor’s revised recommendation for FY 2002. The Bill appropriates $149.4 million from Temporary Assistance for Needy Families (TANF) for FY 2002, an increase of $1.8 million (1.2%) compared to the FY 2001 estimated appropriation. This is the same amount compared to the Governor’s revised recommendation for FY 2002.

Major changes compared to the FY 2001 estimated net appropriation include:

**TANF** Temporary Assistance for Needy Families (TANF): Appropriates $149.4 million from TANF funds, an increase of $1.8 million, including:



* A decrease of $4.7 million for the Family Investment Program (FIP).
* An increase of $850,000 for the Job Opportunities and Basic Skills (JOBS) Program.
* An increase of $5.5 million for State Child Care Assistance.
* An increase of $83,000 for Emergency Assistance.
* A decrease of $272, 000 for Mental Health and Developmental Disability Community Services.
* A decrease of $490,000 for Child and Family Services.
* An increase of $176,000 for technology.
* An increase of $200,000 for the Healthy Opportunities for Parents to Experience Success (HOPES) Program. This is a new appropriation for FY 2002.
* An increase of $500,000 for the Iowa Marriage Initiative Grant Fund. This is a new appropriation for FY 2002.



**Economic Assistance** Economic Assistance: $42.9 million and 332.4 FTE positions, an increase of $487,000 (1.1%) and 49.0 (17.3%) FTE positions. This includes:

* Family Investment Program: An increase of $604,000 compared to FY 2002 estimated net appropriation. This includes:

An increase of $200,000 to continue funding for welfare reform technology.

An increase of $422,000 to allow the Electronic Benefit Transfer Program to go statewide.

An increase of $314,000 to allow the State to meet federal maintenance of effort requirements.

A decrease of $91,000 due to increased child support recoveries, which offset State General Fund need.

A decrease of $200,000 by converting 49.0 contract positions to State FTE positions.

A decrease of $100,000 due to reduction of the Food Stamps Employment and Training Program.

* Child Support Recovery Unit: A decrease of $118,000 and an increase of 49.0 FTE positions compared to FY 2002, for conversion of contracted staff to State FTE positions.

**Medical Services** Medical Services: $ 450.4 million and 30.0 FTE positions, an increase of $16.9 million (3.9%) and an increase of 13.0 (76.5%) FTE positions. This includes:

* Medical Assistance: An increase of $12.5 million. This includes:

An increase of $33.1 million for increases in the number of eligibles and the services received.



An increase of $1.1 million due to anticipated 20.0% premium increase in the Health Insurance Premium Payment (HIPP) Program.

An increase of $1.5 million due to increased participants in Medicaid Buy-In programs.

An increase of $5.7 million due to increase in recipients on waiver services.

A decrease of $13.2 million due to use of Tobacco Settlement Fund to offset State General Fund needs.

A decrease of $3.0 million due to expected increases in the federal Disproportionate Share Program revenues.

A decrease of $1.5 million from a court settlement with a former fiscal agent.

A decrease of $2.1 million due to increased participation in the Health Insurance Premium Payment Program.



A decrease of $1.1 million relating to changes in drug reimbursements.

A decrease of $1.3 million relating to pharmaceutical fees.

A decrease of $5.3 million relating to a 3.0% across-the-board reduction for fees to various Medicaid providers.

* A decrease of $1.6 million due to adjustments in pharmaceutical costs.
* Health Insurance Premium Payment Program: An increase of $162,000 and 5.0 FTE positions for expansion efforts.
* Children’s Health Insurance Program (CHIP): An increase of $4.7 million. This includes:

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An increase of $6.0 million to restore a one-time offset of FY 2001 carry forward of unexpended FY 2000 funds in the Healthy and Well Kids in Iowa (HAWK-I) Trust Fund.

A decrease of $1.7 million to reduce the Medicaid expansion cost to reflect revised enrollment projections.

An increase of $3.3 million due to anticipated increased enrollment in the HAWK-I Program.

An increase of $259,000 due to anticipated enrollment of infants in the Children’s Health Insurance Program (CHIP).

A decrease of $4.3 million due to an anticipated carry forward of unexpended FY 2001 funds in the HAWK-I Trust Fund.

An increase of $1.3 million to restore a FY 2001 General Fund appropriation reduction.

* Medical Contracts: An increase of $274,000 and 8.00 FTE positions. This includes:

An increase of $1.2 million for base budget and claim payment increases.

A decrease of $500,000 and an increase of 8.0 FTE positions to convert contract staff to State FTE positions.

A decrease of $350,000 for a reduction in the number of case reviews.



* State Supplementary Assistance: A decrease of $436,000. This includes:

A decrease of $478,000 due to eligibility changes.

An increase of $484,000 due to increasing the maximum reimbursement rates for Residential Care Facilities and In-Home Health Related Care by 2.61% effective January 1, 2002.

A decrease of $423,000 due to an increase in the federal cost of living adjustment for the Supplemental Security Income subsidy.

**Adults, Children, & Families** Adults, Children, and Families: $131.2 million and 371.1 FTE positions, a decrease of $2.2 million (1.7%) and an increase of 4.0 (1.1%) FTE positions. This includes:



* Toledo Juvenile Home: An increase of $174,000 and 4.0 FTE positions. This includes:

An increase of $149,000 for inflation.

An increase of $13,000 and 2.0 FTE positions for vocational instructors.

An increase of $63,000 and 2.0 FTE positions for security staff.

A decrease of $51,000 for a general decrease.

* Training School at Eldora: An increase of $61,000 and no change in FTE positions. This includes:
* An increase of $181,000 for inflation.
* A decrease of $120,000 for a general decrease.
* Child and Family Services: A decrease of $2.8 million. This includes:

An increase of $468,000 due to fewer children being eligible for federal funding.

An increase of $266,000 due to a decrease in the federal match rate.

An increase of $1.5 million for an increase in subsidized adoptions.

An increase of $1.1 million to provide adoption and foster care subsidies at 70.0% of the United States Department of Agriculture (USDA) estimated cost to raise a child.

An increase of $45,000 for child abuse training.

A decrease of $147,000 to eliminate the State match for the Safe and Stable Families Grant.

A decrease of $65,000 for reimbursement to the Psychiatric Medical Institutions for Children (PMICs).



A decrease of $2.5 million from independent living, family preservation, and family foster care expenditures.

A decrease of $1.1 million from delinquency programs.

A decrease of $1.2 million to eliminate wraparound services.

A decrease of $278,000 for various programs and activities.

A decrease of $211,000 to eliminate the Family to Family Program.

A decrease of $700,000 from female day treatment services.

* Community-Based Programs: An increase of $250,000 for additional child abuse prevention grants.
* Family Support Subsidy Program: An increase of $62,000 for a cost of living adjustment based upon the federal Supplemental Security Income (SSI) increase.
* Central Intake Child Protection Unit: A contingent appropriation of $250,000, contingent upon enactment of a Central Intake Unit during the 2002 General Assembly.



**MH/MR/DD/BI** Mental Health, Mental Retardation, Developmental Disabilities, and Brain Injury: A decrease of $12.1 million (11.6%) and an increase of 12.8 (0.5%) FTE positions. This includes:

* Mental Health Institutes: An increase of $362,000 and 7.8 FTE positions for inflation, general increases and decreases, security staff, and staff due to increases in admissions and average daily census.
* State Resource Centers: A decrease of $1.9 million and no change in FTE positions for changes in federal receipts and federal match rates, inflation, and general reductions.
* State Cases: An increase of $91,000 due to the number of cases, expenditure per case, and utilization of the Medicaid Rehabilitation Option.
* Personal Assistance: A decrease of $100,000 due to a phase-out of the Program.
* Sexual Predator Commitment Program: An increase of $100,000 and 5.0 FTE positions. This includes:

An increase of $250,000 to replace a one-time FY 2000 carry forward.

An increase of $14,000 for inflation.

An increase of $110,000 for additional patients expected in FY 2002.

An increase of $100,000 and 5.0 FTE positions for additional psychiatric security staff.

A decrease of $24,000 for a general reduction.

A decrease of $350,000 from a carry forward of FY 2001 funds into FY 2002.

* Mental Health Allowable Growth: A net decrease of $10.5 million due to an adjustment in the appropriation. This is a result of a $24.9 million appropriation and a decrease of $15.6 million from that appropriation, resulting in a net appropriation of $9.3 million. The Bill provides that counties be paid the Mental Health Property Tax Relief Fund standing appropriation in July and January of each year rather than in September and March of each year. This results in a reduction of income for the State General Fund by an estimated $1.0 million from interest earned in the months prior to the current months of payment.

**Administration** Administration: $60.2 million and 2,513.50 FTE positions, a decrease of $8.7 million (12.6%) and an increase of 66.8 (2.7%) FTE positions.



* Field Operations: An increase of $1.6 million and 207.0 FTE positions. This includes:

An increase of $3.4 million and 100.0 FTE positions to merge a portion of the Regional Offices budget unit into the Field Operations budget unit.

An increase of $434,000 for inflation.

An increase of $50,000 to replace reduced Social Security Block Grant (SSBG) funding from transferred funds from the Temporary Assistance for Needy Families (TANF).

A decrease of $880,000 due to increased federal financial participation.

An increase of 32.0 FTE positions for child care inspections.

An increase of $2.2 million and 75.0 FTE positions for child protection staff and training.

A decrease of $613,000 for a general reduction.

A decrease of $3.0 million for expectation of federal funding for child abuse initiatives.

A decrease of $27,000 for rounding.



* General Administration: A decrease of $4.4 million and an increase of 14.0 FTE positions. This includes:

A decrease of $159,000 for a general reduction.

A decrease of $1.0 million and an increase of 14.0 FTE positions due to conversion of contract staff to State FTE positions.

A decrease of $3.0 million from FY 2001 equipment funds carried forward to FY 2002 and a moratorium of equipment purchases in FY 2002.

**Other Provisions** Other significant provisions:

* Specifies requirements of the Iowa Marriage Matters Initiative Grant Fund. A new program for FY 2002.



* Requires the Department of Human Services (DHS) to expand the electronic benefit transfer (EBT) card (being developed for food stamps) for medical assistance eligibility and child care service providers reimbursed by State funds. Also specifies legislative intent that the electronic funds transfer equipment already being utilized by a retailer participating in the Food Stamp Program be used for the electronic benefit transfer (EBT).
* Requires the DHS to provide federal access and visitation grant moneys directly to private not-for-profit agencies providing visitation site and mediation services.
* Requires the DHS to notify certain entities regarding citations for certification or regulatory requirements received by the juvenile institutions, the Mental Health Institutes, and the State Resource Centers.
* Requires the DHS to adopt administrative rules relating to qualifications of certain rehabilitative treatment service providers.
* Permits the DHS to establish a subsidized guardianship program if a federal Title IV-E waiver is received.
* Specifies that the Mental Health Institute at Mount Pleasant be permitted to carry forward the needed revenues related to the dual diagnosis program to meet credit obligations owed to counties as a result of year-end per diem adjustments.
* Prohibits additional individuals from being accepted into the Personal Assistance Program pilot project.
* Requires the DHS to eliminate the Regional Office administrative level within the Field Operations component. Provides that essential staff be transferred to a county cluster office of the DHS.

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**Transfer**

* Specifies language regarding community partnership approach for child protection and for the DHS to seek federal financial participation.
* Requires the DHS to notify various entities regarding bonus and incentive payments or other payments received by the DHS.
* Requires that funds received in a settlement with a fiscal agent of the DHS be used to supplement the FY 2002 Medical Assistance (Medicaid) appropriation.
* Prohibits the DHS from purchasing nonessential equipment for the remainder of FY 2001 and requires $500,000 be carried forward into FY 2002.
* Delays the repeal of Chapter 225B, Code of Iowa, relating to Prevention of Disabilities, from July 1, 2001, to July 1, 2006.
* Permits the DHS to implement a single contact repository for child abuse registry information.

