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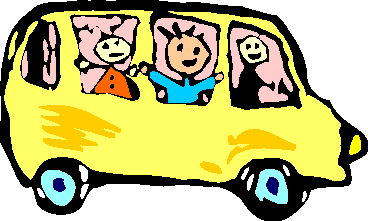
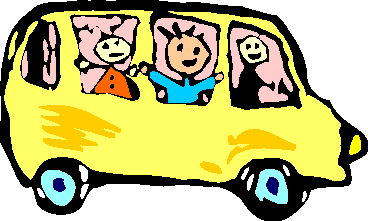
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***Special Session – May 28, 2002***

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FY 2003 Omnibus II - House File 2627 - Second Special Session

**FY 2003 Appropriations** The General Assembly approved HF 2627 (FY 2003 Omnibus II) during the second Extraordinary Session on May 28. Significant provisions of HF 2627 include:



* Funding. Appropriates $1.3 billion of General Fund money to virtually all areas of State government. The Bill provides operating appropriations to replace those vetoed by the Governor in SF 2326 (FY 2003 Omnibus Appropriations Act). Detailed funding by budget unit is available on the LFB web site at <http://staffweb.legis.state.ia.us/lfb/docs/Omnibus_II/Tracking_LSB7314S_JS.pdf>

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* Transfers. Makes transfers from other funds to the General Fund for FY 2003 totaling $71.0 million. These transfers include:

School Infrastructure - $22.0 million

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Endowment for Iowa’s Health Account – $9.0 million

Jury & Witness Fees - $1.0 million

Vehicle Depreciation - $2.2 million

Groundwater Protection/Leopold Center - $1.0 million

Rebuild Iowa Infrastructure Fund – $15.5 million

Environment First Fund - $18.4 million

Gaming Enforcement Costs - $1.4 million

Lottery - $0.5 million

* Furloughs. Reduces General Fund appropriations for FY 2003 by $33.6 million for furloughs. This reduction equates to one-half day furlough for most State employees for each calendar month in FY 2003. No more than 25.0% of a department or agency workforce can be furloughed at the same time. Allows exceptions to conform with collective bargaining agreements. Furloughs are not mandated if the required cost savings can be achieved in other areas of a department or agency budget.
* Program Elimination Commission. Establishes a Program Elimination Commission to study the effectiveness of State programs and submit recommendations for elimination of programs by December 31, 2002.
* Corrective Amendments. Makes corrective amendments to a variety of legislation approved during the regular Legislative Session. Several of the corrective changes pertain to SF 2293 (Animal Agriculture Act).

**More Information** An Executive Summary and NOBA for the bill can be found at: <http://staffweb.legis.state.ia.us/lfb/docs/Omnibus_II/Summary_LSB7314.htm>. The Bill was amended by HF 2625, the FY 2002 Budget Adjustments and Transfers Bill (see the following article), but the amendments have not yet been incorporated into the summary or the NOBA, but will be in the ***FY 2003 Fiscal Summary*** which will be published to the Internet in July. Meanwhile, if you have questions about the content of HF 2627 or HF 2625, please contact the Legislative Fiscal Bureau.



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FY 2002 Budget Adjustments and Transfers Bill - HF 2625

**FY 2002 Budget Adjustments** The General Assembly approved HF 2625 (FY 2002 Budget Adjustments and Transfers Bill) during the second Extraordinary Session on May 28. Significant provisions of HF 2627 include:

**Transfers to General Fund** The Bill transfers $203.8 million in FY 2002 to the General Fund from five non-General Fund sources. Amounts transferred include:

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* Environment First Fund - $1.7 million
* Economic Emergency fund - $105.0 million
* Cash Reserve Fund - $90.0 million
* Terminal Liability Health Insurance Fund - $0.1 million
* Regents Infrastructure Appropriations (RIIF) - $7.0 million

**Board of Regents Bonding** The Board of Regents is authorized to issue $7.0 million or more in bonds to complete Phase II of the engineering teaching and research complex. The Bill deappropriates $7.0 million from the FY 2002 Regents infrastructure projects and appropriates $7 million in FY 2004 for those projects.

