

# FISCAL UPDATE

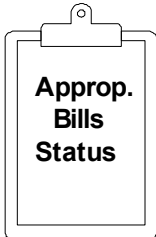
March 29, 2004

Legislative Services Agency

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

## STATUS OF APPROPRIATIONS BILLS



Appropriations Subcommittee Bills		
Appropriations Subcommittee	LSB/File#	Status
Administration and Regulation	LSB 5000JA	Passed Subcommittee on March 18.
Agriculture and Natural Resources	LSB 6952JA	Passed Subcommittee on March 18.
Economic Development	LSB 5002JA	Passed Subcommittee on March 18.
Education	LSB 5003JA	Passed Senate Subcommittee on March 18.
Judicial Branch	LSB 5006JA	Passed Subcommittee on March 18.
Justice System	LSB 5005JA	Passed Subcommittee on March 18.
Omnibus Appropriations	SF 2298	Passed Senate Appropriations Committee on March 24.
Transportation	SF 2112	Passed House on March 15.

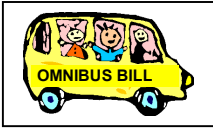
Other Appropriations Bills		
98.0% General Fund Expenditure Limitation	HF 2039	Item vetoed and signed by the Governor on February 12.
Waste Tire Management Fund	HF 2349	Passed House Appropriations Committee on March 22.
Environment First Fund Supplemental	HF 2538	Passed Senate on March 25.
Spending Limitations	HF 2545	Passed House Appropriations Committee on March 17.
Birth Certificate Registration Fees	SF 2059	Signed by the Governor on March 18.
FY 2006 Allowable Growth Rate	SF 2124	Governor vetoed on March 5.
Public Health Disaster Funding	SF 2153	Passed Senate on March 17.
Avian Influenza	SF 2194	Passed Senate Appropriations Committee on March 10.
Regents Bonding Authority	SF 2287	Passed Senate Appropriations Committee on March 10.
Federal Block Grant Bill	SF 2288	Passed Senate Appropriations Committee on March 10.
Program Review and Sunset Bill	SF 2922	Passed Senate Appropriations Committee on March 17.

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## SENATE APPROPRIATIONS COMMITTEE PASSES OMNIBUS APPROPRIATIONS BILL – SF 2298

### Funding Summary



The Senate Appropriations Committee passed SF 2298 (FY 2005 Omnibus Appropriations Bill) on March 24. The Bill appropriates a total of \$4.461 billion from the General Fund and 35,194.6 FTE positions, a decrease of \$30.1 million and an increase of 169.9 FTE positions compared to the estimated net FY 2004 appropriation. The Bill also appropriates \$582.9 million from non-General Fund sources, an increase of \$183.0 million compared to the estimated net FY 2004 appropriation.

### Division I

**Administration and Regulation Appropriations**—The Bill appropriates a total of \$91.6 million from the General Fund and 1,623.3 FTE positions for the 13 departments of the Administration and Regulation Appropriations Subcommittee. This is a decrease of \$2.8 million and 1.3 FTE positions compared to the estimated net FY 2004 appropriation. This includes the elimination of one-time funding related to the Government Reinvention Project and Public Strategies Group of \$8.6 million. Significant changes include:

- Transfers \$237,000 and 5.0 FTE positions from the Department of Administrative Services (DAS) Terrace Hill Operations to the Governor's Terrace Hill Quarters appropriation.
- Appropriates \$2.0 million to the DAS for one-time, start-up cash flow needs of several revolving funds.
- Appropriates \$3.0 million to Department of Management (DOM) to match federal funds for the Department of Human Services to purchase technology services.
- An increase of \$270,000 and no change in FTE positions compared to estimated net FY 2004 to the Department of Revenue to provide General Fund support for positions that are being funded with a Charter Agency Grant during FY 2004.



**Agriculture and Natural Resources Appropriations**—The Bill appropriates a total of \$34.2 million from the General Fund and 1,490.8 FTE positions for FY 2005 to the Department of Agriculture and Land Stewardship and the Department of Natural Resources. This maintains the current level of General Fund support and FTE positions. The Bill also appropriates a total of \$32.7 million in non-General funds.

