

FISCAL UPDATE

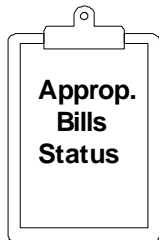
March 22, 2005

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	HF 810	Passed House Appropriations on March 14.
Agriculture and Natural Resources	HF 808	Passed House Appropriations on March 15.
Agriculture and Natural Resources	LSB 2452XA	Passed Senate Agriculture and Natural Resources Appropriations Subcommittee on March 15.
Economic Development	HF 809	Passed House Appropriations on March 15.
Economic Development	LSB 1086SA	Passed Senate Economic Development Appropriations Subcommittee on March 15.
Education	HSB 256	Passed House Appropriations on March 16.
Health and Human Services	HSB 284	Passed House Appropriations Subcommittee on March 17.
Justice System	HF 811	Passed House Appropriations on March 15.
Judicial Branch	HF 807	Passed House Appropriations on March 14.
Transportation	HF 466	Passed House on March 2.
Other Appropriations Bills		
FY 2007 Allowable Growth Rate Bill	SF 36	Signed by Governor on February 2.
Soil Conservation District Expenses Supplemental	SF 71	Amended and passed by House on March 16.
Military Pay Differential Program Changes Bill	SF 75	Passed Senate on January 27.
FFY 2006 Federal Block Grant Bill	SF 346	Passed Senate on March 16.
FY 2005 Supplemental Appropriations Bill	SF 342	Passed Senate on March 16.

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**SENATE AND HOUSE PASS METHAMPHETAMINE
PRECURSORS CONFERENCE COMMITTEE REPORT – SF
169**

Senate and House Action

The Senate and the House passed SF 169 (Methamphetamine Precursors Bill) Conference Committee Report on March 16.

Correctional Impact



Senate File 169 may result in approximately 1,450 additional individuals under supervision in Community-Based Corrections (CBCs) annually who will be required to undergo random drug tests. Additionally, there may be an impact on county jail overcrowding. If all 1,450 additional offenders remain in jail for a 24-hour period, the impact would be approximately \$22,000 for county jails.

Fiscal Impact

The bail restrictions of SF 169, as amended by the Report, will impact the CBC District Department budgets. For FY 2005, costs are anticipated to be \$375,000 and 6.0 FTE positions for probation officers (staff and testing supply costs). For FY 2006, costs are anticipated to be \$1.5 million and 24.0 additional FTE positions.

Government Savings



Any savings generated by SF 169 cannot be determined. There may be other savings to State and local government as a result of a reduction in meth labs and meth usage; however, there is insufficient data to quantify such savings. State, federal, and local savings generated by a reduction in meth labs may be redirected to other drug interdiction efforts by State and local law enforcement.

More Information

The Fiscal Note for SF 169 is available on the Legislative Services Agency (LSA) web site: <http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

**SENATE PASSES FY 2005 SUPPLEMENTAL
APPROPRIATIONS BILL – SF 342**

Senate Action



The Senate passed SF 342 (FY 2005 Supplemental Appropriations Bill) on March 16. The Bill appropriates a total of \$89.5 million from the General Fund to various State departments for FY 2005. This includes:

- \$300,000 for security purposes associated with the National Governor's Association Conference.
- \$500,000 for sole source grants for costs associated with hosting the National Special Olympics in Iowa.
- \$74.0 million to the Department of Human Services, including:
 - \$70.0 million for the Medical Assistance (Medicaid) Program.
 - \$1.0 million for Medical Contracts.
 - \$3.0 million for the State Resource Centers, the State Cases Program, and the Sexual Predator Commitment Program.
- \$600,000 for Legal Services for People in Poverty Grants.

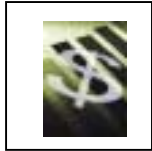


- \$514,000 to the Department of Corrections for the Iowa Medical Classification Center at Oakdale and the Central Office.
- \$4.5 million to the State Public Defender and the Indigent Defense Program.
- \$5.8 million to the Iowa National Guard to repay federal funds.
- \$950,000 to the Department of Public Safety for security costs at the State Capitol Complex and for gaming enforcement staff.

NOBA

The NOBA (Notes on Bills and Amendments) for SF 342 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index/isp>.

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SENATE PASSES FFY 2006 FEDERAL BLOCK GRANT BILL – SF 346
Senate Action

The Senate passed SF 346 (FFY 2006 Federal Block Grant Bill) on March 16. The Bill authorizes the receipt and expenditure of federal funds totaling \$4.1 billion for FFY 2006. This is an increase of \$38.7 million compared to estimated FFY 2005. This includes:

- Federal Block Grant Funds totaling \$159.2 million for the Departments of Economic Development, Human Rights, Human Services, Justice, and Public Health; and the Governor's Office of Drug Policy.
- Federal Categorical Grants totaling \$3.9 billion for various Departments.