**More Information** The Governor has not signed HF 732. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

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Justice System Appropriations Bill - SF 530



**Justice System – SF 530** The General Assembly passed SF 530, the Justice System Appropriations Bill, on May 8. The Bill appropriates $358.4 million and 5,995.2 FTE positions to the Departments of Justice, Corrections, Public Safety, and Public Defense, Board of Parole, State Public Defender’s Office, and the Iowa Law Enforcement Academy. This is a reduction of $16.3 million (4.3%) and 28.2 FTE positions (0.4%) compared to the FY 2001 estimated net appropriation. The General Fund appropriation represents a decrease of $13.5 million (3.6%) and 56.0 FTE positions (0.9%) compared to the Governor’s revised FY 2002 recommendation. Changes compared to FY 2001 are outlined below.

**Justice** Department of Justice - Appropriates $13.6 million and 260.5 FTE positions, a decrease of $1.4 million (9.1%) and an increase of 1.0 FTE position compared to the FY 2001 estimated net appropriation. Changes include:



* Office of the Attorney General: A decrease of $846,000 (9.6%) and an increase of 1.0 FTE position. This will require leveraging other funds such as Consumer Education, Forfeited Property, and Anti-Trust. The spending limitation on the Consumer Education Fund is increased by $250,000. The 1.0 FTE position is currently being reimbursed by the Department of Commerce.
* Legal Services Poverty Grant: A decrease of $30,000 (4.2%) compared to the FY 2001 estimated net appropriation.
* Prosecuting Attorney Training Program: A decrease of $22,000 (6.7%) compared to the FY 2001 estimated net appropriation.
* Victim Assistance Grants and Area Prosecuting Attorneys Program were both reduced by 0.8% compared to the FY 2001 estimated net appropriation.
* Office of the Consumer Advocate: No change compared to the FY 2001 estimated net appropriation. Any change in General Fund expenses changes General Fund receipts by the same amount.



**Corrections** Department of Corrections (DOC): - Appropriates $242.2 million and 4,222.8 FTE positions, a decrease of $8.8 million (3.5%) and 13.6 FTE positions (0.3%) compared to the FY 2001 estimated net appropriation. Changes include:



* Institutions - A decrease of $6.0 million (3.2%) and 7.0 FTE positions (0.2%) compared to the FY 2001 estimated net appropriation. Changes include:

A decrease of $1.4 million and 9.0 FTE positions to eliminate a Counselor at each of the nine prisons and reduce the overtime budget. The positions are vacant or are expected to be vacant due to retirement.

A decrease of $438,000 to reduce vehicle depreciation at all of the prisons and the Corrections Training Center. The Bill includes statutory language to implement this reduction.

A decrease of $517,000 to reduce the support budget at all of the prisons.

An increase of $500,000 for the increased cost of natural gas at eight of the prisons.

A decrease of $1.6 million for a 0.9% across-the-board reduction.

A decrease of $2.0 million at the Iowa State Penitentiary at Fort Madison. The decrease is offset by a FY 2001 supplemental appropriation of $2.0 million.

A decrease of $731,000 and 0.6 FTE position for the Special Needs Unit at Fort Madison. This amount deducts the FY 2001 one-time costs, adds utility costs, and annualizes two of the original four positions authorized for the new unit. The 200-bed Special Needs Unit is anticipated to open in August 2002.

* An increase of $135,000 for three nurses at Newton and Clarinda.
* Community-Based Corrections (CBC) - A decrease of $1.6 million (2.9%) and 6.5 FTE positions (0.5%) compared to the FY 2001 estimated net appropriation. Changes include:

A decrease of $102,000 for the Seventh CBC District Department to offset the lease-purchase of a currently rented facility.

A decrease of $500,000 for sex offender hormonal therapy in all eight CBC District Departments.

A decrease of $658,000 and 16.0 FTE positions for Field Services staff in five of the eight CBC District Departments.

A decrease of $370,000 and 5.5 FTE positions for Drug Courts in the Second and Third CBC District Departments. The reduction eliminates Drug Courts in Marshalltown and Mason City and significantly reduces the Drug Court in Sioux City.

A decrease of $414,000 for a 0.9% across-the-board reduction in seven of the eight CBC District Departments.

An increase of $756,000 and 15.0 FTE positions to staff and operate the Dubuque and Council Bluffs new residential beds.

A decrease of $345,000 in the Sixth CBC District Department, including $297,000 for treatment contracts.

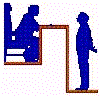
* Central Office: A decrease of $1.0 million and no change in FTE positions compared to the FY 2001 estimated net appropriation. Changes include:

A decrease of $797,000 to eliminate the appropriation for Phase II lease-purchase payments. FY 2001 was the last year of the payments.

A decrease of $425,000 for a 6.6% across-the-board reduction for Central office, the Iowa Corrections Offender Network, Federal Bureau of Prisoners Account, and Corrections Education Program.

A decrease of $29,000 for a 5.7% across-the-board reduction for the Corrections Training Center.

An increase of $176,000 for the County Confinement Account.



**Public Defender** Office of the State Public Defender - Appropriates $34.6 million and 202.0 FTE positions, a decrease of $993,000 (2.8%) and an increase of 1.0 FTE position compared to the FY 2001 estimated net appropriation. Changes include:

* Office of the State Public Defender: An increase of $398,000 (2.6%) and 1.0 FTE position compared to the FY 2001 estimated net appropriation. The increase maintains the current level of service and converts a contract position to a State employee.
* Indigent Defense: A decrease of $1.4 million (6.5%) compared to the FY 2001 estimated net appropriation. The reduction is based on a FY 2000 appropriation transfer of $680,000 and an across-the-board reduction of 3.3%.

**Parole Board** Parole Board - Appropriates $1.0 million and 16.5 FTE positions, a decrease of $60,000 (5.5%) and 1.5 FTE positions (8.3%) compared to the FY 2001 estimated net appropriation. The reduction eliminates vacant positions, reduces the support budget, and increases Board members’ per diem from 133 to 151 days.

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

**Public Safety** Department of Public Safety - Appropriates $59.4 million and 979.4 FTE positions, a decrease of $4.9 million (7.6%) and 17.0 FTE positions (1.7%) compared to the FY 2001 estimated net appropriation. Changes include:

* Administration: A decrease of $225,000 that includes a technology FTE position, equipment costs, office supplies, and vehicle depreciation.
* Division of Criminal Investigation: A decrease of $959,000 and 2.0 FTE positions. This includes equipment costs, vehicle depreciation, overtime, and positions that were added in FY 2001.
* Division of Narcotics Enforcement: A decrease of $705,000 and 4.0 FTE positions. This includes equipment costs, vehicle depreciation, overtime, and positions that were added in FY 2001.
* State Fire Marshal’s Office: A decrease of $173,000 that includes a reduction in existing vacancies, vehicle funds, one-time costs, and equipment.
* Capitol Police: A decrease of $151,000 and 1.0 FTE position.
* Iowa State Patrol: A decrease of $2.8 million and 13.0 FTE positions. This includes $984,000 and 9.0 FTE positions for vacant positions, retirements, overtime, and extra help, $309,000 to establish a sick leave payout fund, $285,000 and 4.0 FTE positions for the Drug Abuse Resistance Education Program, and $1.2 million for an across-the-board reduction.

**Intent Language** The Bill contains the following legislative intent language:

* Requires the DOC and the Department of Justice to assist local regional jail authorities in issuing a report regarding the development of regional jails.



* Requires Drug Courts to be offered to offenders on a post-adjudication basis, and felony cases are given priority over misdemeanor cases.
* Requires the DOC and the CBC District Departments to provide continuing evaluation of the Drug Courts.
* Authorizes 2.0 FTE positions to establish an Elderly Crime Unit within the Division of Criminal Investigation, contingent upon federal funding.
* Authorizes 2.0 FTE positions to be funded from the Victim Compensation Fund, contingent upon the enactment of SF 259, Victim Compensation Bill.
* Requests the Legislative Council to establish a study committee on issues related to involuntary hospitalization.

**More Information** The Governor has not signed HF 732. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

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Judicial Branch Appropriations Bill – SF 527

**Judicial Branch – SF 527** C:FilesOfficeCor_.wmfThe General Assembly passed Senate File 527, the Judicial Branch Appropriations Bill, on April 26. The Bill appropriates a total of $117.0 million from the General Fund to the Judicial Branch. This is an increase of $377,000 (0.3%) and no change in FTE positions compared to the FY 2001 estimated net appropriation. The General Fund appropriation represents a decrease of $805,000 (0.7%) and 62.4 (2.9%) FTE positions compared to the Governor’s Revised FY 2002 recommendation. Significant changes include:

* A decrease to the employer’s contribution rate to the Judicial Retirement System by $1.3 million to fund the system at 16.6% of covered payroll.
* Maintains current law by capping the Enhanced Court Collections Fund at $4.0 million. This is an increase of $4.0 million from FY 2001.
* Allows up to $317,000 of the Enhanced Court Collections Fund to be used by the Court for compensation of judicial hospitalization referees.

**More Information** The Governor has not signed Senate File 527. Additional information is available from the Legislative Fiscal Bureau upon request or can be obtained from the Fiscal Bureau web site at <http://staffweb.legis.state.ia.us/lfb/>.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Oversight and Communications Appropriations Subcommittee Bill - HF 719



**Oversight/Commun. – HF 719** The General Assembly passed House File 719, the Oversight and Communications Appropriations Bill, on May 7. The Bill appropriates a total of $18.9 million from the General Fund and 271.9 FTE positions to the four Departments of the Oversight and Communications Appropriations Subcommittee. This is a General Fund decrease of $4.0 million (17.4%) and 25.4 (10.3%) FTE positions compared to the FY 2001 estimated net appropriation. The FY 2002 General Fund appropriation represents a decrease of $3.4 million (15.1%) and no change in FTE positions compared to the Governor’s FY 2002 recommendations.

**Comparison to FY 2001** Significant changes compared to the estimated net FY 2001 appropriation includes:



* A decrease of $153,000 for the Public Broadcasting Division of the Department of Education from support functions related to the Iowa Communications Network (ICN).
* A decrease of $948,000 for the Iowa Telecommunications and Technology Division from video subsidization of educational users of the ICN.
* A decrease of $1.4 million for the Information Technology Department (ITD) from general operations.
* A decrease of $1.5 million for the Treasurer of State from funds for payment of debt service on the build out of Parts I and II of the ICN. Of these funds, $1.4 million is replaced by an appropriation of funds remaining unexpended and unencumbered at the end of FY 2001 in the Pooled Technology Account.
* A Rebuild Iowa Infrastructure Fund (RIIF) appropriation of $13.0 million for the Pooled Technology Account. The following projects are specifically funded in the Bill:

$3.0 million to the Department of Education for Community College Technology.



$1.5 million to the University of Northern Iowa for the 21st Century Learning Initiative.

$1.5 million to the Department of Education for nonpublic school technology.

$2.7 million to the Iowa Telecommunications and Technology Commission for maintenance and lease costs of Part III of the ICN.

$312,000 to the ITD for the Justice Data Warehouse. Of this amount, $60,000 is required to be transferred to the Division of Criminal and Juvenile Justice Planning of the Department of Human Rights for support of one FTE position related to the warehouse.

$1.0 million to the ITD for implementation of an enterprise data warehouse.

$500,000 to the Secretary of State’s Office to replace the State’s voter registration system. The total cost of this project is estimated to be $3.0 million.

$1.0 million to the Department of Workforce Development for automation of the unemployment system.



$250,000 to the Department of Agriculture and Land Stewardship for the e-commerce electronic licensing project.

The remaining RIIF funds deposited in the Account shall be available for use by the ITD for projects approved by the Information Technology Council.

* An appropriation of all FY 2001 General Fund reversions to the Pooled Technology Account, except that the first $10.0 million in reversions are deposited in the General Fund to be used as follows:

The first $312,000 of reversions are allocated to the ITD for the remainder of the costs of the Justice Data Warehouse.

Any additional reversions received by the Account shall be available for use by the ITD for projects approved by the Information Technology Council.

**Statutory Changes** Significant changes to the Code of Iowa:

* Appropriates 75.0% of funds from operational accounts and 100.0% of funds from nonoperational accounts that would otherwise revert to the General Fund at the end of FY 2001, to the Pooled Technology Account. Also, provides that the first $10.0 million of reversions be deposited in the General Fund.

