

FISCAL UPDATE

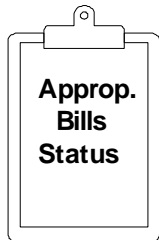
April 5, 2005

Legislative Services Agency

(515)-281-5279 FAX 281-8027

<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 on March 23.
Agriculture and Natural Resources	HF 808	Passed House on March 23.
Agriculture and Natural Resources	LSB 2452XA	Passed Senate Agriculture and Natural Resources Appropriations Subcommittee on March 15.
Economic Development	HF 809	Passed House on March 23.
Economic Development	LSB 1086SA	Passed Senate Economic Development Appropriations Subcommittee on March 15.
Education	HF 816	Passed House on March 30.
Health and Human Services	HSB 284	Passed House Appropriations on March 22.
Justice System	HF 811	Passed House Appropriations on March 15.
Judicial Branch	HF 807	Passed House Appropriations on March 14.
Transportation	HF 466	Passed Senate Appropriations on March 30.
Other Appropriations Bills		
FY 2007 Allowable Growth Rate Bill	SF 36	Signed by Governor on February 2.
Soil Conservation District Expenses Supplemental Bill	SF 71	Final passage. Senate concurred on House Amendment on March 23.
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.

IN THIS ISSUE:

Status of Appropriations Bills, pg. 1
Microsoft Anti-Trust Payment Received, pg. 2
HF 816 – Education Approps., pg. 3
HF 466 – Transportation Approps., pg. 4
HF 820 – Alcohol Sales Privatization, pg. 5
HF 614 – Model State Spyware, pg. 5

HF 610 – Anti-Spam, pg. 5
HF 813 – Speed Limit Bill, pg. 6
SSB 1294 – Racetrack Sales Tax Rebate, pg. 7
Recommendations/BOR Braille Task Force, pg. 7
Eldora Training School Superintendent, pg. 8

Other Appropriations Bills (Cont.)		
FY 2005 Supplemental Appropriations Bill	SF 342	Passed Senate on March 16.
Long-Term Care Asset Disregard Bill	HF 819	Passed House Appropriations on March 21.
Alcohol Sales Privatization Bill	HF 820	Passed House Appropriations on March 21.
Prescription Drug Assistance Clearinghouse Bill	HF 821	Passed House Appropriations on March 21.

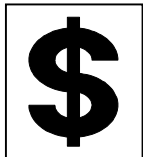
MICROSOFT ANTI-TRUST SETTLEMENT PAYMENT RECEIVED BY THE ATTORNEY GENERAL'S OFFICE

Anti-Trust Settlement



The Attorney General's Office was involved in a multi-state action under Anti-Trust laws regarding software bundling and the Microsoft Corporation. The matter was settled out-of-court. Iowa's share of the settlement payment was estimated to be \$1.6 million. The Attorney General's Office received a \$1.7 million payment on March 31. The payment amount includes interest earnings and has been deposited into the Anti-Trust Account within the Attorney General's Office.

Appropriations



Usually, antitrust awards are restricted and the amount generated by the award can only be used for enforcement purposes. In the Microsoft case, the funds are discretionary. House File 807 (FY 2006 Judicial Branch Appropriations Bill) and HF 811 (FY 2006 Justice System Appropriations Bill) appropriate \$1.6 million as follows:

- \$300,000 to the Attorney General's Office.
- \$266,000 to the Department of Corrections (DOC) as follows:
 - \$10,000 for renovating a chapel at the Mount Pleasant Correctional Facility.
 - \$42,000 for the Corrections Education Program.
 - \$214,000 for substance abuse and/or mental health treatment needs of offenders.
- \$390,000 to the Department of Public Safety for the Iowa State Patrol.
- \$600,000 to the Judicial Branch as a FY 2005 supplemental appropriation.

More Information

Additional information is available from the LSA upon request. The NOBAs (Notes on Bills and Amendments) for HF 807 and HF 811 are available on the Legislative Services Agency (LSA) web site at: <http://www3.legis.state.ia.us/noba/index.jsp>.