NOBA

The NOBA (Notes on Bills and Amendments) for SF 346 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index/isp>

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HOUSE APPROPRIATIONS COMMITTEE PASSES ADMINISTRATION AND REGULATION APPROPRIATIONS BILL – HF 810
Bill Passage

The House Appropriations Committee passed HF 810 (FY 2006 Administration and Regulation Appropriations Bill) on March 14. The Bill appropriates a total of \$81.8 million and 1,846.5 FTE positions from the General Fund and \$13.4 million in Other Funds. This is an increase of \$864,000 and 61.8 FTE positions from the General Fund, and an increase of \$998,000 from Other Funds compared to estimated net FY 2005. This includes:

- Department of Administrative Services – A decrease of \$2.7 million, which includes decreases for the Distribution Account, start-up funding for new revolving funds, and the General Office, and an increase for utility costs.
- State Auditor – An increase of \$35,000 to perform additional audit work for non-billable agencies.
- Ethics and Campaign Disclosure Board – An increase of \$33,000 for salaries and for costs related to the electronic campaign report filing system.



- Department of Commerce – An increase of \$820,000 to expand oversight of State-chartered banks and the insurance industry, and to ensure compliance with safety codes and rules.
- Governor’s Office of Drug Control Policy – An increase of \$50,000 to replace lost federal funds for the Drug Endangered Children Program.
- Department of Human Rights – An increase of \$340,000, which includes funding for the new Status of Asian and Pacific Islanders Heritage Division, increases in funding for the Criminal and Juvenile Justice Planning and the Status of African Americans Divisions, and a decrease for the Status of Women Division.
- Department of Inspections and Appeals – An increase of \$752,000 for the Racing and Gaming Commission to improve oversight of the gaming industry.
- Department of Revenue – An increase of \$1.4 million to retain tax compliance officers, to create an automated system for tracking tax credits, and for information technology to address the federal over-billing concern.
- Secretary of State – An increase of \$154,000 to restore operating expenses for the Business Services Division.
- State Treasurer – An increase of \$29,000 for information technology to address the federal over-billing concern.
- Iowa Public Employees Retirement System (IPERS) – An increase of \$1.4 million from the IPERS Trust Fund for the first part of a multi-year update for the Benefits Administration System.



Amendment

The amendment requires the Department of Revenue to submit a report to the General Assembly on the Department’s progress in developing a system to track tax credits by January 1, 2006. The Bill provides \$360,000 and 5.0 FTE positions to develop the system.

NOBA

The NOBA (Notes on Bills and Amendments) for HF 810 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>.

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**SENATE ADMINISTRATION AND REGULATION
APPROPRIATIONS SUBCOMMITTEE MEETINGS**

Subcommittee Meetings

The Senate Administration and Regulation Appropriations Subcommittee met the week of March 13.

LSA Review

The Fiscal Services Division of the LSA reviewed HF 810 (FY 2006 Administration and Regulation Appropriations Bill) and the FY 2006 Governor’s recommendations.

More Information

Copies of agendas, minutes, and selected handouts distributed to Subcommittee members are available on the General Assembly web site at: <http://www3.legis.state.ia.us/ga/committee.do?id=32>.

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HOUSE APPROPRIATIONS COMMITTEE AND SENATE SUBCOMMITTEE PASS AGRICULTURE AND NATURAL RESOURCES APPROPRIATIONS BILLS – HF 808 AND LSB 2452XA

House Appropriations

The House Appropriations Committee passed HF 808 (FY 2006 Agriculture and Natural Resources Appropriations Bill) on March 15. The Bill appropriates a total of \$35.1 million and 1,521.6 FTE positions from the General Fund and \$36.8 million from Other Funds.

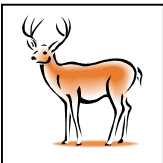
Dept. of Agriculture



The Bill appropriates \$18.8 million and 417.1 FTE positions from the General Fund for the Department of Agriculture and Land Stewardship, an increase of \$684,000 and 3.6 FTE positions compared to estimated net FY 2005. This includes:

- An increase of \$27,000 and 1.0 FTE position for the Farmer's Market Nutrition Program.
- An increase of \$250,000 for administrative expense reimbursement to the District Soil and Water Commissioners.
- An increase of \$127,000 and 1.6 FTE positions for the Chronic Wasting Disease Program.
- An increase of \$48,000 and 1.0 FTE position for the Horse and Dog Program.
- An increase of \$172,000 to upgrade three databases used by the Department.
- An increase of \$65,000 to purchase laptop computers for the field staff that work on programs related to commercial feed, fertilizer, and grain warehouse inspections.
- An increase of \$96,000 and 1.0 FTE position for an Assistant State Veterinarian.

Dept. of Natural Resources



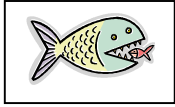
The Bill appropriates \$16.4 million and 1,105.5 FTE positions from the General Fund for the Department of Natural Resources (DNR), a decrease of \$578,000 and no change in FTE positions compared to estimated net FY 2005. This includes:

- An increase of \$17,000 for the Help Us Stop Hunger (HUSH) Program that assists hunters in donating harvested deer meat to the Iowa Food Bank.
- The Bill provides for the following reductions to the Department's operating budget:
 - Reduces out-of-state travel expenditures \$171,000.
 - Reduces advertising and publicity expenditures \$92,000.
 - Reduces printing and binding expenditures \$150,000.
 - Reduces other expenditures \$182,000.