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* Requires that the first $1.0 million of driver’s record receipts to be transferred to the ITD for developing, implementing, maintaining, and expanding electronic access to government records. These fees would otherwise be deposited into the General Fund. This is the same amount transferred in FY 2001.
* Permits the Judicial Branch to conduct a three-year pilot project for fee collection from the electronic accessing of court information from remote locations.
* Requires all State agencies that make reports or newsletters available for public inspection to maintain the reports and newsletters in electronic format and make them available over the Internet beginning July 1, 2001. Copies of the reports and newsletters shall be provided to the State Librarian for distribution in electronic format to public libraries requesting copies.
* Allocates $1.4 million from the FY 2001 funds deposited into the Pooled Technology Account to the Treasurer of State for FY 2002. These funds will be used to meet the payment obligations on the certificates of participation issued for the build out of Parts I and II of the ICN.

**Interim Study** The Bill requests that the Legislative Council approve an interim study committee to study the provision of educational services over the ICN and through other electronic mediums.

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

Transportation Appropriations Bill – SF 528



**Transportation – SF 528** The General Assembly passed SF 528, the Transportation Appropriations Bill, on May 1. The Bill appropriates a total of $264.5 million to the Department of Transportation (DOT), which includes $2.8 million from the General Fund, $36.6 million from the Road Use Tax Fund, $225.1 million from the Primary Road Fund, and 3,859.0 FTE positions. This is a decrease of $11.1 million and no change in FTE positions compared to the FY 2001 estimated net appropriation. The appropriations in SF 528 represent an increase of $108,000 compared to the Governor’s FY 2002 recommendations. Highlights of the Transportation Appropriations Bill are listed below.

**Transportation**

**(Dollars in Millions)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Estimated Net Appropriation FY 2001** |  | **Legislative Action FY 2002** |  | **Change** |  | **Percent Change** |
| General Fund | $3.0 |  | $2.8 |  | $-0.2 |  | -6.70% |
| Primary Road Fund | 235 |  | 225.1 |  | -9.9 |  | -4.2% |
| Road Use Tax Fund | 37.6 |  | 36.6 |  | -1.0 |  | -2.7% |
| Total | $275.6 |  | $264.5 |  | $-11.1 |  | -13.6% |

**General Fund** General Fund Appropriations:

* Appropriates $2.2 million for airport engineering studies and improvement projects. This is a decrease of $186,000 compared to the FY 2001 estimated net appropriation.
* Appropriates $600,000 for the Rail Assistance Program and to provide economic development project funding. This is a decrease of $2,000 compared to the FY 2001 estimated net appropriation.

**Non-General Fund** Non-General Fund Appropriations:

**Operations Division** Operations Division – The Bill appropriates a total of $5.2 million from the Road Use Tax Fund and $31.4 million from the Primary Road Fund and authorizes 310.0 FTE positions to the Division. This is a decrease of $1.8 million and no change in FTE positions compared to the FY 2001 estimated net appropriation. Significant changes include:

* An increase of $140,000 for leases and maintenance and service contracts on new and existing equipment; for facilities design contracts; and for annual maintenance costs of workstation management tools.



* A decrease of $532,000 for central training, employee moving costs, out-of-state travel, and costs associated with staff conferences.
* A decrease of $480,000 to leave one internal auditor position unfilled, and to hold vacant positions in the Division open a minimum of four months.
* A decrease of $362,000 for information technology (IT) services including: equipment and software maintenance leases and upgrades; expansion of the Local Area Network computer system; maintenance and support of the Electronic Records and Management System; and IT overhead costs and support services.
* A decrease of $333,000 in telecommunication costs, including automation/communication equipment depreciation funds.
* A decrease of $150,000 in remodeling funds for the Park Fair Mall in Des Moines.
* A decrease of $50,000 to reduce the quality of print materials.

**Administrative Division** Administrative Services Division – The Bill appropriates a total of $515,000 from the Road Use Tax Fund and $3.2 million from the Primary Road Fund and authorizes 42.0 FTE positions to the Division. This is a decrease of $3.2 million and 54.0 FTE positions compared to estimated FY 2001. Significant changes include:

* A decrease of $3.0 million for the transfer of 54.0 FTE positions to the Highway and Planning Divisions. This transfer will help facilitate the DOT reorganization.
* A decrease of $120,000 to eliminate the Employee Wellness Program.
* A decrease of $39,000 for expert witness fees and travel.
* A decrease of $32,000 to leave one clerical support position unfilled.



**Planning Division** Planning Division – The Bill appropriates $462,000 from the Road Use Tax Fund and $8.8 million from the Primary Road Fund and authorizes 163.0 FTE positions to the Division. This is a decrease of $1.3 million and 20.0 FTE positions compared to the FY 2001 estimated net appropriation. Significant changes include:

* An increase of $1.8 million for the transfer of 26.0 FTE positions from the Administrative Services, Maintenance, and Project Development Divisions. This transfer will help facilitate the DOT reorganization.
* A decrease of $2.9 million for the transfer of 46.0 FTE positions to the Highway Division. This transfer will help facilitate the DOT reorganization.
* A decrease of $165,000 to leave three positions vacant in railroad safety education, railroad regulation, and transit system marketing; and to leave one position in winter maintenance technology and training research open for six months.
* A decrease of $57,000 for costs associated with public support of local planning organizations.



**Highway Division** Highway Division – The Bill appropriates $166.2 million from the Primary Road Fund and authorizes 2,782.0 FTE positions to the Division. The Highway Division is a new Division created for FY 2002. Significant changes include:

* An increase of $172.3 million for transfer of 2,782.0 FTE positions from other divisions. This transfer will help facilitate the DOT reorganization. Under the reorganization, the Project Development and Maintenance Divisions will be eliminated, resulting in the transfer of $168.2 million from the Primary Road Fund to the Highway Division for the transfer of 2,686.0 FTE positions. In addition, $4.1 million will be transferred to the Highway Division for the transfer of 96.0 FTE positions from other DOT divisions.
* A decrease of $4.4 million to re-assign 37 filled positions and leave 50 vacant positions unfilled.
* An increase of $1.7 million for salt transportation costs and increased fuel prices.
* A decrease of $1.7 million for travel and training.
* A decrease of $1.0 million for overtime in field construction.
* A decrease of $900,000 to consolidate 17 garages and offices, leaving two vacant positions unfilled.



**Motor Vehicle Division** Motor Vehicle Division – The Bill appropriates $25.9 million from the Road Use Tax Fund and $1.1 million from the Primary Road Fund and authorizes 562.0 FTE positions to the Division. This is a decrease of $1.4 million and 1.0 FTE position compared to estimated FY 2001. Significant changes include:

* An increase of $188,000 for increased fuel costs.
* An increase of $141,000 for increased postage costs.
* A decrease of $1.6 million to leave 42 positions unfilled.
* A decrease of $75,000 due to the elimination of the driver’s license “Renewal by Mail Program.”
* A decrease of $60,000 for transfer of 1.0 FTE position to the Operations Division.

**Special Purpose** Special Purpose - The Bill also appropriates $15.3 million for the following Special Purpose appropriations:



Driver’s License

* $4.0 million from the Road Use Tax Fund for increased usage of the Digitized Imaging System used for issuance of driver’s licenses. This is an increase of $1.9 million compared to estimated FY 2001.
* $2.0 million from the Road Use Tax Fund and the Primary Road Fund for increased workers’ compensation costs. This is an increase of $420,000 compared to estimated FY 2001.
* $352,000 from the Primary Road Fund for field facility deferred maintenance to improve Department facilities throughout the State. This is a new appropriation for FY 2002.
* $200,000 from the Primary Road Fund to conduct a DOT site utilization study. The study will address the loss of parking and three office buildings that will occur when the City of Ames implements improvements to Lincoln Way and Grand Avenues. This is a new appropriation for FY 2002.



* $850,000 from the Road Use Tax Fund and Primary Road Fund for increased payment to the General Fund for indirect costs. This is an increase of $100,000 compared to estimated FY 2001.
* $345,000 from the Road Use Tax Fund and Primary Road Fund for increased reimbursement to the Auditor of State. This is an increase of $48,000 compared to estimated FY 2001.
* $5.3 million from the Primary Road Fund to the Materials and Equipment Replacement Revolving Fund. This is a decrease of $1.0 million compared to FY 2001.
* $800,000 from the Primary Road Fund for the disposal of hazardous materials. This is a decrease of $200,000 compared to FY 2001.
* $750,000 from the Road Use Tax Fund and Primary Road Fund for payment to the Iowa Department of Personnel for administrative costs. This appropriation maintains the current level of funding.
* $345,000 from the Road Use Tax Fund and Primary Road Fund for payment of unemployment compensation costs. This appropriation maintains the current level of funding.

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* $158,000 from the Road Use Tax Fund to the City of Cedar Falls for improvements to West 23rd Street adjacent to University of Northern Iowa property. This is a one-time appropriation for FY 2002.
* $100,000 from the Road Use Tax Fund for the Road/Weather conditions information service. This appropriation maintains the current level of funding.
* $50,000 from the Road Use Tax Fund for membership in the North America’s Superhighway Corridor Coalition. This appropriation maintains the current level of funding.
* $34,000 from the Road Use Tax Fund to the Department of General Services for the planning and design of a state institutional road extending 12th Street south of Court Avenue to the new Judicial Building. This is a one-time appropriation for FY 2002.

**Capital Projects** DOT Capital Projects - The Bill also appropriates $3.6 million for the following DOT Capital Project appropriations:



* $1.9 million from the Primary Road Fund for continued renovation of the DOT Administration Building and for construction of a communications building on the Ames Complex. This is a new appropriation for FY 2002.
* $350,000 from the Primary Road Fund to replace exhaust systems at DOT field maintenance facilities. This is a new appropriation for FY 2002.
* $320,000 from the Primary Road Fund for construction of an addition to the regional materials testing laboratory in Cedar Rapids. This is a new appropriation for FY 2002.
* $200,000 from the Primary Road Fund for continued funding for improvements to DOT facilities to meet the Americans with Disabilities Act requirements. This appropriation maintains the current level of funding.
* $400,000 from the Primary Road Fund for continued funding for replacement and improvements to maintenance garage roofs. This appropriation maintains the current level of funding.
* $400,000 from the Primary Road Fund for waste water treatment improvement at maintenance garage locations. This appropriation maintains the current level of funding.

**Statutory Changes** Senate File 528 amends the Code of Iowa in the following ways:

* Allows the DOT to use an annual appropriation of $650,000 from the Road Use Tax Fund for the purchase of automation and telecommunications equipment in county treasurer offices. Under current law, the funds can only be used for the purchase of equipment and supplies for vehicle registration and titling.

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* Allows the DOT Commission to transfer funds from the Revitalize Iowa’s Sound Economy (RISE) Fund to the Primary Road Fund when funding is inadequate to meet anticipated road construction costs. The transferred funds are required to be repaid to the RISE Fund within six months after transfer.
* Eliminates the driver’s license Renewal by Mail Program and the $2 fee for administration and mailing expenses associated with the Program.

**More Information** The Governor has not signed SF 528. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223) David Reynolds (Ext. 16934)

Infrastructure Appropriations Bill - HF 742

**Infrastructure – HF 742** The General Assembly passed HF 742, the Infrastructure Appropriations Bill, on May 8. The Bill appropriates a total of $147.3 million in FY 2002. This includes $107.6 million from the Tobacco Settlement Trust Fund, $4.7 million from the Rebuild Iowa Infrastructure Fund (RIIF) and $35.0 million from the Environment First Fund. The Bill also appropriates $41.4 million in FY 2003, and $25.2 million in FY 2004 from the Tobacco Settlement Trust Fund and Rebuild Iowa Infrastructure Fund. The following table summarizes the funding by source of funds.



**Contingency** The Tobacco Settlement Trust Fund appropriations are contingent upon the securitization of the tobacco settlement payments. If securitization does not take place, $85.0 million of the $107.6 million of the Tobacco Settlement Trust Fund appropriations will be appropriated from the RIIF.

Funding included within the Bill is listed below by funding source.

**Tobacco Settlement Trust Fund**

**Corrections** Department of Corrections

* Appropriates $6.4 million for costs associated with the addition of a 200-bed Special Needs Unit at the Iowa State Penitentiary at Fort Madison.