**Transfers to Med. Asst.** The Bill transfers $9.0 million from eight State funds and appropriations to the Department of Human Services Medical Assistance Program (see article below).

**Transfers to Other Funds** The Bill transfers $6.4 million from four State funds to five State funds and appropriations. These transfers include:

* $3.0 million from the Terminal Liability Health Insurance Fund to the State Public Defender for indigent defense costs.
* $1.5 million from the Environment First Fund to the State Appeal Board for claim payments.

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* $1.0 million from the Victim Compensation Fund to the State Unemployment Compensation Fund for claims.
* $0.1 million from the Environment First Fund to the Performance of Duty appropriation.
* $0.3 million from the Terminal Liability Health Insurance Fund to the Performance of Duty appropriation.
* $0.3 million from the Value-added Agriculture Fund to the Elderly and Disabled Property Tax Credit for payment of renter’s claims.
* $0.2 million from the Terminal Liability Health Insurance Fund to the Elderly and Disabled Property Tax Credit for payment of renter’s claims.



**Reserve Funds** The Bill makes a conditional appropriation from the Cash Reserve Fund if the balance of the Economic Emergency Fund is insufficient to make an appropriation of up to $50.0 million to the General Fund to address a revenue deficit at the end of FY 2002. The Bill also:

* Increases the maximum percentage requirement for the Cash Reserve Fund to 7.5% of the adjusted revenue estimate effective in FY 2004.
* Decreases the maximum balance requirement in the Economic Emergency Fund to 2.5% of the adjusted revenue estimate effective in FY 2004.
* Requires a three-fifths majority vote to spend the Cash Reserve Fund below 3.75%.

**Other Provisions** The Bill also:

* Increases the repayment to the Senior Living Trust Fund after the Economic Emergency Fund is filled.
* Creates a Pending Senior Living Trust Fund for funds not year available for appropriation.
* Allows the Senior Living Trust Fund, Pending Senior Living Trust Fund, and the Rebuild Iowa Infrastructure Fund to be considered as part of the General Fund for cash flow purposes.



* Requires reversions to go to the General Fund in FY 2002 and FY 2003 rather than to stay with departments.
* Reduces the appropriation for the State Library by $108,000, for the Medical Library, and creates a task force (State Librarian, Board of Regents, Iowa Medical Society, Iowa Hospital Association and Osteopathic Medical Association) to consider the elimination of the medical library.

**Program Extension** The Bill extends the sick leave and vacation incentive program established in FY 2002 to FY 2003. Employees are eligible for the incentive program if their combined age and years of service equals 75 by December 31, 2003, but they must terminate State employment by August 15, 2002.

### NOBA

**More Information** The NOBA document for HF 2625, prior to the amendments passed by the General assembly is on the LFB’s web site at:[**http://staffweb.legis.state.ia.us/lfb/noba/2002adj.pdf**](http://staffweb.legis.state.ia.us/lfb/noba/2002adj.pdf)

The final NOBA will be in the ***FY 2003 Fiscal Summary*** that will be published to the Internet in July. Meanwhile, if you have questions about the content of HF 2625, please contact the Legislative Fiscal Bureau.

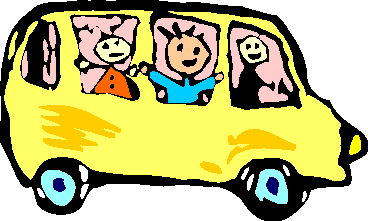
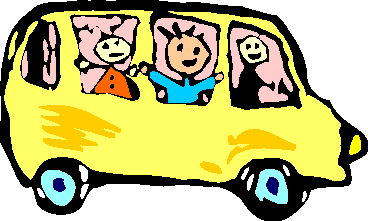
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Special Session Actions To The Medical Assistance Program (Medicaid) Appropriations for FY 2002 and FY 2003



**Medical Asst. Program** At the Second Special Session on May 28, the General Assembly passed legislation that affects the FY 2002 and FY 2003 appropriations for the Medical Assistance Program (Medicaid) within the Department of Human Services. The actions taken were as follows:

* **FY 2002** - HF 2625 (FY 2002 Adjustments and Transfers Bill) provides the Medical Assistance Program appropriation with an increase of $9.0 million, by one-time transfers. This increases the total FY 2002 available State funding to $522.1 million. The transfers include:
* Snowmobile Fund - $1.0 million
* All Terrain Vehicle Fund - $800,000
* Environment First Fund - $1.0 million
* Strategic Investment Fund - $2.0 million
* Physical Infrastructure Fund - $2.5 million
* Alternative Drainage Assistance Fund - $1.1 million
* Cultural Grants - $300,000
* Aviation Studies and improvement Accounts - $300,000



* **FY 2003** – HF 2627 (FY 2003 Omnibus II–Second Special Session) appropriates $504.6 million State funds to the Medical Assistance Program. HF 2625 (FY 2002 Adjustments and Transfer Bill) was amended to decrease the FY 2003 Medical Assistance Program appropriated State funds by $3.7 million. The FY 2003 net appropriation is $500.9 million. This includes;

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* General Fund- $377.2 Million
* Tobacco Settlement Trust Fund- $38.4 million
* Senior Living Trust Fund- $66.7 million
* Hospital Trust Fund- $12.0 million
* Property Tax Relief- $6.6 million

**More Information** Formal action by the Governor is pending on these bills. Additional information and the Notes on Bills and Amendments (NOBA) for these Bills and other Acts relating to the Budget for the Department of Human Services are available from the Legislative Fiscal Bureau or at the web site: [www.staffweb.legis.state.ia.us/lfb/noba](http://www.staffweb.legis.state.ia.us/lfb/noba).

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Transportation Appropriations Bill - HF 2626

**Trans. Approp. – HF 2626** The General Assembly passed HF 2626, the Transportation Appropriations Bill, on May 28. The Governor vetoed the original Bill, HF 2612, on May 10.



**Total Appropriations** House File 2626 appropriates a total of $260.9 million to the Department of Transportation (DOT), which includes $42.3 million from the Road Use Tax Fund, $218.5 million from the Primary Road Fund, and 3,458.0 FTE positions. This is a decrease of $16.9 million (6.1%) and 401.0 FTE positions (10.4%) compared to the FY 2002 estimated net appropriation. Of the $16.9 million reduction, $2.7 million is a General Fund reduction due to the elimination of the General Fund appropriation. The appropriations in HF 2626 represent a decrease of $4.7 million compared to the Governor’s FY 2003 revised recommendations.

**Highlights** The Bill also provides an effective date of July 1, 2002, except for the section relating to Public Transit, which takes effect July 1, 2004. Highlights of the Transportation Bill are listed below.

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

Division Budget Units - The Bill appropriates $242.9 million to the following division budget units:

* Operations and Finance – Appropriates $35.8 million and 267.0 FTE positions from the Road Use Tax Fund and the Primary Road Fund, a decrease of $2.0 million and 43.0 FTE positions compared to the FY 2002 estimated net appropriation.
* Administrative Services – Appropriates $3.7 million and 37.0 FTE positions from the Road Use Tax Fund and the Primary Road Fund, a decrease of $194,000 and 5.0 FTE positions compared to the FY 2002 estimated net appropriation.
* Planning – Appropriates $9.2 million and 146.0 FTE positions from the Road Use Tax Fund and the Primary Road Fund, a decrease of $517,000 and 17.0 FTE positions compared to the FY 2002 estimated net appropriation.
* Motor Vehicle – Appropriates $27.9 million and 526.0 FTE positions from the Road Use Tax Fund and the Primary Road Fund for the Motor Vehicle budget unit, a decrease of $1.5 million and 36.0 FTE positions compared to the FY 2002 estimated net appropriation.
* Highway – Appropriates $166.2 million and 2,482.0 FTE positions from the Primary Road Fund for the Highway budget unit, a decrease of $9.0 million and 300.0 FTE positions compared to the FY 2002 estimated net appropriation.