Other Funds

The Bill also provides funding to the Departments from Other Funds as follows:

- \$305,000 from unclaimed winnings receipts to the Horse and Dog Program. This is no change compared to estimated net FY 2005.



- \$31.4 million from the Fish and Wildlife Trust Fund. This is an increase of \$150,000 compared to estimated net FY 2005 to pay for additional boat safety personnel.
- \$1.4 million from Boat Registration fees to the Fish and Wildlife Trust Fund, which is no change compared to estimated net FY 2005.
- \$100,000 from Snowmobile Registration fees to the Fish and Wildlife Trust Fund, which is no change compared to estimated net FY 2005.
- \$200,000 from the Underground Storage Tank Fund to the DNR for administration of the Underground Storage Tank Program, which is no change compared to estimated net FY 2005.
- \$3.5 million from the Groundwater Protection Fund, which is no change compared to estimated net FY 2005.



Senate Subcommittee

The Senate Agriculture and Natural Resources Appropriations Subcommittee passed LSB 2452XA (FY 2006 Agriculture and Natural Resources Appropriations Bill) on March 15. The Bill appropriates a total of \$35.8 million and 1,521.6 FTE positions from the General Fund and \$36.8 million from Other Funds. The Senate Bill makes the following changes:



- Appropriates \$18.8 million from the General Fund to the Department of Agriculture and Land Stewardship and includes these changes:
 - Allocates \$40,000 to the Apiary Program for the inspection of bee hives.
 - Allows the Department to charge fees to Iowa dog breeders to cover the cost of administering the Native Horse and Dog Program. The Department has the authority to charge fees to the horse breeders.
- Appropriates \$17.0 million from the General Fund to the Department of Natural Resources. This is no change compared to estimated net FY 2005.

NOBA

The NOBA (Notes on Bills and Amendments) for HF 808 and LSB 2452XA are available on the LSA web site at:
<http://www3.legis.state.ia.us/noba/index.jsp>.

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**HOUSE APPROPRIATIONS COMMITTEE AND SENATE
SUBCOMMITTEE PASS ECONOMIC DEVELOPMENT
APPROPRIATIONS BILLS – HF 809 AND LSB 1086SA**

House Appropriations

The House Appropriations Committee passed HF 809 (FY 2006 Economic Development Appropriations Bill) on March 15.

Bill Summary



The Bill appropriates a total of \$22.9 million and 317.5 FTE positions from the General Fund to the Department of Economic Development, Iowa 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 is a decrease of 7.8 FTE positions compared to estimated net FY 2005. This is not an actual reduction in FTE positions. For FY 2006, Iowa Workforce Development is allowed to retain fees for the Elevator Safety and Boiler Safety Programs, which will no longer be funded by a General Fund appropriation. The 9.8

FTE positions that were formerly appropriated for this purpose will now be supported by fee revenue. As a result, the FTE appropriation in the Bills is actually an increase of 2.0 FTE positions under the Worker's Compensation Program.

Additional Funds

In addition to the appropriations made in the Bills, Iowa Workforce Development will receive a General Fund appropriation of \$6.5 million for FY 2006 that was made in SF 2311 (Economic Stimulus Appropriations Act).

Senate Subcommittee

The Senate Economic Development Appropriations Subcommittee passed LSB 1086SA (FY 2006 Economic Development Appropriations Bill) on March 15. It is identical to HF 809.

NOBA

The NOBA (Notes on Bills and Amendments) for HF 809 is available and LSB 1086SA will be available on the LSA web site at:
<http://www3.legis.state.ia.us/noba/index.jsp>

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HOUSE APPROPRIATIONS COMMITTEE PASSES EDUCATION APPROPRIATIONS BILL – HSB 256

Education Bill

The House Appropriations Committee passed HSB 256 (FY 2006 Education Appropriations Bill) on March 16.

Appropriations

The Bill appropriates a total of \$933.0 million and 19,618.5 FTE positions from the General Fund to the Department for the Blind, the College Student Aid Commission, the Department of Cultural Affairs, the Department of Education, and the Board of Regents. This is an increase of \$40.0 million and a decrease of 25.7 FTE positions compared to estimated net FY 2005. The Bill makes the following General Fund changes for FY 2006.

Dept. for the Blind

The Bill provides an increase of \$296,000 for the Department for the Blind compared to estimated net FY 2005 to replace funds from the Department's Gifts and Bequests Fund.

College Student Aid

The Bill provides for the following changes for the College Student Aid Commission:

- \$900,000 increase for the National Guard Education Assistance Program to provide full funding of the Program as requested by the National Guard.
- \$175,000 decrease for the Teacher Shortage Forgivable Loan Program to begin the phase-out of the Program.
- \$2.5 million increase for the Tuition Grant Program.