### Division III

**Economic Development Appropriations**—The Bill appropriates a total of \$22.4 million and 407.6 FTE positions to the Department of Economic Development, the Department of Workforce Development, the Public Employment Relations Board (PERB), and the Regents institutions economic development programs. This maintains the current level of General Fund support and FTE positions.

### Division IV

**Education Appropriations**—The Bill appropriates a total of \$888.4 million from the General Fund and 17,239.1 FTE positions to the College Student Aid Commission, the Department for the Blind, the Department of Cultural Affairs, the Department of Education, and the Board of Regents. This is an increase of \$8.0 million and no change in FTE positions compared to the estimated net FY 2004 appropriation. Significant changes include:



- \$1.8 million increase to the College Student Aid Commission for the National Guard Education Assistance Program.
- \$4.0 million increase to the Department of Education for community college general aid.
- \$1.9 million increase to the College Student Aid Commission for the Tuition Grant Program.

**Division V**

**Health and Human Services Appropriations**—The Bill appropriates \$778.6 million from the General Fund and 6,630.5 FTE positions from various Funds to the Departments of Elder Affairs, Public Health, and Human Services, the Commission of Veteran Affairs, and the Iowa Veterans Home. This is an increase of \$28.2 million and 104.0 FTE positions compared to the estimated net FY 2004 appropriation. Other appropriations include:

- \$161.8 million from the Senior Living Trust Fund to the Departments of Elder Affairs, Commerce, Human Services, and Inspections and Appeals. This is an increase of \$965,000 compared to the estimated net FY 2004 Senior Living Trust Fund appropriation.
- \$148.4 million from the Temporary Assistance to Needy Families (TANF) funds to the Department of Human Services. This is a decrease of \$716,000 compared to the estimated net FY 2004 TANF appropriation.
- \$37.5 million from the Hospital Trust Fund for the Medical Assistance Program. This is an increase of \$8.5 million compared to the estimated net FY 2004 appropriation.



**Division VI**

**Senior Living Trust Fund**—The Bill increases the total appropriations to the Departments of Human Services, Elder Affairs, Inspections and Appeals, and Department of Commerce by \$965,000 compared to the estimated net FY 2004 appropriations from the Senior Living Trust Fund. The change includes:

- An increase of \$700,000 to the Department of Elder Affairs for case management, resident advocate positions, and local resident advocate training.
- An increase of \$265,000 and 4.0 FTE positions for a new appropriation to the Department of Commerce for a Long-Term Care Insurance Partnership.

**Division VII**

**Mental Health Allowed Growth**—The Bill increases the appropriation to the FY 2006 Mental Health Allowed Growth by \$4.8 million compared to the enacted FY 2005 Allowed Growth appropriation.

**Division VIII**

**Judicial Branch Appropriations**—The Bill appropriates a total of \$119.9 million from the General Fund to the Judicial Branch. This maintains the current level of General Fund support. Judicial Branch FTE positions are not appropriated in the Bill; however, there are 1,922.9 FTE positions, which maintains the current level of FTE positions.

**Division IX**



**Justice System Appropriations**—The Bill appropriates a total of \$393.5 million from the General Fund and 5,880.4 FTE positions for FY 2005 to the Justice System. This is an increase of \$10.3 million and 67.2 FTE positions compared to the estimated net FY 2004 General Fund appropriation. Significant changes include:

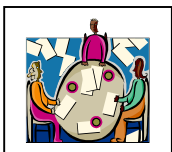
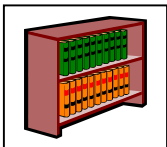
- Department of Corrections—Appropriates a total of \$271.0 million from the General Fund and 4,106.8 FTE positions to the Department of Corrections. This is an increase of \$5.7 million and 24.7 FTE positions compared to the estimated net FY 2004 appropriation.
- Department of Public Safety—Appropriates a total of \$67.0 million from the General Fund and 905.5 FTE positions, an increase of \$5.0 million and 11.0 FTE positions compared to the estimated net FY 2004 appropriation.