* Appropriates $100,000 for the cost of connecting the correctional facility at Oakdale to the City of Coralville water system.
* Appropriates $364,000 for the final phase of the State’s share of the construction costs associated with the Mitchellville waste water treatment plant.
* Appropriates $333,000 for costs of entering into a lease purchase agreement to connect the electrical system supporting the Special Needs Unit at the Iowa State Penitentiary in Fort Madison.
* Deappropriates $5.2 million from FY 2000 and FY 2001 Rebuild Iowa Infrastructure Fund appropriations for the construction of a 170-bed facility at the Iowa Medical and Classification Center in Oakdale.

**Economic Development** Department of Economic Development

* Appropriates $2.5 million for the Accelerated Career Enhancement (ACE) Program.
* Appropriates $12.5 million for the Community Attraction and Tourism Program. This appropriation replaces the $12.5 million appropriation from the RIIF that was appropriated in the 2000 Legislative Session.

**General Services** Department of General Services

* Appropriates a total of $50.0 million over three years ($16.7 million per year) for the construction of a multipurpose laboratory facility.
* Appropriates $11.5 million for major renovation and major repair needs of State-owned buildings under the purview of the Department.
* Appropriates $200,000 for the purchase of and improvements to properties located near the Capitol Complex.
* Appropriates $400,000 in FY 2002 for construction of a pedestrian bridge across Court Avenue.
* Appropriates $1.7 million in FY 2002 for continued funding of the interior restoration of the State Capitol Building.
* Appropriates $500,000 for an option to purchase the Des Moines Metropolitan Medical Center located to the north of the Capitol Complex.
* Appropriates $250,000 for an appraisal, environmental assessment, and feasibility study of the Des Moines Metropolitan Medical Center property.

**State Fair Authority** Iowa State Fair Authority - Appropriates $500,000 for improvement projects at the Iowa State Fairgrounds.

**Natural Resources** Department of Natural Resources



* Appropriates $1.0 million for costs associated with the development of a Destination State Park.
* Appropriates $2.5 million for the Restore the Outdoors Program through FY 2005. Under current law, a standing appropriation of $3.0 million for the Program terminates at the end of FY 2001.

**Public Defense** Department of Public Defense

* Appropriates $700,000 for maintenance of National Guard armories and facilities.
* Appropriates $400,000 for the first year cost of the construction of a new Readiness Center in Estherville for support of National Guard training.

**Public Safety** Department of Public Safety - Appropriates $250,000 for the purchase of land and site development costs of a new Iowa State Patrol post in Mason City.

**Judicial Branch** Judicial Branch – Appropriates $10.3 million for construction costs of the new Judicial Building. This appropriation replaces the $10.3 million appropriation from the RIIF that was appropriated in the 2000 Legislative Session.

**Regents** Board of Regents



* Appropriates $2.5 million for improvements to Gilman Hall at Iowa State University. This appropriation replaces the $2.5 million appropriation from the RIIF that was appropriated in the 2000 Legislative Session.
* Appropriates $7.3 million for the Biological Sciences Building at the University of Iowa. This appropriation replaces the $7.3 million appropriation from the RIIF that was appropriated in the 2000 Legislative Session.



* Appropriates $5.8 million for the construction of McCollum Hall at the University of Northern Iowa. This appropriation replaces the $5.8 million appropriation from the RIIF that was appropriated in the 2000 Legislative Session.
* Appropriates $4.2 million for the first year cost for the construction of a new College of Business Building at Iowa State University
* Appropriates $4.5 million for the first year cost for construction of a new Art Building at the University of Iowa.
* Appropriates $4.0 million for the first year cost for improvements to the steam distribution system at the University of Northern Iowa.
* Appropriates a total of $835,000 for infrastructure improvements at the Regent’s Special Schools.

**Transportation** Department of Transportation

* Appropriates $1.0 million for the Commercial Service Air Program.
* Appropriates $500,000 for the Aviation Hangar Grant Program.
* Appropriates $1.0 million for the Recreational Trails Program. The Bill also allocates $50,000 for planning and development of the Iowa portion of the Mississippi River Trail.

**Treasurer** Treasurer of State - Appropriates $1.0 million for distribution to county fair societies that belong to the Association of Iowa Fairs.

**ITTC** Telecommunications and Technology Commission (ITTC)– Appropriates $3.5 million for conversion of the Iowa Communications Network to asynchronous transfer technology.



RIIF

**Dept. of Education** Department of Education – Appropriates $2.4 million for completion of the Iowa Public Broadcasting Division’s conversion to high-definition television.

**Rebuild Iowa Infrastructure Fund Appropriations**

**Corrections** Department of Corrections - Appropriates $2.0 million in FY 2003 to complete funding for the addition of a 200-bed Special Needs Unit at the Iowa State Penitentiary at Fort Madison.

**Cultural Affairs** Department of Cultural Affairs

* Appropriates $1.0 million for continued funding of the Historical Site Preservation Grant Program.
* Appropriates $150,000 for the preservation of the Iowa Battle Flags.

**General Services** Department of General Services

* Appropriates $1.0 million for moving and relocation expenses of State employees on the Capitol Complex.
* Appropriates $2.0 million for routine maintenance of State facilities.
* Appropriates $650,000 in FY 2003 for construction of a pedestrian bridge across Court Avenue.
* Appropriates $2.7 million in FY 2003 for continued funding of the interior restoration of the State Capitol Building.
* Deappropriates $215,000 from the FY 1998 Rebuild Iowa Infrastructure Fund appropriation for renovation of the tunnel connecting the Lucas Building with the Capitol Building.

**Public Defense** Department of Public Defense - Appropriates $400,000 in FY 2003 and $461,000 in FY 2004 for the construction of a new Readiness Center in Estherville for support of National Guard training.

**Regents** Board of Regents

* Appropriates $6.7 million in FY 2003 for the construction of a new College of Business Building at Iowa State University.
* Appropriates $7.9 million in FY 2003 and 3.7 million in FY 2004 for construction of a new Art Building at the University of Iowa.
* Appropriates $4.3 million in FY 2003 and $4.4 million in FY 2004 for improvements to the steam distribution system at the University of Northern Iowa.



Environment First Fund

**Dept. of Education** Department of Education – Appropriates $500,000 for the Enrich Iowa’s Libraries Program which provides structural and technological improvements to local libraries.

**Environment First Fund Appropriations**

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



* Appropriates $1.5 million for continued funding of the Conservation Reserve Enhancement Program (CREP).
* Appropriates $2.7 million for the Watershed Protection Program.
* Appropriates $850,000 for the Farm Demonstration Program.
* Appropriates $1.0 million for the Alternative Drainage System Assistance Program.
* Appropriates $7.5 million for the Soil Conservation Cost Share Program.
* Appropriates $1.5 million for the Conservation Reserve Program (CRP).
* Appropriates a total of $750,000 for deposit in the Loess Hills Development and Conservation Fund. Of this amount, $500,000 is allocated to the Hungry Canyons Account and $250,000 to the Loess Hills Alliance Account.
* Appropriates $250,000 for deposit in the Southern Iowa Conservation and Development Fund.

**Economic Development** Department of Economic Development - Appropriates $2.0 million for the Brownfield Redevelopment Program.

**Natural Resources** Department of Natural Resources



* Appropriates $195,00 to provide geographic information system data for use in developing, monitoring, and displaying results of watershed work.
* Appropriates $70,000 to support local volunteer management efforts in water quality programs.
* Appropriates $2.5 million for the establishment of water quality monitoring stations.
* Appropriates $180,000 to assist Department staff with the review of national pollution discharger elimination system permits.
* Appropriates $180,000 to provide information to local officials concerning floodplain management.



* Appropriates $500,000 for the Waste Tire Abatement Program.
* Appropriates $125,000 to complete natural resources inventories and protection plans to identify and safeguard unique landforms and ecosystems.
* Appropriates $250,000 for the community-based Tree Planting Grant Program.
* Appropriates $500,000 for the dredging of lakes in accordance with the Department's classification of Iowa Lakes Restoration Report.
* Appropriates $2.3 million for projects that meet the criteria for funding from the Marine Fuel Tax receipts.
* Appropriates $60,000 for the continued development of the Lewis and Clark Rural Water System.
* Appropriates $10.0 million for the Resources Enhancement and Protection (REAP) Program.

**Transportation** Department of Transportation

* Appropriates $90,000 for funding the development of a borrow pit recreation area in Grundy County.

**Other Provisions** Other Provisions of the Bill include:

* Makes statutory changes to the Community Attraction and Tourism Program related to contracting and makes statutory changes to the Vision Iowa Program, and the School Infrastructure Program in order to facilitate the sale of bonds to fund the Programs.

**Vision Iowa Program**



* Increase the allocation from the Vision Iowa Program to the Department of Economic Development from $100,000 to $200,000 for administrative costs.
* Establishes bidding and contract award procedures for public organizations applying for funding through the Vision Iowa Program.
* Specifies that if gaming revenues are not sufficient to fully fund the Vision Iowa and School Infrastructure Programs, the difference is to be paid from lottery revenues prior to deposit into the General Fund. Also specifies that if the lottery revenues are not sufficient to fully fund the two programs, the remaining difference will be paid from subsequent year lottery revenues as they become available.



* Requires the Treasurer of State to prepare a quarterly estimate of gaming revenues and lottery revenues. Requires the Department of Management and Revenue and Finance to take actions necessary to insure the gaming and lottery revenues for the remainder of the fiscal year are sufficient to cover anticipated deficiencies of the Vision Iowa and School Infrastructure Programs.
* Requires departments, with the exception of the Department of Transportation, to identify the negative effects of deferred maintenance within their five-year capital budget requests, and to identify the estimated annual costs for routine and preventive maintenance based on one percent of the replacement cost of the department’s facilities. The language also requires State agencies to actively pursue federal funds for which a proposed project may be eligible and to demonstrate such pursuit prior to receiving State funds for the project. Requires a department to report the receipt of federal funds to the Department of Management and the Legislative Fiscal Bureau.
* Requires the Loess Hills Conservation Authority and the Southern Iowa Development and Conservation Authority to submit annual reports with information concerning its budget, operations, and accomplishments to the Department of Management, the Legislative Fiscal Bureau, and the Division of Soil Conservation of the Department of Agriculture and Land Stewardship. Requires the report to be submitted by December 31 of each year.

**More Information** The Governor has not signed HF 742. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: David Reynolds (Ext. 16934)

Salary Bill - HF 746

**Salary Bill – HF 746** The General Assembly passed HF 746, the Salary Appropriations Bill, on May 8. The Bill appropriates a total of $61.3 million from the General Fund. The Bill contains the following major provisions:

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* **Collective Bargaining Agreements** - The Bill appropriates $61.3 million from the General Fund to fund collective bargaining agreements. The appropriation is made to the Department of Management (DOM) and DOM is authorized to distribute as provided. In addition, the Bill appropriates $9.0 million from the Unassigned Revenue Fund administered by the Iowa Comprehensive Underground Storage Tank Fund Board to the Salary Adjustment Fund.
* **Terminal Liability Health Insurance Fund** - Establishes a Terminal Liability Health Insurance Fund to pay the expenses at the end of the current State health insurance contract. The Bill appropriates $9.0 million to the Fund from the Unassigned Revenue Fund administered by the Iowa Underground Storage Tank Fund Board.

Salary Bill



* **Non-contract Employees -** The Bill provides a 3.0% across-the-board increase and merit step increases for non-contract employees of the State, excluding the Board of Regents. Increases are effective June 22, 2001.
* **Board of Regents -** The Bill provides the Board of Regents faculty and professional and scientific employees will receive increases.
* **Justices/Judges -** The Bill provides a 3.0% salary increase for justices, judges, and magistrates for FY 2002. Increases are effective June 22, 2001.
* **Range Changes -** The Bill provides the following range changes:

Commandant of the Veterans Home - Range 8 (formerly Range 5).

Administrator of Public Broadcasting - Range 8 (formerly Range 5).

Director of Revenue and Finance - Range 9 (formerly Range 8).

Director of the Information Technology Department - Range 9 (new position).

Director of the Iowa Communications and Technology - Range 9 (new position).

**More Information** The Governor has not signed HF 746. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Glen Dickinson (Ext. 14616)

Standing Appropriations – HF 755

**Funding Summary** The General Assembly passed HF 755, the Standing Appropriations Bill, on May 8. The Bill makes a total reduction of $46.6 million from the budgeted FY 2002 standing appropriations. This is a reduction of $46.3 million from the FY 2001 estimated net appropriation. The Bill appropriates a total of $2.3 million for FY 2002 from the General Fund to the Department of Education and the Department of Human Services.