Dept. of Education

The Bill provides for the following changes for the Department of Education:

- \$760,000 increase to Iowa Public Television to restore overnight block feeds and operate digital transmitters.



- \$360,000 decrease to the Regional Telecommunication Councils for 8.0 FTE positions that will now be paid from federal funds awarded to the Iowa Communications Network (ICN).
- \$9.1 million increase for Community Empowerment, including:
 - \$100,000 increase for the Office of Community Empowerment in the Department of Management.
 - \$4.0 million increase for School Ready Grants.
 - \$1.0 million increase for assistance to child care providers. This is a new allocation.
 - \$3.0 million increase to assist low-income parents with preschool tuition. This is a new allocation.
 - \$1.0 million increase to provide child care and preschool providers with professional development. This is a new allocation.
- \$24,000 increase for Nonpublic School Textbooks.
- \$13.4 million increase for the Student Achievement and Teacher Quality Program, including:
 - \$3.1 million increase for teacher salaries to maintain minimum salaries at the FY 2005 level.
 - \$900,000 increase for National Board Certification awards.
 - \$600,000 increase for Beginning Teacher Mentoring and Induction.
 - \$65,000 decrease for the Career Development Program.
 - \$8.9 million increase for one additional teacher contract day for professional development. This is a new allocation.
- \$400,000 decrease to eliminate funding for the Jobs for America's Grads (JAG) Program.
- \$500,000 decrease to eliminate one-time funding for Achievement Gap Grants.



Board of Regents



The Bill provides for the following changes for the Board of Regents:

- \$966,000 increase to the Board Office for tuition replacement.
- \$6.3 million increase to the Board Office for distribution to the general university budgets of each of the Regents universities.
- \$90,000 increase to pay membership dues in the Midwestern Higher Education Compact. This is a new appropriation.
- \$530,000 increase for the Iowa School for the Deaf (\$340,000) and the Iowa Braille and Sight Saving School (\$190,000).

New Agency Created

The Bill creates a new independent agency, the Institute for Tomorrow's Workforce, and appropriates \$250,000 to provide a long-term forum for recommendations to improve the State's education system to meet workforce needs.

NOBA

The NOBA (Notes on Bills and Amendments) for HSB 256 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>.

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**HOUSE HEALTH AND HUMAN SERVICES
APPROPRIATIONS SUBCOMMITTEE PASSES
APPROPRIATIONS BILL – HSB 284**

Bill Passage

The House Health and Human Services Appropriations Subcommittee passed HSB 284 (FY 2006 Health and Human Services Appropriations Bill) on March 17. The Bill appropriates \$994.5 million and 6,343.1 FTE positions from the General Fund, \$8.1 million from the Gambling Treatment Fund, \$84.4 million and 13.0 FTE positions from the Senior Living Trust Fund, and \$142.7 million in Temporary Assistance for Needy Families (TANF) funds.

DEA Appropriation

The Bill appropriates \$2.7 million and 26.8 FTE positions from the General Fund to the Department of Elder Affairs, which is no change compared to estimated net FY 2005.

DPH Appropriations



The Bill appropriates \$24.6 million and 145.5 FTE positions from the General Fund to the Department of Public Health, an increase of \$344,000 and 3.7 FTE positions compared to estimated net FY 2005. The significant changes include:

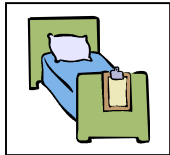
- Chronic Conditions - A net increase of \$449,000 to provide additional funding for the AIDS Drug Assistance Program (ADAP), Child Health Specialty Clinics, and a Hepatitis C Awareness Program.
- Environmental Hazards - A net increase of \$150,000 and 1.0 FTE position for additional childhood lead poisoning prevention activities.
- Injuries - A net decrease of \$335,000 for the Healthy Opportunities for Parents to Experience Success (HOPES) Program.
- Public Protection - A net increase of \$200,000 and 3.7 FTE positions to provide additional resources for the State Medical Examiner's new facility and to transfer the Hearing Impaired Licensure Board.

DHS Appropriations



The Bill appropriates \$950.6 million and 5,303.7 FTE positions from the General Fund to the Department of Human Services, an increase of \$209.1 million and a decrease of 26.9 FTE positions compared to estimated net FY 2005. The significant changes include:

- Family Investment Program - A net increase of \$1.2 million for the federal Maintenance of Effort requirement, the carry forward of FY 2005 Electronic Benefit Transfer (EBT) funds, and the Earned Income Tax Credit (EITC) Initiative.
- Medical Assistance (Medicaid) Program - A net increase of \$171.7 million, which includes:
 - An increase of \$63.6 million to adjust the base to reflect the recommended FY 2005 supplemental appropriation.
 - A decrease of \$52.0 million to reduce the use of funds from the Senior Living Trust Fund.