**Division X**



**Standing Appropriations**—The Bill appropriates \$2.132 billion from the General Fund, a decrease of \$73.9 million compared to the estimated net FY 2004 Standing Appropriations, salary adjustments, and miscellaneous provisions. Significant changes include:

- Extends the sunset and the \$29.3 million General Fund appropriation for the Early Intervention Block Grant Program until the end of FY 2005.
- Requires the School Aid Allowable Growth Rate percentage to be set one year in advance, beginning with the FY 2006 budget year, instead of two years in advance, as is the current practice. Makes no change to the FY 2005 allowable growth rate of 2.0% and does not set the FY 2006 allowable growth rate.
- Changes FY 2005 requirements to be consistent with current understanding of how the school budget guarantee phase-out operates by dropping the requirement that a school district's FY 2005 regular program district cost be less than 101.0% of the FY 2004 regular program district cost to qualify for the budget guarantee adjustment. Forty-six school districts that otherwise would not receive the budget guarantee adjustment will receive \$3.0 million in budget guarantee funded by additional levy property taxes.
- Caps the FY 2005 State Foundation Aid at \$1,881.7 million, yielding an estimated savings to the General Fund of \$11.5 million.
- Requires \$10.0 million be used for the purchase of textbooks and supplies.
- Reduces the Area Education Agencies' (AEAs) allocations from State Foundation Aid by \$11.8 million, an amount equal to the AEAs' \$10.0 million general reduction plus the 2.5% across-the-board reduction for FY 2004.
- Appropriates the following from the Cash Reserve Fund:
  - \$102.9 million for the Homestead Tax Credit.
  - \$19.5 million for the Elderly and Disabled Property Tax Credit.
  - \$34.6 million for the Agricultural Land Tax Credit.
  - \$2.6 million for the Military Service Tax Credit.
- The following are related to collective bargaining changes:
  - Specifies the pay adjustments for State employees for each specified bargaining unit and specifies the pay adjustments for non-contract State employees.
  - Exempts specified groups from the pay adjustments.
  - Allows members of the Department of Public Safety that are not covered by collective bargaining to receive the same per diem allowance for meals as officers covered by collective bargaining.



- Appropriates \$3.0 million from the Road Use Tax Fund and \$12.0 million from the Primary Road Fund to the Salary Adjustment Fund, and provides supplemental expenditure authorization from other funds to be used for salary adjustments.
- Eliminates the FY 2005 General Fund appropriation of \$29.8 million to the Endowment for Iowa's Health Account.
- Authorizes the Board of Regents to issue \$120.0 million in Academic Revenue Bonds for capital improvements.
- Requires the State Board of Education, area education agencies, and individual school boards to submit data on salary contracts and group health insurance plans negotiated through collective bargaining to the Department of Education and specified members of the Education Standing and Education Appropriations Committees.



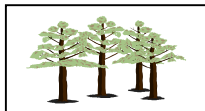
### Bill Summary

The Notes on Bills and Amendments (NOBA) for SF 2298 is available on the Legislative Services Agency (LSA) web site at:  
<http://www3.legis.state.ia.us/noba/index.jsp>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

## SENATE PASSES THE ENVIRONMENT FIRST FUND SUPPLEMENTAL BILL – HF 2538

### Environment First Fund



The Senate passed HF 2538 (Environment First Fund Supplemental Bill) on March 25. The Bill provides a supplemental appropriation of \$17.5 million from the Cash Reserve Fund to the Environment First Fund for FY 2004. The appropriation provides cash flow funding to environmental programs that received FY 2004 appropriations from the Environment First Fund.

### Cash Shortage

The Environment First Fund is experiencing a cash flow shortage resulting from a revenue shortfall in the Rebuild Iowa Infrastructure Fund (RIIF). The shortfall in the RIIF resulted from the Iowa Supreme Court ruling that reduced the State tax rate for racetrack establishments.

### Cash Reserve Fund

The Bill also requires the RIIF to reimburse the Cash Reserve Fund up to \$17.5 million if the General Assembly enacts legislation that increases the tax on gambling games at racetrack enclosures and the tax is applied retroactively to July 1, 2002. The Bill takes effect upon enactment.