**FY 2002 Appropriations** The Bill:

* Appropriates $150,000 in FY 2002 from the General Fund to the Department of Education for the Americorps After-School Initiative. This is an increase of $29,000 compared to the FY 2001 estimated net appropriation.



* Appropriates $150,000 from the General Fund to the Department of Education for the Jobs for America’s Graduates. This is a decrease of $183,000 compared to the FY 2001 estimated net appropriation.
* Appropriates $2.0 million from the General Fund to the Department of Human Services for General Administration. House File 732, the Human Services Appropriations Bill, appropriates $11.0 million for General Administration for FY 2002. This results in a total decrease of $2.4 million for General Administration compared to the FY 2001 net estimated appropriation.

**Standing Approp. Reductions**The Bill reduces the following standing appropriations*.*



* General Assembly & Legislative agencies - Reduces the FY 2002 budgets for the General Assembly and the legislative agencies by $1.5 million. A total of $26.5 million is budgeted for FY 2002. This represents an estimated 5.9% reduction.
* Performance of Duty - Reduces the FY 2002 standing appropriation for Performance of Duty by the Executive Council by $1.0 million. A total of $2.5 million was originally budgeted for FY 2002. This reduction leaves an estimated appropriation of $1.5 million.
* State Appeal Board - Reduces the FY 2002 standing appropriation for State Appeal Board Claims by $2.0 million. A total of $7.5 million was originally budgeted. This reduction leaves an estimated appropriation of $5.5 million.
* Secretary of State - Reduces the FY 2002 standing appropriation to the Secretary of State for printing constitutional amendments and public measures by $2,565. This eliminates the appropriation for FY 2002. No funds were requested in FY 2002.

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* Area Education Agencies - Reduces the General Fund amount of State school foundation aid that school districts receive for funding for Area Education Agencies by $7.5 million in FY 2002. The Bill requires the Department of Management to calculate the reduction on a prorated basis based upon the total each school district would have received if no reduction were imposed. The Bill allows Area Education Agencies to use funds from the Media Services Program and the Educational Services Program to maintain the level required for the Special Education Support Services Program.

This is a reduction of $7.5 million from the estimated FY 2002 School Foundation Aid appropriation. Costs of the Media Services Program and the Educational Services Program are entirely funded through local property taxes.

* Early Intervention Block Grant - Reduces the FY 2002 General Fund standing appropriation to the Early Intervention Block Grant Program by $10.0 million. The Program was provided a standing appropriation of $30.0 million in FY 2002 and is provided a standing appropriation of $30.0 million in FY 2003. The Program will sunset at the end of FY 2003.
* School Technology - Reduces the FY 2002 standing appropriation to the Department of Education for the School Improvement Technology Block Grant Program by $20.0 million. The Program was provided a standing appropriation of $30.0 million in FY 2002 and FY 2003. The minimum amount an individual school district will receive is $3,333 in FY 2002 and $10,000 in FY 2003. This Program will sunset at the end of FY 2003.

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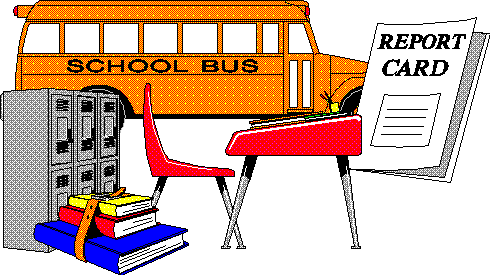
* At-Risk Children Programs - Reduces the FY 2002 standing appropriation to the Department of Education for At-Risk Children Programs by $1.0 million. Requires the reduction be prorated among the grant programs. The Program was provided a standing appropriation of $12.6 million in FY 2002. The standing appropriation will be restored to $12.6 million in FY 2003. The estimated reduction will be prorated among the following:

Funding to Area Education Agencies will be reduced by approximately $20,000.

Funding to the Child Development Coordinating Council Grants will be reduced by approximately $690,000.

Funding to local school districts with elementary schools that demonstrate the greatest need for at-risk programs will be reduced by approximately $290,000.

* Nonpublic school transportation - appropriates $7.6 million to the Department of Education for Nonpublic School Transportation. This reduces the standing appropriation by $505,000. The estimated FY 2001 standing appropriation is $8.2 million.



* Educational Excellence – Phase III - Reduces the FY 2002 standing appropriation to the Department Education for Phase III of the Educational Excellence Program by $2.0 million. The estimated FY 2001 standing appropriation for Phase III is $23.4 million. Phase III is funded with dollars remaining from the annual appropriation after Phases I and II and several special program appropriations have been fully funded. Funds are allocated to districts and Area Education Agencies on a per-pupil basis, using the annual certified enrollment.



* Public Transit Assistance - Reduces the FY 2002 standing appropriation to the Department of Transportation Public Transit Assistance by $660,000. A total of $11.0 million was originally budgeted in FY 2002 for this purpose. This reduces the estimated appropriation to $10.3 million.
* Indian Settlement Officer - Reduces the FY 2002 standing appropriation to the County of Tama for the Indian Settlement Officer by $25,000. This eliminates the appropriation for FY 2002.
* Department of Corrections - Reduces the FY 2002 appropriation to the Department of Corrections for the payment of special court costs and attorney fees by $66,000. This eliminates the appropriation for FY 2002.
* Poultry Show Exhibition - Eliminates the standing appropriation for the poultry show exhibition reimbursement. This was a standing limited appropriation of $500.

**Physical Exams** The Bill requires that the physical exam of applicants for law enforcement and fire fighter positions be conducted in accordance with the directives of the board of trustees of the Fire and Police Retirement System rather than by the appointed three-member medical board.

**Debt Service** The Bill makes a contingent appropriation of $26.1 million from the General Fund for FY 2002 to the Board of Regents for allocation to the University of Iowa, Iowa State University, and the University of Northern Iowa for reimbursement for tuition replacement. This appropriation is in lieu of the General Fund appropriation made in SF 535, the Education Appropriations Bill, and is contingent upon enactment of SF 532, the Tobacco Securitization Bill. This appropriation reimburses the universities for principal and interest payments on Academic Revenue Bonds.



The Bill also makes a contingent appropriation of $600,000 from the Tobacco Settlement Fund for FY 2002 to the Board of Regents for allocation to the University of Iowa, Iowa State University, and the University of Northern Iowa for reimbursement for tuition replacement. This appropriation is in lieu of the General Fund appropriation made in SF 535, the Education Appropriations Bill, and is contingent upon enactment of SF 532, the Tobacco Securitization Bill, and the receipt of bond proceeds.

These two appropriations total $26.7 million and are in lieu of the $26.7 million appropriation from the General Fund made in SF 535, the Education Appropriations Bill.



**ICN Debt Service** The Bill makes a contingent appropriation of $9.9 million from the General Fund to the Treasurer of State for debt service for the Iowa Communications Network. This appropriation is in lieu of the General Fund appropriation made in HF 719, the Oversight and Communications Appropriations Bill, and is contingent upon enactment of SF 532, the Tobacco Securitization Bill.

The Bill also makes a contingent appropriation of $1.5 million from the Tobacco Settlement Fund to the Treasurer of State for debt service for the Iowa Communications Network. This appropriation is in lieu of the General Fund appropriation made in HF 719, the Oversight and Communication Appropriations Bill, and is contingent upon enactment of SF 532, the Tobacco Securitization Bill, and the receipt of bond proceeds.

These two appropriations total $11.4 million and are in lieu of the $11.4 million appropriation from the General Fund in HF 719, the Oversight and Communications Bill.

**Prison Infrastructure Bonds** The Bill makes a contingent appropriation of $5.2 million from the Tax-exempt Bond Proceeds Restricted Capital Funds Account of the Tobacco Settlement Trust Fund to the Treasurer of State for repayment of prison infrastructure bonds. The appropriation is contingent upon the enactment of SF 532, the Tobacco Securitization Bill.



**Litigation Fees** House File 755 makes a contingent appropriation of $10.6 million from the Tax-exempt Bond Proceeds Restricted Capital Funds Account of the Tobacco Settlement Trust Fund to the Treasurer of State for payment of litigation fees incurred pursuant to the Tobacco Master Settlement Agreement. The appropriation is contingent upon the enactment of SF 532, the Tobacco Securitization Bill.

**Contingency** The Bill provides that the appropriations for debt service and litigation fees are effective only if SF 532 is enacted and the Tobacco Settlement Authority securitizes Tobacco Master Settlement Agreement payments. The effective date is the date of receipt of the bond proceeds by the Tobacco Settlement Authority and the deposit into the designated accounts.

**Miscellaneous Provisions** House File 755 contains a number of miscellaneous provisions:

**Psychiatric Services** The Bill adds psychiatric services provided by a licensed physician to the medical services included within immunity from civil liability for voluntary services at eligible hospitals, clinics or facilities approved by the Director of the Department of Public Health.

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**Transfer**

**Emergency Fund Interest** House File 755 requires that interest and earnings on money deposited in the Iowa Economic Emergency fund and the Cash Reserve Fund be credited to the General Fund for FY 2002. It is estimated that $31.0 million will be deposited in the General Fund. Under current law, the interest flows to the Rebuild Iowa Infrastructure Fund (RIIF).

**Groundwater Fund Transfer** The Bill transfers the unencumbered and unobligated balance in the Groundwater Protection Fund as of June 30, 2001, to the General Fund. The estimated balance to be transferred is $7.0 million.

**Mental Illness Special Serv.** Mental Illness Special Services - Specifies legislative intent that the Iowa Finance Authority provide $121,000 from Authority funding for community-based housing for persons with mental illness who are homeless. This is the current level of funding, except that for FY 2001, the funds are from the State General Fund through the Department of Human Services.



**ACE Programs** Accelerated Career Education (ACE) Programs – The Bill reduces the annual dollar amount of job credits that may be allocated to the Accelerated Career Education (ACE) Program from $6.0 million to $3.0 million. The reduction applies to FY 2002 and subsequent fiscal years. Accelerated Career Education job credits are funded through a diversion from the General Fund of employee withholding tax payments. The change will increase State General Fund revenues by $3.0 million, beginning in FY 2002.

**AEA Reorganization** Area Education Agency (AEA) Reorganization – The Bill provides that a school board of a school district that is contiguous to a reorganized Area Education Agency (AEA) may petition the school district’s current Area Education Agency Board and the reorganized Area Education Agency’s Board to join the reorganized Area Education Agency. With approval of both AEA boards, the reorganization will take effect on July 1 following approval by the State Board of Education. School districts may appeal decisions to the State Board. This Section is contingent on the passing of House File 674, Area Education Agency Reorganization Bill.

The Bill provides that a school board of a school district that is within a reorganized Area Education Agency and is contiguous to another Area Education Agency before the reorganization, may petition the reorganized Area Education Agency’s board and the contiguous Area Education Agency’s board to join that Area Education Agency. With approval of both AEA boards, the reorganization will take effect on July 1 following approval by the State Board of Education. School districts may appeal decisions to the State Board. This Section is contingent on the passing of House File 674, Area Education Agency Reorganization Bill.



**Textbooks/Nonpublic Schools** House File 755 requires the Department of Education to ascertain a maximum annual amount a school district shall be required to use for the purchase of textbooks for accredited nonpublic schools. The amount allocated will be in proportion of the basic enrollment of the nonpublic school to the sum of the basic enrollments of all participating accredited nonpublic schools. Enrollments at the nonpublic schools will be certified to the Department by October 1. By October 15, the Department will notify each school board of the amount available for purchasing eligible textbooks.

**PPEL** The Bill makes the following changes to the Physical plant and equipment levy (PPEL) statutory language.

* Makes technical corrections to the language concerning the physical plant and equipment levy (PPEL) certification.