- An increase of \$31.4 million for enrollment growth and utilization.
- An increase of \$5.9 million to replace a projected shortfall in the Senior Living Trust Fund.
- A decrease of \$14.6 million due to a reduction in funds available from the Hospital Trust Fund.
- A decrease of \$7.9 million for projected savings from the Iowa Medicaid Enterprise.
- An increase of \$3.7 million for Medicare Part D activities.
- An increase of \$6.0 million to eliminate Home and Community-Based Services Waiver waiting lists.
- An increase of \$16.5 million for a 3.0% increase in provider reimbursement rates.
- A decrease of \$5.3 million for various cost savings efforts.
- A decrease of \$6.5 million due to a balance remaining from the FY 2005 conversion grant appropriation from the Senior Living Trust Fund.
- A decrease of \$2.1 million for expansion of the State Supplementary Assistance (SSA) buy-in efforts.
- Medical Contracts - An increase of \$5.0 million for the Iowa Medicaid Enterprise implementation.
- Healthy and Well Kids in Iowa (*hawk-i*) - An increase of \$4.5 million for caseload growth.
- State Supplementary Assistance - An increase of \$537,000 for caseload growth.
- Child Care Assistance - An increase of \$3.3 million to expand eligibility to 145% for employed families and 200% for families with a special needs child and to implement a Quality Rating System.
- Juvenile Institutions - An increase of \$320,000 for substance abuse treatment programs.
- Child and Family Services - A net decrease of \$20.9 million. The significant changes include:
 - A decrease of \$29.0 million to transfer the Adoption Subsidy Program to a separate appropriation.
 - An increase of \$4.2 million to replace one-time funds used in FY 2005.
 - An increase of \$2.2 million for Residential Treatment Service provider rate increases.
- Adoption Subsidy Program - An increase of \$32.3 million. The significant changes include:
 - An increase of \$29.0 million due to the transfer from the Child and Family Services appropriation.
 - An increase of \$2.3 million for caseload growth.





- Mental Health Institutes - An increase of \$89,000 for the Psychiatric Physician Assistant Program at Cherokee.
- State Resource Centers - An increase of \$6.4 million for changes in the federal match rate, expenditures not reimbursed due to county capitation, replacement of decreased federal reimbursements from community-based placements, completion of the federal Department of Justice settlement requirements to fill vacant FTE positions, and to continue the estimated FY 2005 supplemental appropriations.
- State Cases - A decrease of \$500,000, which is replaced with federal Block Grant funds.
- Sexual Predator Commitment Program - An increase of \$775,000 to continue and annualize the estimated FY 2005 supplemental appropriation.
- Mental Health Allowed Growth - An increase of \$4.8 million to fund the percentage of increase enacted in SF 2298 (FY 2005 Omnibus Appropriations Act) for FY 2006.

Veterans Affairs

The Bill appropriates \$16.6 million from the General Fund for the Veterans Affairs Commission and the Iowa Veterans Home, which is no change compared to estimated net FY 2005.

Gambling Treatment Fund

The Bill appropriates \$8.1 million from the Gambling Treatment Fund to the Department of Public Health for substance abuse and gambling addiction treatment, which is no change compared to estimated FY 2005.

Senior Living Trust Fund



The Bill appropriates \$84.4 million and 13.0 FTE positions from the Senior Living Trust Fund to the Departments of Elder Affairs, Human Services, Inspections and Appeals, and the Iowa Finance Authority. This is a decrease of \$77.9 million compared to estimated FY 2005, which includes:

- A decrease of \$57.9 million to the DHS for the Medical Assistance (Medicaid) Program, which is offset by an increase from the General Fund.
- A decrease of \$20.0 million to the DHS to eliminate funding for conversion grants.

Hospital Trust Fund

The Bill appropriates \$22.9 million from the Hospital Trust Fund for the Medicaid Program. This is a decrease of \$14.6 million compared to estimated FY 2005 due to a reduction in the funds available.

TANF Funds



The Bill appropriates \$142.7 million in Temporary Assistance for Needy Families (TANF) funds. This is a decrease of \$5.7 million compared to estimated FY 2005. The significant changes include:

- A decrease of \$1.0 million for the Family Investment Program (FIP).
- A decrease of \$3.5 million for the Child Care Assistance Program.
- A decrease of \$2.0 million for Child and Family Services.

NOBA

The Notes on Bills and Amendments (NOBA) for HSB 284 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.isp>.

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HOUSE APPROPRIATIONS COMMITTEE PASSES JUSTICE SYSTEM APPROPRIATIONS AND JUDICIAL BRANCH BILLS – HF 811 AND HF 807

Bill Passage

The House Appropriations Committee passed HF 807 (FY 2006 Judicial Branch Bill) on March 14 and HF 811 (FY 2006 Justice System Appropriations Bill) on March 15.

Bill Summary

The two Bills appropriate a total of \$529.2 million and 7,825.2 FTE positions from the General Fund for FY 2006 as follows:



- Judicial Branch - \$120.1 million and 1,817.9 FTE positions, which is no change compared to estimated net FY 2005.
- Justice System - \$409.1 million and 5,888.4 FTE positions, an increase of \$13.5 million and 155.7 FTE positions compared to estimated net FY 2005 for the following.