Driver’s License

**Special Purpose** Special Purpose - The Bill appropriates $15.1 million for the following Special Purpose projects. Significant appropriations include:

* Appropriates $4.0 million from the Road Use Tax Fund for the Driver License Digitized Imaging System, which is no change compared to the FY 2002 estimated net appropriation.
* Appropriates $345,000 from the Road Use Tax Fund and the Primary Road Fund for payment of unemployment compensation costs, which is no change compared to the FY 2002 estimated net appropriation.
* Appropriates $2.0 million from the Road Use Tax Fund and the Primary Road Fund for worker’s compensation costs, which is no change compared to the FY 2002 estimated net appropriation.
* Appropriates $850,000 from the Road Use Tax Fund and the Primary Road Fund for payment to the General Fund for indirect cost recoveries, which is no change compared to the FY 2002 estimated net appropriation.
* Appropriates $390,000 from the Road Use Tax Fund and the Primary Road Fund for reimbursement to the Auditor of State for audit expenses, an increase of $45,000 compared to the FY 2002 estimated net appropriation.
* Appropriates $5.0 million from the Road Use Tax Fund to rewrite the Vehicle Registration System. This is a new appropriation for FY 2003.
* Appropriates $750,000 from the Road Use Tax Fund and the Primary Road Fund for reimbursement to the Department of Personnel for services provided to support DOT personnel functions. This is no change compared to the FY 2002 estimated net appropriation.
* Appropriates $800,000 from the Primary Road Fund for contractual services for hazardous waste disposal, which is no change compared to the FY 2002 estimated net appropriation.



* Appropriates $275,000 from the Primary Road Fund for Transportation Maps. This was previously funded from Operations, but is now listed as a Special Purpose appropriation.
* Appropriates $352,000 from the Primary Road Fund for deferred maintenance projects at DOT field facilities throughout the State. This is no change compared to the FY 2002 estimated net appropriation.

**Capitals** Capitals - The Bill appropriates $2.8 million for the following Capitals projects. Significant appropriations include:

* Appropriates $400,000 from the Primary Road Fund for replacement of roofs at various maintenance garages throughout the State, which is no change compared to the FY 2002 estimated net appropriation.
* Appropriates $200,000 from the Primary Road Fund for improvements to DOT facilities located throughout the State as required under the federal Americans with Disabilities Act, which is no change compared to the FY 2002 estimated net appropriation.
* Appropriates $2.0 million from the Primary Road Fund to renovate the basement of the DOT Administration Building at the Ames Complex. This is an increase of $500,000 compared to the FY 2002 estimated net appropriation.
* Appropriates $200,000 from the Primary Road Fund for utility improvements at rural maintenance locations throughout the State. This is a new appropriation for FY 2003.

**Statutory Changes** The Bill makes the following significant change to the Code of Iowa:

* Allows motor vehicle use tax revenues, which are earmarked for Public Transit Assistance from the General Fund, to be transferred to the Department of Transportation (DOT). The transfer is to take effect July 1, 2003 (FY 2004). Under current law, Section 312.2(14), Code Supplement 2001, credits an amount equal to one-twentieth of eighty percent of the motor vehicle use tax receipts and appropriates an equal amount to Public Transit Assistance. In FY 2003, one-twentieth of eighty percent is estimated to generate $9.8 million.

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Senate File 2326 (FY 2003 Omnibus Appropriations Bill) reduces the appropriation for Public Transit Assistance from $9.8 million to $8.7 million, and HF 2627 (FY 2003 Omnibus II Appropriations Bill) reduces the appropriation further to $8.5 million. The General Fund retains the $1.3 million of unappropriated receipts. House File 2626 (FY 2003 Transportation Appropriations Bill) transfers the $9.8 million to the DOT for distribution to public transit systems. This is an increase of $1.3 million compared to the amount of funding provided in HF 2627, and a reduction to the General Fund of a like amount. House File 2627, however, holds the General Fund harmless by reducing the General Fund appropriation to the DOT by $1.3 million.

**More Information** The Governor has not signed HF 2626. 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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This document can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/fupdate/fupdate.htm>