* Physical plant and equipment levy (PPEL) - Requires that a municipality may certify to the county auditor the amount of PPEL revenue needed bonds rather than indebtedness. Indebtedness incurred to refund bonds issued before July 1, 2000, cannot be included in the amount certified. Requires the school district to pay the PPEL revenue to the municipality by November 1 and May 1 of the fiscal year following certification. Current law requires that the revenue be paid by November 1.
* Requires that in subsequent years a municipality may only certify for PPEL revenue if the municipality had certified for PPEL revenue for the fiscal year beginning July 1, 2000. A municipality cannot certify an amount more than it certified for the fiscal year beginning July 1, 2000. If a municipality misses the certification deadline for a fiscal year, the municipality is not eligible to receive PPEL revenue from the school district. If a school district and municipality do not agree on the amount of PPEL revenue a municipality may certify, either party may, by July 31, request that the State Appeal Board review and make a final decision on the amount that may be certified. The burden is on the municipality to prove that it needs the revenue to pay bonds issued prior to July 1, 2000. The State Appeal Board must make its decision no later than the following October 1.

**Pollution Control** The Bill amends SF 514, the Pollution Control Property Tax Exemption Bill, and states that if there is more than one owner of the property, they will be limited to a single $200,000 limitation. If a person owns more than one property, they will be limited to a single $200,000 limitation on a statewide basis.

**Hunter Safety Instructors** The Bill allows certified hunter safety and ethics instructors to conduct hunter safety and ethics education courses on public school property.

**Scheduled Violations** House File 755 makes corrective changes to the Code of Iowa relating to scheduled violations. Senate File 499, Scheduled Fines, reorganizes the Code placement of scheduled fines in Chapter 805 and changes some of the fines. This Bill makes corrective changes contingent upon the enactment of SF 499.

**Effective Date Changed** The Bill changes the effective date of HF 259, relating to the duties of the Office of the Secretary of State in commissioning notarial officers. The effective date is changed from July 1, 2001, to January 1, 2002.

**Corrective Amendments** The Bill makes corrective amendments to the following 2001 Iowa Acts:

* HF 643 (Department of Education Statutory Changes)
* SF 185 (Factory Built Structures), if HF 656 is enacted.
* SF 458 (DHS and Juvenile Issues)
* SF 350 (Transportation-related Statutory Changes)
* SF 209 (Livestock-Johne’s Disease)
* SF 453 (Administrative Procedures of Certain County Officers)
* HF 179 (Dogs Used by Police or Correctional Officers)
* SF 479 (Wastewater Systems)
* SF 500 (Operation and Regulation of Insurance Companies et al)
* SF 276 (Licensure of Insurance Producers)
* SF 473 (Securities Agent)
* HF 259 (Secretary of State – Notarial Officers)
* HF 654 (Contributions to Retirement Plans)
* SF 63 (Child Endangerment)
* HF 656 (Manufactured Homes)
* Chapter 1149, Section 96, 2000 Iowa Acts, (New Article of the Uniform Commercial Code, taking effect July 1, 2001)
* Section 633.4213, Code of Iowa, (Duties of a Trustee)

**Code Editor Direction** The Bill directs the Code Editor to make corrective changes to the new article of the Uniform Commercial Code that takes effect on July 1, 2001. Requires the Code Editor to consult with the Iowa State Bar Association before making the changes.

**More Information** The Governor has not signed HF 755. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Holly Lyons (Ext. 17845) Jeff Robinson (Ext. 14614)

FY 2001 Deappropriations Bill – SF 267 Item Vetoed by the Governor



**Deappropriations Bill-SF 267** The General Assembly passedSenate File 267, the FY 2001 Deappropriations Bill, on March 6. The Bill was line-item vetoed by the Governor on March 13. The original Bill had a net impact on the General Fund of $25.6 million. After the line-tem vetoes, the net impact on the General Fund is a reduction in expenditures of $7.9 million.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **SF 267 – FY 2001 Deappropriations Bill** | | | | |
| **Impact to the General Fund**  **(Dollars in Millions)** | | | | |
|  |  | **FY 2001 Legislative Action** |  | **After Governor’s Item Veto** |
| Revenue Transfers to General Fund: |  |  |  |  |
| Enhanced Court Collections Transfer |  | $ 4.0 |  | $ 4.0 |
| Total Transfers |  | $ 4.0 |  | $ 4.0 |
|  |  |  |  |  |
| Deappropriations: |  |  |  |  |
| Administration & Regulation |  | $ 0.9 |  | $ 0.0 |
| Agriculture & Natural Resources |  | 0.9 |  | .0.5 |
| Economic Development |  | 0.7 |  | 0.3 |
| Education |  | 9.4 |  | 0.0 |
| Health & Human Rights |  | 0.4 |  | 0.0 |
| Human Services |  | 6.6 |  | 3.1 |
| Justice System |  | 2.3 |  | 0.0 |
| Transportation, Infrastructure, & Capitals |  | 0.1 |  | 0.1 |
| Unassigned Standings |  | 0.2 |  | 0.0 |
| Net Deappropriations |  | $ 21.5 |  | $ 3.9 |
|  |  |  |  |  |
| Supplemental Approp.: |  |  |  |  |
| Revenue & Finance |  | $ 0.1 |  | $ 0.1 |
| Total Supplemental Approps |  | $ 0.1 |  | $ 0.1 |
|  |  |  |  |  |
| Total Impact of Bill on General Fund |  | $ 25.6 |  | $ 7.9 |

**Item Veto** The following sections were line-item vetoed by the Governor:



* Division III, Section 3 in its entirety required a one percent reduction for most General Fund appropriations. The Governor stated that an across- the-board reduction would cause education and human services programs to bear the brunt of the cuts.
* Division VI, Sections 17 and 18 would have reduced the State’s contribution to the Judicial Retirement System. The Governor stated that reducing the contributions to the fund would delay the achievement of the long-held goal of fully funding the Judicial Retirement System.

**Supplemental Approp.** The deappropriated amount after line-item vetoes is equal to 0.2% of the current total General Fund appropriated amount of $4.882 billion. The Bill also provided a supplemental appropriation of $142,000 to the Department of Revenue and Finance for the administration of the Local Option Sales and Services Taxes.

**More Information** Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

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LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) SUPPLEMENTAL APPROPRIATIONS BILL – SF 65



**LIHEAP Supplemental** The General Assembly passed SF 65, the Low-Income Home Energy Assistance Program [LIHEAP] Supplemental Appropriations Bill, on January 31. The Bill provided for FY 2001 supplemental appropriations totaling $11.3 million for the heating assistance component of the Low-Income Home Energy Assistance Program. In addition, the Bill capped the amount of funds that may be expended on the weatherization, administration, and assessment and resolution components of the Program, reallocating $2.9 million to payments for heating assistance.



**Item Veto** The Governor item vetoed the Section of the Bill which appropriated $2.4 million from the Iowa Finance Authority’s Housing Program Fund. After the item veto, the Bill appropriates $8.9 million and reallocates $2.9 million to payments for heating assistance.

**Appropriations** The Bill:

* Appropriates $2.3 million from the Department of Management’s Innovation Fund.



* Appropriates $6.6 million from the Department of Natural Resources’ Groundwater Protection Fund.
* Caps the amount of funds allowed for administrative purposes at $2.7 million for FY 2001 and reallocates $1.0 million to payments for heating assistance.
* Caps the amount of funds allowed for weatherization at $3.3 million for FY 2001 and reallocates $1.9 million to payments for heating assistance.
* Caps the amount of funds allowed for assessment and resolution at $715,000 for FY 2001.

**More Information** Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Lisa Burk (Ext. 16765) Jeff Robinson (Ext. 14614)

BLOCK GRANT AND FEDERAL FUNDS APPROPRIATIONS BILL - SF 525



**Block Grant Bill - SF 525** On April 24, the General Assembly passed SF 525, Federal Block Grant Bill.The Bill provides the mechanism for the State to receive $153.8 million in federal block grant funds, including the following:

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

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

**More Information** The Governor has not signed SF 525. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

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

Oil Overcharge Bill – HF 706



**Oil Overcharge – HF 706** The General Assembly passed HF 706, the Oil Overcharge Bill, on April 25. The Bill appropriates $430,000 in petroleum overcharge funds for FY 2002. This is a decrease of $170,000 (28.3%) compared to the FY 2001 estimated net appropriation and no change compared to the FY 2002 Governor’s recommendations. The Bill:

* Appropriates $182,000 to the Department of Human Rights from the Stripper Well Fund for qualifying energy conservation programs for low-income housing. This is a decrease of $168,000 to the FY 2001 estimated net appropriation.



Governor Signed

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

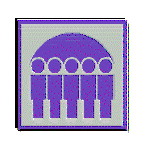
**Governor Signed** The Bill was signed by the Governor on May 2. More information is available from the Legislative Fiscal Bureau upon request or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Healthy Iowans Tobacco Trust Bill – SF 537

**Healthy Iowans – SF 537** The General Assembly passed SF 537, the Healthy Iowans Tobacco Trust Appropriations Bill, on May 7. The Bill appropriates a total of $57.2 million from the Healthy Iowans Tobacco Trust for FY 2002. This is an increase of $2.2 million compared to the FY 2001 estimated net appropriation. This is an increase of $1.6 million compared to the FY 2002 Governor’s revised recommendation. The appropriations include:

**Dept. of Human Services** Department of Human Services:



* $8.1 million to maintain the reimbursement rates provided in FY 2001 from the Tobacco Settlement Fund for noninstitutional Medical Assistance providers, adjusted for the estimated FY 2002 services and number of individuals eligible for those services.
* $3.8 million to maintain the reimbursement rates provided in FY 2001 from the Tobacco Settlement Fund for dentists, adjusted for the estimated FY 2002 services and number of individuals eligible for those services.
* $3.2 million to maintain the reimbursement rates provided in FY 2001 from the Tobacco Settlement Fund for rehabilitative treatment and support providers, adjusted for the estimated FY 2002 number of individuals eligible for services.
* $469,000 to maintain the reimbursement rates provided in FY 2001 from the Tobacco Settlement Fund for adoption, independent living, shelter care, and home studies providers, adjusted for the estimated FY 2002 number of individuals eligible for services.
* $3.0 million to maintain the reimbursement rates provided in FY 2001 from the Tobacco Settlement Funds for hospitals, adjusted for the estimated FY 2002 services and number of individuals eligible for those services.
* $2.1 million to maintain the reimbursement rates provided in FY 2001 from the Tobacco Settlement Fund for home health care services providers for special needs children, adjusted for the estimated FY 2002 services and number of individuals eligible for those services.
* $250,000 to maintain the reimbursements provided in FY 2001 from the Tobacco Settlement Fund for critical access hospitals.
* $2.0 million to maintain the reimbursements provided in FY 2001 from the Tobacco Settlement Fund for home health care and rehabilitative day care service providers for special needs children, adjusted for the estimated FY 2002 services and number of individuals eligible for those services.



* $1.1 million to maintain the reimbursements provided in FY 2001 from the Tobacco Settlement Fund for respite care service providers, adjusted for the estimated FY 2002 services and number of individuals eligible for those services.
* $546,000 to maintain the reimbursements provided in FY 2001 from the Tobacco Settlement Fund for miscellaneous service providers, adjusted for the estimated FY 2002 services and number of individuals eligible for those services.
* $200,000 to continue the FY 2001 Tobacco Settlement Fund appropriation for the Children’s Health Insurance Program (CHIP).
* $7.5 million to supplement the General Fund appropriation for the Medical Assistance (Medicaid) appropriation.
* $250,000 for a Breast and Cervical Cancer Treatment Program.
* $147,000 to maintain the FY 2001 funds used for local purchase of service provider salary increases.

**Public Health** Department of Public Health:



* $9.3 million and 7.0 FTE positions for tobacco prevention and cessation programs.
* $11.8 million for substance abuse treatment.
* $2.6 million and 4.0 FTE positions for the Healthy Iowans 2010 Program.
* $75,000 for smoking cessation products.

**Corrections** To the Department of Corrections for day programming and drug courts in Community-Based Corrections districts:

* $127,000 to District II.
* $35,000 to District III.
* $192,000 to District IV.
* $256,000 to District V.



**Savings Acct/Healthy Iowans** Senate File 537 also appropriates funds from the Savings Account for Healthy Iowans created with FY 2001 Tobacco Settlement Fund monies. These include:

* $1.2 million for the School Ready Children Grants Account in the Iowa Empowerment Fund.
* $2.0 million to the Department of Public Health for a substance abuse treatment facility for persons on probation.

**Health Iowans Tobacco Trust** The Bill also appropriates funds into the Healthy Iowans Tobacco Trust. These include:

* $647,000 from the Savings Account for Healthy Iowans.
* $853,000 from the funds remaining from the FY 2001 local purchase of service salary increases from the Tobacco Settlement Fund appropriation.