- An increase of \$7.5 million and 111.5 FTE positions for the Department of Corrections, which includes the nine prisons, central office, and the eight Community-Based Corrections (CBC) District Departments. Highlights include:
 - \$1.8 million for parole and probation officers.
 - \$1.5 million to maintain employees when they return from Iowa National Guard service.
 - \$1.5 million for basic life safety issues, including food, utilities, and pharmacy costs.
 - \$300,000 to add mental health staff.
 - \$700,000 to maintain current operations.
 - \$1.7 million to address mental health needs of offenders.
 - An increase of \$3.4 million for the State Public Defender and Indigent Defense to cover the increase in cases and claims.
- An increase of \$2.6 million and 21.0 FTE positions for the Department of Public Safety. Highlights include:
 - \$749,000 for the Division of Criminal Investigations for 3.0 additional gaming officers, lab equipment, and 4.0 additional crime scene staff.
 - \$771,000 for the Division of Narcotics Enforcement to cover a nine-month lapse in federal funding for a statistical database.
 - \$600,000 for the State Patrol for 10.0 additional officers and \$75,000 for a racial profiling study for public safety peace officers.



NOBA

The Notes on Bills and Amendments for HF 807 and HF 811 are available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>

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SIGNIFICANT WAYS & MEANS BILLS**Ways & Means**

The House Ways and Means Committee passed HSB 8 (Child & Dependent Care Tax Credit Expansion Bill) on March 15.



The Bill raises the income threshold for credit qualification. Under current law, taxpayers with income over \$40,000 do not qualify for the credit. The Bill raises the maximum to \$50,000, effective for tax years beginning on or after January 1, 2006, and is projected to reduce net General Fund revenue by \$4.5 million per year.

More Information

The Bill is now HF 802, and the Fiscal Note will be available on the LSA web site at: <http://www3.legis.state.ia.us/fiscalnotes/>.

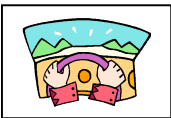
STAFF CONTACT: Jeff Robinson (Ext. 14614)

HOUSE PASSES FUEL THEFT BILL – HF 440**House Action**

The House passed HF 440 (Fuel Theft Bill), which permits a judge to suspend a driver's license upon a second or subsequent conviction for theft of motor fuel not exceeding \$200 from a retail dealer.

Correctional Impact

To the extent that judges impose this civil penalty and offenders drive with a suspended license, an increase in criminal convictions will occur. However, any increase will impact criminal justice system costs, including indigent defense, court time, Community-Based Corrections (CBC), and county jails as offenders are cited for contempt of court or probation violation proceedings.

Fiscal Impact

The Bill may result in increased convictions for driving while the license is under suspension. There may be no more than 17 suspensions annually. The fiscal impact of hearings held before the Department of Transportation (DOT) is anticipated to be minimal. The DOT reprogramming costs of \$19,000 will be funded from the Road Use Tax Fund.

More Information

The Fiscal Note for HF 440 is available on the LSA web site at: <http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

HOUSE WAYS AND MEANS COMMITTEE PASSES SPEED LIMIT BILL – HF 513**Legislation**

The House Ways and Means Committee passed HF 513 (Speed Limit Bill) on March 16. The Bill increases the speed limit from 65 to 70 miles per hour (mph) on interstate highways, and increases the speeding fines for vehicular traffic on highways with rates of speed greater than 55 mph.

Fine Revenue

The Bill requires the new speeding fine revenue be deposited directly from the Judicial Branch into the Vehicle Depreciation Fund in the Department of

Public Safety to be utilized by the Iowa State Patrol until June 30, 2009. The Bill also allows the Judicial Branch to retain \$7.0 million for operations from the increased revenue for the increase in the simple misdemeanor court costs from \$17 to \$30.

Fiscal Impact

The estimated fiscal impact to change the speed limit signs will range from \$124,000 to \$248,000, including labor, maintenance, and equipment. Costs would be paid from the Primary Road Fund.

Increased Revenue

The increased revenue to the General Fund consists of fine revenue, surcharge revenue, and the increase of the simple misdemeanor court costs. The total revenue impact of HF 513 is included in the table below:

Estimated Net Revenues Generated From House File 813

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
General Fund	\$ -	\$ 900,000	\$1,900,000
Victim Compensation Fund	19,000	28,000	41,000
County/Local	177,000	204,000	232,000
Vehicle Depreciation Account	684,000	778,000	873,000
Judicial Branch	7,000,000	7,000,000	7,000,000

More Information

The Fiscal Note for HF 513 is available on the LSA web site at:
<http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

HOUSE PASSES DEFERRED JUDGMENT, CIVIL PENALTY BILL – HF 682

House Action

The House passed HF 682 (Deferred Judgment, Civil Penalty Bill), which relates to the assessment of a civil penalty upon the entry of a deferred judgment.

Fiscal Impact



The Bill generates \$1.1 million in revenue in FY 2006 and \$1.9 million in revenue in FY 2007 and each year thereafter. This additional revenue will be deposited into the General Fund. The fiscal impact on the Judicial Branch is anticipated to be minimal.