### More information

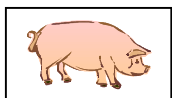
NOBA

The Notes on Bills and Amendments (NOBA) for HF 2538 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>.

STAFF CONTACT: David Reynolds (Ext. 16934)

## HOUSE PASSES HEALTH EFFECTS REGULATION BILL – HF 2523

### Air Quality Bill



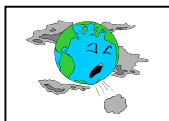
The House passed HF 2523 (Health Effects Regulation Bill) on March 23. The Bill makes changes to air quality regulations related to animal feeding operations. The changes include:

- Specifies that the Department of Natural Resources (DNR) cannot adopt rules regulating air contaminants that exceed the standards of the federal Environmental Protection Agency (EPA). The Bill further specifies that a

department standard cannot be enforced if the data is not collected as outlined in the Bill.

- Creates a Health Effects Advisory Panel that will report to the DNR and the General Assembly about the health effects related to odor emitted from animal feeding operations.
- Specifies the Environmental Protection Commission cannot adopt a rule related to the health effect level for odor until the Advisory Panel submits the final report and a health effects level for odor is enacted.
- Specifies the DNR must conduct a comprehensive field study of airborne pollutants for a period of at least three years.
- Specifies that a violator will receive a written notice from the DNR and must reduce emissions during a one-year grace period.

**Bill Amended**



The House amended the Bill and changes include:

- Allows the DNR to use valid data collected in a previous air quality study.
- Specifies there must be at least five sites monitoring air quality for each type of animal production and for each type of manure storage treatment system commonly used for animal production. The monitored sites are to be located at different geographic locations around the State.
- Redefines the membership of the Advisory Panel.
- Specifies the final report should be submitted to the General Assembly by December 31, 2006.

**More Information**

The Fiscal Note for HF 2523 is available on the LSA web site at:  
<http://www3.legis.state.ia.us/fiscalnotes/index.jsp>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

**GOVERNOR SIGNS BIRTH CERTIFICATE REGISTRATION FEES ACT – SF 2059**

**Birth Certificates**



The Governor signed SF 2059 (Birth Certificate Registration Fees Act) on March 18. The Bill appropriates fees from the registration of birth certificates to primary and secondary child abuse prevention programs and the Birth Defects Institute Central Registry. The fees are collected by the Bureau of Vital Statistics in the Department of Public Health and are deposited into the General Fund. The Bill raises the current registration fee of \$15.00 to \$20.00, beginning in FY 2006.

**Fee Appropriated**

The Bill appropriates \$10.00 of the \$15.00 fee for primary and secondary child abuse prevention programs and \$5.00 for the Birth Defects Institute Central Registry in both FY 2004 and FY 2005. Beginning in FY 2006, the Bill appropriates \$10.00 for primary and secondary child abuse prevention programs and \$10.00 for the Birth Defects Institute Central Registry.

**Fiscal Impact**



The following table summarizes the fiscal impact:

	<b>Birth Registration Fees</b>		
	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Revenue</b>			
Fees	\$ 360,000	\$ 360,000	\$ 480,000
<b>Distribution</b>			
Child Abuse Prevention	\$ 240,000	\$ 240,000	\$ 240,000
Birth Defects Institute	120,000	120,000	240,000
<b>Total</b>	<b>\$ 360,000</b>	<b>\$ 360,000</b>	<b>\$ 480,000</b>

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**Bill Summary**

A copy of the Notes on Bills and Amendments (NOBA) is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>.

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**PUBLIC SAFETY LEGISLATIVE TOUR OF THE DES MOINES  
POLICE DEPARTMENT****Public Safety Tour**

The House Public Safety Standing Committee toured the Des Moines Police Department on March 23. During 2003, the Des Moines police dispatch handled 440,000 calls, 53,000 criminal reports, 9,000 traffic stops, 8,000 men arrested, 6,000 women arrested, and 900 juveniles arrested. The tour consisted of viewing the Dispatch Center, the Hall of History, the Sex Crimes Unit, and the Tactical Unit. The Des Moines Police Department consists of 365 officers, 153 civilians, and 53 reserve officers.

**More Information**

Additional information is available from the LSA upon request.

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