**More Information** The Governor has not signed Senate File 537. Additional information is available from the Legislative Fiscal Bureau upon request or can be obtained from the Fiscal Bureau web site at <http://staffweb.legis.state.ia.us/lfb/>.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Russ Trimble (Ext. 14613)

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



Governor Signed

**Governor Signed** The Governor signed Senate File 533, the Tobacco Settlement Trust Fund Appropriations Bill, on May 2. The Bill:

* 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 in the Treasurer’s Office, 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.

**More Information** Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

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

Tobacco Securitization Bill - SF 532

**Tobacco Securitization** The General Assembly passed SF 532, the Tobacco Securitization Bill, on May 8. 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.

**More Information** The Governor has not signed SF 532. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

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Senior Living Trust Fund Appropriations Bill - HF 740

**Senior Living Trust – HF 740** The General Assembly passed HF 740, the Senior Living Trust Fund Appropriations Bill, on May 3. The Bill appropriates a total of $51.8 million and 13.0 FTE positions to the Department of Elder Affairs and the Department of Human Services (DHS). This is an increase of $7.6 million (17.2%) and 1.0 (8.3%) FTE position compared to the FY 2001 estimated net appropriations. The FY 2002 Senior Living Trust Fund appropriations represent an increase of $2.0 million (4.5%) in funding and no change in FTE positions compared to the Governor’s FY 2002 revised recommendations.



The significant changes, compared to the FY 2001 estimated net appropriations, are as follows:

**Elder Affairs** Department of Elder Affairs - An increase of $1.1 million and 1.0 FTE position compared to the FY 2001 estimated net appropriation for the Senior Living Program, dependent adult abuse detection, training, and services, and nurse aide recruitment and retention strategies.

**Human Services** Department of Human Services

* A decrease of $507,000 and no change in FTE positions for the Medical Assistance appropriation through the Home and Community-Based Waiver and the State Supplementary Assistance Program.
* An increase of $7.0 million for nursing facility provider reimbursement methodology changes.

**Intent Language** The Bill includes intent language that:

* Requires any excess payment allowance that occurs due to the direct care cost component of the modified price-based case-mix reimbursement system be used to increase direct care worker compensation, or to increase the ratio of direct care workers to residents.



* Requires the DHS to implement a monitoring and reporting system to assess compliance with the provisions of case-mix adjusted costs.
* Requires any excess payment allowance that occurs due to the non-direct care cost component of the modified price-based case-mix be used to fund quality of life improvements.
* Specifies the award of nursing facility conversion grants on or after July 1, 2001, be used to convert all or a portion of a licensed nursing facility to a certified assisted living program.
* Requires the Department of Elder Affairs to utilize the funds appropriated from the Senior Living Trust Fund in accordance with regulations, requirements, and guidelines applicable to the Senior Living Program as set forth by the Health Care Financing Administration (HCFA).
* Requires the DHS to adopt rules regarding nursing facility conversion grant applications giving greater priority to nursing facilities that renovate existing structures versus new construction, and to encourage cooperative efforts between the Department of Inspections and Appeals, the State Fire Marshal, and grant applicants in regard to renovation projects.
* Requires the Department of Elder Affairs to certify all assisted living programs established through grants, and requires consultation for establishment and monitoring of occupancy agreements.
* Requires the DHS to reimburse nursing facilities in accordance with a phased-in, price-based case-mix reimbursement system, specifies components of the system, and requires a three-year phase-in period.
* Specifies the DHS initiate and implement a system of accountability to measure nursing facility outcomes in the areas of quality of life and efficiency that will be used to increase nursing facility reimbursements based on favorable outcomes.
* Permits the DHS to adopt administrative rules in order to implement the modified price-based case-mix reimbursement system for nursing facilities.
* Permits the DHS to provide conversion grants from the Senior Living Trust Fund appropriation to a licensed nursing facility that has been an approved provider under the Medical Assistance Program for a two-year period prior to application for the grant.
* Permits the DHS to provide conversion grants from the Senior Living Trust Fund appropriation to a long-term care provider or a licensed nursing facility that has been an approved provider under the medical assistance program for a two-year period prior to application for the grant or a provider that will meet applicable medical assistance provider requirements.

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

* Changes the time period, from three years to two years, that a licensed nursing facility must be an approved provider under the medical assistance program in order to be eligible to receive a conversion grant.

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* Changes the definition of affordable in terms of rates for payment of services.

**More Information** The Governor has not signed House File 740. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Lisa Burk (Ext. 16765) Sam Leto (Ext. 16764)

final action on Grape and Wine Development Fund – SF 524

**Grape & Wine Devel. Fund** The General Assembly passed SF 524, the Grape and Wine Development Fund Bill, on May 3. The Bill does the following:

* FilesOfficeA 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.

**More Information** The Governor has not signed SF 524. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Student Achievement and Teacher Quality Appropriations Bill – HF 413

**Student Achievement** On May 7, the General Assembly passed House File 413, Student Achievement and Teacher Quality Appropriations Bill, and Senate File 476, Student Achievement and Teacher Quality Policy Bill.



**HF 413 - Appropriations** House File 413 appropriates $40.0 million in FY 2002 from the Healthy Iowans Tobacco Trust to the Department of Education for the Student Achievement and Teacher Quality Program. The appropriation is to implement the following programs in SF 476:

* Up to $1.0 million to the Department of Education to create a Team-Based Variable Pay Pilot Program. The per pupil amount shall not exceed $100.
* Up to $1.9 million to the Department of Education for National Board Certification awards.



* Up to $2.4 million to the Department of Education for the Beginning Teacher Mentoring and Induction Program. If sufficient funds are available, each district shall receive $1,300 per beginning teacher, and $500 per semester shall be awarded to the mentor.
* Up to $1.5 million to the Department of Education for the establishment of an Evaluator Training Program and for Department administrative costs.
* Up to $1.5 million to the Department of Education for implementing the Career Development Program and for Department administrative costs.
* Up to $500,000 to the Board of Educational Examiners for fees and costs related to the Praxis II examination.
* Up to $31.2 million to school districts (based 50.0% on enrollments and 50.0% on the number of full-time equivalent teachers) and area education agencies in FY 2002. The funds are to be used to enhance teacher salaries, subject to minimum salaries specified in the Bill and to collective bargaining negotiations.

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**Transfer**

**Funds Transfer** House File 413 also specifies that any moneys in excess of the maximum balance in the Economic Emergency Fund in the General Fund at the end of FY 2001 and FY 2002 be transferred to the Healthy Iowans Tobacco Trust. The amount transferred in FY 2001 shall not exceed $40.0 million and the amount transferred in FY 2002 shall not exceed the difference between $40.0 million and the amount transferred in FY 2001. This is contingent upon passage of Senate File 532, Tobacco Securitization Bill.

**Contingency** House File 413 is contingent upon enactment of Senate File 532, Tobacco Securitization Bill, and Senate File 476, Student Achievement and Teacher Quality Policy Bill.

Information pertaining to individual school districts appropriation payout amounts and costs of increasing the minimum salary amounts can be obtained from the Legislative Fiscal Bureau.

**More Information** The Governor has not signed House File 413. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Shawn Snyder (Ext. 17799)

Department of Transportation Supplemental Bill - SF 509

**DOT Supplemental – SF 509** Senate File 509 was signed by the Governor on March 30. The Bill creates a supplemental appropriation of $2.3 million to the Department of Transportation (DOT) from the Primary Road Fund for the purchase of additional salt. The appropriation has allowed the Department to purchase an additional 76,000 tons of salt to replenish their year-end inventory under current contract prices. The Bill became effective upon enactment.



**Need Exceeded Supply** The Department had budgeted for 161,000 tons of salt at $4.8 million in FY 2001, but by the end of February, had expended 247,000 tons at $8.8 million.

**More Information** Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

FY 2003 school Allowable Growth Bill - HF 191

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**FY 2003 Allowable Growth** 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.

**Fiscal Impact** 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 Allowable Growth** 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.

Copies of the 4.0% allowable growth estimates by school district for FY 2003 are available from the LFB.

**More Information** Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Shawn Snyder (Ext. 17799)

School Finance Provisions Bill - SF 203

**School Finance – SF 203** On May 1, the General Assembly passed Senate File 203, School Finance Provisions Bill. Senate File 203 provides the following:

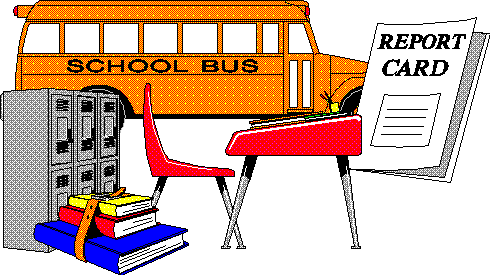
**Reorganization Incentives** Reorganization Incentives

* Starting in FY 2003 and continuing through FY 2007, school districts with enrollments under 600 students that have reorganized or dissolved will have their uniform levy reduced from $5.40 per $1,000 of assessed valuation to $4.40 per $1,000 of assessed value in the first year of the reorganization or dissolution. The uniform levy will be increased over the next three succeeding years until the uniform levy returns to the $5.40 level.

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* School districts that have participated in whole grade sharing in FY 2002 and adopt a resolution jointly with other affected school boards to study reorganization or dissolution to take effect by FY 2007 will receive a weighting of 0.1 per pupil for a maximum of two years. School districts that are not participating in whole grade sharing in FY 2002 but initiate a whole grade sharing program beginning in FY 2003 and adopt a resolution with other affected school boards to study reorganization or dissolution to take effect by the end of FY 2007 will receive a weight of 0.1 for the pupils for a maximum of three years.
* Starting in FY 2003 and continuing through FY 2007, school districts that have reorganized, have previously had a whole grade sharing program, and have studied reorganization, will be eligible to receive a weight of 0.1 for the pupils added due to reorganization.
* School districts that qualify for the additional weighting are eligible to receive that additional weighting for a maximum of six years.
* The estimated fiscal impact of the school reorganization incentives cannot be determined at this point. The fiscal impact could occur as early as FY 2003 and would impact the amount of allowable growth eligible school districts would receive.

**Regional Academies** Regional Academy Incentives



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

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

* An on-time funding provision allows school districts with increasing enrollments to levy an adjustment of the difference between the actual enrollment for the budget year and the budget enrollment for the budget year, multiplied by the district cost per pupil.
* The estimated FY 2003 statewide property tax cost of this provision is $7.1 million, with 85 school districts estimated to receive this provision.

**Budget Guarantee** Budget Guarantee Provision

* In FY 2002, the budget guarantee is 100.0% of the FY 2001 total regular program cost that includes the FY 2001 budget adjustment. The estimated FY 2002 statewide property tax cost of this provision is $7.7 million, with 115 school districts estimated to receive this provision.



* In FY 2003, the budget guarantee is 100.0% of the FY 2002 total regular program cost that includes the FY 2002 budget adjustment. The estimated FY 2003 statewide property tax cost of this provision is $5.3 million, with 82 school districts estimated to receive this provision.
* In FY 2004, the budget guarantee is 100.0% of the FY 2003 total regular program cost that includes the FY 2003 budget adjustment. The estimated FY 2004 statewide property tax cost of this provision is $3.8 million, with 63 school districts estimated to receive this provision.
* In FY 2005, a school district would receive the greater of the FY 2005 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 90.0% budget adjustment based on the FY 2004 total regular program district cost with the FY 2004 budget guarantee.
* In FY 2006, a school district would receive the greater of the FY 2006 regular program district cost, or 101.0% of the previous year’s regular program district cost, or an 80.0% budget adjustment based on the FY 2004 total regular program district cost with the FY 2004 budget guarantee.
* In FY 2007, a school district would receive the greater of the FY 2007 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 70.0% budget adjustment based on the FY 2004 total regular program district cost with the FY 2004 budget guarantee.
* In FY 2008, a school district would receive the greater of the FY 2008 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 60.0% budget adjustment based on the FY 2004 total regular program district cost with the FY 2004 budget guarantee.
* In FY 2009, a school district would receive the greater of the FY 2009 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 50.0% budget adjustment based on the FY 2004 total regular program district cost with the FY 2004 budget guarantee.
* In FY 2010, a school district would receive the greater of the FY 2010 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 40.0% budget adjustment based on the FY 2004 total regular program district cost with the FY 2004 budget guarantee.
* In FY 2011, a school district would receive the greater of the FY 2011 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 30.0% budget adjustment based on the FY 2004 total regular program district cost with the FY 2004 budget guarantee.
* In FY 2012, a school district would receive the greater of the FY 2012 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 20.0% budget adjustment based on the FY 2004 total regular program district cost with the FY 2004 budget guarantee.
* In FY 2013, a school district would receive the greater of the FY 2013 regular program district cost, or 101.0% of the previous year’s regular program district cost, or a 10.0% budget adjustment based on the FY 2004 total regular program district cost with the FY 2004 budget guarantee.
* In FY 2014 and following years, a school district would receive the greater of the FY 2014 regular program district cost or 101.0% of the previous year’s regular program district cost.