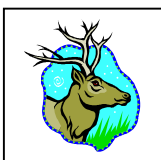
More Information

The Fiscal Note for HF 682 is available on the LSA web site at:
<http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

HOUSE PASSES SOIL CONSERVATION DISTRICT EXPENSES SUPPLEMENTAL BILL – SF 71

Supplemental Funding



The House passed SF 71 (Soil Conservation District Expenses Supplemental Bill) on March 16. The Bill makes a \$250,000 supplemental appropriation from the Environment First Fund to the Department of Agriculture and Land Stewardship from the Conservation Reserve Program to reimburse District Soil and Water Commissioners for expenses incurred while performing duties. This includes expenses for travel, training, professional dues, and administrative expenses.

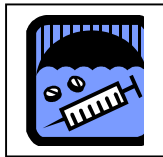
Amendment The House amendment removed the FY 2006 appropriation of \$127,000 for the Chronic Wasting Disease Program in the Department of Agriculture and Land Stewardship and language related to the Farm Deer Administration Fund.

NOBA The NOBA (Notes on Bills and Amendments) for SF 71 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>

STAFF CONTACT: Debra Kozel (Ext. 16767)

MEDICAID ESTIMATES FOR FY 2005 AND FY 2006

Medicaid Estimates



FY 2005

Staff from the Department of Management, Department of Human Services (DHS), and the Fiscal Services Division of the LSA met on March 11 to discuss estimated expenditures for the Medical Assistance (Medicaid) Program for FY 2005 and FY 2006. The three staffs meet monthly to discuss estimated expenditures for the current fiscal year and to agree on a range for expenditures.

When the FY 2005 Medicaid budget of \$568.5 million was enacted, it was agreed that the funding was not likely sufficient to cover the full cost. A shortfall for FY 2005 is projected. The agreed upon range for the FY 2005 shortfall is \$65.0 to \$75.0 million compared to the FY 2005 appropriation. The range from January was \$60.0 to \$70.0 million compared to the FY 2005 appropriation. The estimated shortfall increased due to higher than expected enrollment and expenditures during February. The higher enrollment and expenditures are projected to continue in March.

Supplemental Funds

The Senate passed SF 342 (FY 2005 Supplemental Appropriations Bill) on March 16. The FY 2005 supplemental appropriation of \$63.6 million for Medicaid was amended to increase the appropriation to \$70.0 million.

FY 2006

The three staffs agreed to an estimated range of increase of \$105.0 to \$145.0 million for FY 2006. This increase is relative to the original FY 2005 appropriation, prior to the FY 2005 supplemental appropriation; assumes that Iowa continues to receive revenue from the Intergovernmental Transfers (IGTs); and assumes that the Senior Living Trust Fund will be depleted at the end of FY 2006.

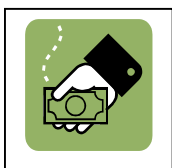
Transfers

It is likely that the IGTs will be discontinued in FY 2006. This increases the range by \$66.0 million to \$171.0 million to \$211.0 million for FY 2006. The range from December was \$166.0 to \$206.0 million.

Current Estimates

The FY 2006 estimates are based on current law and include the following additional assumptions:

- Savings from the Iowa Medicaid Enterprise, the Preferred Drug List, and other initiatives.
- No reimbursement rate increases for Medicaid providers, except those required by current law, such as the \$7.0 million increase for the rebasing of nursing facility rates.
- The Senior Living Trust Fund will have a balance of \$0 at the end of FY 2006.



- The number of “slots” for each Home and Community-Based Services Waiver is frozen at the current level.

Additional Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Vermeer (Ext. 14611)

COLLEGE STUDENT AID COMMISSION MEETING

Commission Meeting

The College Student Aid Commission met on March 14.

Iowa Grant Allocations

The Commission approved the staff recommendation regarding allocation of the \$1.0 million Iowa Grant Program appropriation to individual colleges and universities. Statutory language requires the appropriation to be allocated to the three higher education sectors as follows: \$387,000 (37.6%) to the Board of Regents universities, \$376,000 (36.5%) to independent colleges and universities, and \$267,000 (25.9%) to the community colleges.

Additional Staff

The Commission authorized the Executive Director to add a position to support the Career Information Delivery System. The System was previously administered by three staff in the Department of Education that included a Program Manager, Program Trainer, and a Clerk. The Program Manager and Trainer retired prior to transfer of the System to the Commission, and the Clerk is now employed by the Commission.

Tuition Grant Study

Commission staff reviewed the results of a follow-up study of a survey of persons that received tuition grants in 1990. Findings are categorized as follows: importance of the grant, community participation, career choices, contributions to Iowa business activities, and location in Iowa.

Federal Audit



Commission staff reported on the process and results of the U.S. Department of Education’s full procedural review of the Commission that occurred in August 2004. The review focused on the Commission’s compliance with the Higher Education Act and regulations of the Federal Family Education Loan Program (FFELP) for the period of April 1, 1999, through March 31, 2004. The last full procedural review occurred in 1995, and a full financial review was performed in 2001. There were no significant review findings.