**More Information** The Governor has not signed SF 203. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Shawn Snyder (Ext. 17799)

Expenditure Limitation Bill – SF 66 Vetoed

**Expenditure Limitation** The General Assembly gave final approval to SF 66, Expenditure Limitation Bill, on March 27. The Bill clarifies that reversions may not be used by the Governor or the General Assembly when determining budget compliance with the expenditure limitation statute.

VETOED

**Reversions** Actual General Fund reversions since FY 1981 have ranged from a high of $94.2 million in FY 1981 to a low of $300,000 in FY 2000.

**Vetoed** The Bill was vetoed by the Governor on March 30.

STAFF CONTACT: Mary Shipman (Ext. 14617) Holly Lyons (Ext. 17845)

hunting and Fishing license Fees – Hf 720

C:FilesOffice_.wmf**Fishing and Hunting Fees** The General Assembly passed HF 720, Hunting and Fishing License Fees, on May 8. The Bill increases the fees paid for various licenses, and the funds are deposited into the Fish and Wildlife Trust Fund. Some of the changes include:

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

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

**More Information** The Governor has not signed HF 720. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Deb Kozel (Ext. 16767)

solid Waste tonnage Fees bill – HF 722

FilesOffice_**Tonnage Fees** The General Assembly 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.

**Governor Signed** The Bill was signed by the Governor on May 7. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Law Enforcement Surcharge – SF 486

**C:\Program Files\Microsoft Office\Clipart\smbusbas\bs00721_.wmfLaw Enforcement Surcharge** The General Assembly passed Senate File 486, the Law Enforcement Surcharge, on May 8. The Bill imposes an automatic $125 surcharge on targeted convictions or deferred sentences. The following convictions are changed by the Bill: Drug Offenses (all of Chapters 124, 155A and 453A, Code of Iowa), burglary (all of Chapter 713); theft (all of Chapter 714); forgery/credit cards (all of Chapter 715A); furnishing drugs to inmates (Section 719.8); vandalism (all of Chapter 716); and prostitution/pimping/pandering (within Chapter 725). The Bill is estimated to generate $1.2 million in General Fund revenue in FY 2002 and $2.7 million in FY 2003.

**More Information** The Governor has not signed SF 486. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Manufactured Homes – SF 185

**Manufactured Homes** The General Assembly passed SF 185, the Manufactured Homes Bill, on April 26. The Bill provides for certification of manufactured home installers pursuant to rules adopted by the State Building Code Commissioner. All fees collected are to be credited to the General Fund and are to be appropriated to the Commissioner to pay the costs of administering the certification process. Senate File 185 is estimated to generate approximately $76,000 in license and inspection fees that may be used for salary and support for one inspector to implement the certification and inspection process. Revenues in FY 2003 are expected to be $56,000.

**Governor Signed** The Bill was signed by the Governor on May 2. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Scheduled fees and fines – SF 499



**Scheduled Fees/Fines** The General Assembly passed Senate File 499, the Scheduled Fees and Fines Bill, on May 3. The Bill raises scheduled fees and fines in the State of Iowa. It is estimated that Senate File 499 will increase fine revenues by $1.6 million in FY 2002 and $1.8 million in FY 2003. The Bill also is estimated to increase revenue in the Victim Compensation Fund by $80,000 in FY 2002 and $90,000 in FY 2003. The Road Use Tax Fund is estimated to increase by $8,000 in FY 2002 and $9,000 in FY 2003.

**More Information** The Governor has not signed SF 499. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Internal Revenue Code (IRC) Update Bill - SF 140



**IRC Update** The General Assembly passed SF 140 on May 3. The Bill updates Iowa’s Revenue Code to match changes made to the federal Internal Revenue Code. However, the Bill specifically excludes proceeds derived from the installment sale of a business. If a business is sold and the buyer pays in a series of payments over a number of years, the seller will be subject to Iowa taxation based on the federal Internal Revenue Code definitions in place on January 1, 2000. The Bill would reduce FY 2002 and FY 2003 General Fund revenues by $1.0 million.

**More Information** The Governor has not signed SF 140. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Inheritance Tax Threshold - SF 523

**Inheritance Tax – SF 523** The General Assembly passed SF 523 on May 7. The Bill provides for distribution of an estate by affidavit, rather than probate, in cases where the value of the estate does not exceed $25,000, rather than the current limit of $10,000. Also, the Bill increases the value of a decedent’s estate below which no inheritance tax liability is incurred from $10,000 to $25,000.

**Fiscal Impact** Increasing the inheritance tax threshold from $10,000 to $25,000 will eliminate the filing obligation for approximately 280 estates and will result in a decrease in General Fund receipts of $60,000 during FY 2002 and $240,000 in FY 2003.

**More Information** The Governor has not signed SF 523. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Ethanol Sales Promotion Bill – HF 716



Governor Signed

**Ethanol Incentives** The General Assembly passed House File 716, the Ethanol Sales Promotion Bill, on May 3. The Bill provides a corporate or individual income tax credit for qualified gallons of ethanol-blended gasoline (gasohol) sold at retail stations in Iowa. The tax credit is equal to 2.5 cents per gallon. The credit applies to gasohol gallons sold at a station above a threshold of 60.0% of total annual gasoline and gasohol volume. It is estimated the tax credits will reduce General Fund receipts by $500,000 in FY 2003 and $1.3 million in FY 2004. If the Bill is effective in increasing ethanol’s share of total petroleum fuel sales, gas tax receipts deposited to the Road Use Tax Fund will decline. The Bill contains provisions that adjust the per gallon gas tax to hold the Road Use Tax Fund harmless if the ethanol percentage increases.

**Governor Signed** The Governor signed the Bill on May 7. The tax credits will apply to gallons sold after January 1, 2002. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Subchapter S Corporations - SF 516

**Subchapter S Corp.** The General Assembly passed SF 516 on May 7. The Bill allows Subchapter S corporations to deduct 100.0% of federal taxes paid in determining the amount of income subject to Iowa taxation. Current law allows a 50.0% deduction. It is estimated the Bill would reduce General Fund receipts by $900,000 in FY 2003 and subsequent fiscal years.

**Governor Signed** The Governor has not signed SF 516. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Warehouse tax Reporting - HF 707



Governor Signed

**Warehouse Tax Reporting** The General Assembly passed HF 707 on April 23. The Bill exempts certain corporations from having to file Iowa income tax returns when the corporation’s only activity in Iowa involves storing tangible property in Iowa for 60 days or less. The Bill does not reduce a corporation’s Iowa tax liability and for that reason has no fiscal impact.

**Governor Signed** The Governor signed the Bill on April 30, 2001. The Bill is retroactive to January 1, 2001. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Employee Stock Options – SF 521

**Stock Options** The General Assembly passed SF 521 on May 2. The Bill exempts 50.0% (25.0% in tax year 2001) of the capital gains on qualified stock options when the stock options were received on account of employment with the company. The Bill is projected to decrease General Fund receipts by $1.0 million in FY 2003 and $3.0 million in succeeding fiscal years.



**More Information** The Governor has not signed SF 521. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Community Development and Daycare tax Credit Bill - HF 714



**Development Tax Credits** The General Assembly passed HF 714 on May 4. The Bill provides tax credits for business investment in qualified community development projects and also for business investment in employee daycare. The Department of Economic Development must approve the projects, and the total value of statewide credits is limited to $4.0 million per year. The Bill is projected to decrease General Fund receipts by $1.0 million in FY 2002, $5.0 million in FY 2003, and $4.0 million in succeeding fiscal years.

**Contingent Effective Date** The tax credits would be available beginning January 1, 2002. However, the Bill has a contingent effective date tied to a federal tax cut of sufficient size to raise Iowa income tax receipts by at least $7.9 million.

**More Information** The Governor has not signed HF 714. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Business-to-Business Unclaimed Property Bill - SF 526

**Unclaimed Property** The General Assembly passed SF 526 on April 17. The Bill exempts business-to-business property from Iowa’s unclaimed property law. The Bill is projected to reduce General Fund receipts by $136,000 per year, beginning in FY 2002.

**Governor Signed** The Governor signed the Bill on April 24. The Bill was effective upon enactment. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Utility Tax Suspension and Repeal Bill - HF 1

**Utility Tax Suspension**  The General Assembly passed HF 1 on January 30. The Bill:

* Suspends the State and local option sales taxes on residential heating utility bills (natural gas, heating oil, and propane) delivered in March and April 2001. The fiscal impact of the suspension is a reduction in General Fund revenue of $10.0 million in FY 2001. The suspension would also reduce local option sales tax by a maximum of $1.8 million in FY 2001.
* Phases out the State sales tax on natural gas, electricity, heating oil, and propane, used by residential customers beginning January 1, 2002. The tax is reduced to 4.0% on that date, and reduced another 1.0% each January 1 until the tax is entirely removed. The phase-out does not apply to local option sales taxes. The fiscal impact of the phase-out is a reduction in General Fund revenue equal to the following amounts:



Suspension

* $ 8.8 million – FY 2002
* $26.5 million – FY 2003
* $44.2 million – FY 2004
* $61.9 million – FY 2005
* $79.6 million – FY 2006
* $88.5 million – FY 2007 and beyond

**Governor Signed** The Governor signed the Bill on February 5. The Bill was effective upon enactment. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Determinate Sentencing - SF 543

**Determinant Sentencing** The General Assembly passed Senate File 543, Determinant Sentencing, on May 8. The Bill:

* Changes the penalties for certain burglaries in the third degree and attempted burglaries in the third degree.

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* Provides for determinate sentencing for certain 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.

**County 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.

**State Costs** 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.

**Prison 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.

**More Information** The Governor has not signed SF 543. Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Victim Compensation Bill - SF 259 Signed by Governor

**Governor Signed** 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.

**More Information** Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Sixth Judicial District Department of Correctional Services - SJR 3 - Signed by Governor



Governor Signed

**Governor Signed** The Governor signed SJR 3 on May 7. The Bill authorizes the extension of a current lease-purchase agreement, or to enter into a new lease-purchase agreement, for the acquisition of approximately 10 acres of land next to the residential facility in Cedar Rapids. Senate Joint Resolution 3 acknowledges that the Sixth Judicial District Department has adequate funding to meet the increased cost associated with the financing agreement. The fiscal impact of SJR 3 is approximately $340,000 over the next seven years. The District Department has stated it will use local funds to meet the increased costs of refinancing the agreement, or entering into a new lease-purchase agreement.

**More Information** Additional information is available from the Legislative Fiscal Bureau or at the web site: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

attachments

**Blue Pages The following documents are attached:**



* Attachment 1 - State of Iowa General Fund Balance Sheet.
* Attachment 2 - Pie Chart reflecting General Fund Appropriations for FY 2002.
* Attachment 3 - Table reflecting the flow of funds and estimated balances of reserve funds.
* Attachment 4 – Graphical depiction of FY 2002 Tobacco Securitization Estimated Flow of Funds.
* Attachment 5 - Tracking document of General Fund Appropriations - Final Action FY 2002.
* Attachment 6 – Spreadsheet listing appropriations from the Rebuild Iowa Infrastructure Fund.
* Attachment 7 – Spreadsheet listing appropriations from the Environment First Fund.
* Attachment 8 – Spreadsheet of Tobacco Settlement Fund Appropriations.

**More Information** For more information, please contact the Legislative Fiscal Bureau. As always, we look forward to working with you during the interim months.



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