Next Meeting

The next meeting is scheduled for May 17. The meeting materials are available on the Commission’s web site at:
<http://www.iowacollegeaid.org/meetingminutes/Commission%20Book%20March-14-05.pdf>

STAFF CONTACT: Mary Shipman (Ext. 14617)

BOARD OF REGENTS MEETING

Governance Report

The Board of Regents met on March 14-15. The Board received the Governance Report on University Residence Systems, approved proposed rates for all residence options, and reviewed preliminary FY 2006 residence system budgets. The proposed double occupancy room rate with full board, including percentage increase, is as follows:



- University of Iowa (SUI) - \$6,073 (3.2%)

- Iowa State University (ISU) - \$6,133 (2.9%)
- University of Northern Iowa (UNI) - \$5,519 (4.9%)

Proposed Fees & Charges

The Board reviewed proposed changes to miscellaneous fees for FY 2006. These are non-tuition-related fees that include a variety of items ranging from course delivery to private music lessons. Students pay only those fees that apply to them. Proposed fee changes included:

- SUI – requested four new fees ranging from \$10 to \$300, increases in five fees ranging from \$6 to \$1,500 (dentistry instrument fee), and the elimination of one fee.
- ISU – requested five new fees ranging from \$5 to \$636, the elimination of five fees, and one name change.
- UNI – requested no new fees and increases in seven fees ranging from \$7 to \$30.

Parking Rates



The Board considered proposed parking rate changes and a change to administrative rules regarding parking offenses at ISU. Each university has parking systems that are self-supporting through user fees. Proposed parking rate changes will result in the following:

- SUI – annual charges would range from \$42 to \$1,800.
- ISU – annual charges would range from \$36 to \$692.
- UNI – annual charges would range from \$6.25 to \$300.

Iowa Public Radio

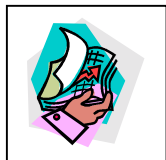
The Board reviewed a status report on implementation of Iowa Public Radio and approved the appointment of two public individuals to the Iowa Public Radio Executive Council. The new public appointees are:

- Arthur Neu, an attorney from Carroll, former Iowa Lieutenant Governor and former Regent. Mr. Neu's appointment is effective until April 30, 2008.
- Kay Runge, Director, Des Moines Public Library, and former Director of the Davenport Library. Ms. Runge's appointment is effective until April 30, 2007.

Committee Reports

The Board received a report from the Education and Student Affairs Committee. The Committee reviewed the following:

- Distance Education Strategic Plan.
- Regent Financial Aid Study.
- Guidelines for Recruitment of Prospective Student Athletes and SUI Procedures for action on students involved with legal issues.
- Notice to file administrative rules regarding personal conduct.
- Audit reports and catalog and name changes.
- Sesquicentennial Celebration plans for the Iowa School for the Deaf.
- Establishment of an Iowa Center for Immigrant Leadership and Integration at UNI.



- Accreditation reports for various colleges and programs at SUI and ISU.

The Investment Committee reported on a review of the quarterly investment and cash management report and a performance review of fund managers.

The Human Resources Committee reported on the Career Status Furlough Option for SUI and ratification of collective bargaining agreements.

Bonding Resolutions



The Board approved the following bonding resolutions:

- \$15.2 million of Academic Revenue Refunding Bonds for SUI. These bonds will be used to pay and refund bonds originally issued at \$9.1 million in 1995 and \$10.8 million in 1996. The estimated net present value savings from the refunding, as a result of lower interest rates, is \$1.9 million.
- \$5.1 million of Academic Revenue Refunding Bonds for UNI. These bonds will be used to pay and refund bonds originally issued at \$5.8 million in 1995. The estimated net present value savings from the refunding, as a result of lower interest rates, is \$798,000.
- \$11.1 million of Iowa Memorial Union Revenue Bonds for SUI. Debt service will be approximately \$800,000 annually, with payment from income generated by the Memorial Union System.
- \$7.7 million of Field House Revenue Refunding Bonds for UNI. These bonds will be used to pay and refund bonds originally issued at \$9.2 million in 1997. The estimated net present value savings from the refunding, as a result of lower interest rates, is \$500,000.

New UNI Complex



The Board reviewed plans for the University of Northern Iowa Human Performance Complex, including schematic design, project description, and budget (\$6.95 million). The Complex would include construction of a 38,450 gross square foot facility and renovate 3,100 net square feet in the adjacent Wellness/Recreation Center. The Complex will support the Academic, Research, and Public Service Program of the School of Health, Physical Education, and Leisure Services. Two major programs to be housed at the Complex will include the Center for Healthy Youth Development and the Sport and Human Performance Center.

Next Meeting

The next meeting of the Board is scheduled for May 4-5. The meeting agenda items are available on the Board's web site at:
<http://www2.state.ia.us/regents/Meetings/DocketMemos/05Memos/Mar05/march05agendaitems.htm>

STAFF CONTACT: Mary Shipman (Ext. 14617)

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