STAFF CONTACTS: Beth Lenstra (Ext. 16301) Jennifer Acton (Ext. 17846)

HOUSE PASSES EDUCATION APPROPRIATIONS BILL – HF 816

Education Bill Amended



The House amended and passed HF 816 (FY 2006 Education Appropriations Bill) on March 30. The Bill appropriates a total of \$939.0 million and 19,613.5 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 \$46.0 million and a decrease of 30.7 FTE positions compared to estimated FY 2005. This includes:

- \$1.9 million for the Department for the Blind, an increase of \$296,000 compared to estimated net FY 2005.
- \$5.3 million for the Department of Cultural Affairs, which is no change compared to estimated net FY 2005.
- \$256.4 million for the Department of Education, an increase of \$27.8 million compared to estimated net FY 2005.
- \$250,000 for the Institute for Tomorrow's Workforce in the Department of Management. This is a new appropriation.
- \$616.6 million for the Board of Regents, an increase of \$14.2 million compared to estimated net FY 2005.

Changes by House

Significant changes to HF 816 when compared to House Appropriations Committee are explained below:

Board of Regents



The Bill increases the General Fund appropriation to the Board of Regents universities by \$6.3 million, for a total appropriation of \$12.6 million. The increase is to be used for the general operating budgets of each of the three universities and is expected to be allocated on a pro rata basis as recommended by the Regent Partnership for Transformation and Excellence. The allocation of funds is expected to be as follows:

- University of Iowa (SUI) - \$5.2 million (41.3%).
- Iowa State University (ISU) - \$5.0 million (40.0%)
- University of Northern Iowa (UNI) - \$2.4 million (18.8%)

Dept. of Education



House File 816 decreases the appropriation to the Department of Education by \$280,000, as well as 5.0 FTE positions that will be transferred to the Board of Educational Examiners. The Bill permits the Board of Educational Examiners to retain 73.0% of licensure fee revenue for FY 2006, which is estimated to be an increase of \$352,000 over the current formula used to determine funding for the Board, and an increase of \$348,000 compared to estimated net FY 2005. The remainder of FY 2006 licensure fee revenue (27.0%) will be deposited into the General Fund. It is estimated that the new 73.0%/27.0% formula will reduce licensure fee revenue deposited in the General Fund by \$72,000 in FY 2006 compared to the current formula and by \$77,000 compared to estimated net FY 2005.

Tuition Grant Program

The Tuition Grant Program is administered by the College Student Aid Commission and provides grants of up to \$4,000 to Iowa students attending

eligible independent (private) colleges and universities. While total funding for the Program remained unchanged at \$49.7 million, the standing appropriation was split into two separate standing appropriations as follows:



- \$44.9 million to nonprofit institutions.
- \$4.8 million to for-profit institutions. For-profit institutions include Hamilton College, Kaplan University, and Ashford University (formerly the non-profit Franciscan University at Clinton).

In addition, statutory changes for the Tuition Grant Program include:

- Delays the requirement that eligible institutions increase the matching student aid funds in an amount equal to the Tuition Grant funds received. Current statute requires a match of 75.0% that is scheduled to increase starting in FY 2006. The match increase requirement is delayed to FY 2007 in HF 816.
- Requires funds appropriated to for-profit institutions to be reduced under certain circumstances if the loan default rate for the institutions exceeds 10.0%.

More Information

The NOBA (Notes on Bills and Amendments) for HF 816 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>.

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

**SENATE APPROPRIATIONS COMMITTEE PASSES
TRANSPORTATION APPROPRIATIONS BILL – HF 466**

Transportation Approp. Bill

The House Appropriations Committee passed HF 466 (FY 2006 Transportation Appropriations Bill) on March 30. The Bill appropriates a total of \$294.7 million and 3,376.0 FTE positions to the Department of Transportation (DOT) from the following sources:

- \$243.2 million from the Primary Road Fund.
- \$51.4 million from the Road Use Tax Fund.
- \$101,000 from the General Fund.

Total Funding



The total funding represents a net increase of \$7.8 million compared to estimated net FY 2005. The significant funding increase is a \$9.4 million appropriation for the construction of a new facility to house the Motor Vehicle Division administrative offices, which includes the Des Moines Driver's License Station. The Bill also includes funding decreases for the DOT operations totaling \$2.4 million and 45.0 FTE positions compared to estimated net FY 2005. The reductions were requested by the DOT and recommended by the Governor.

More Information

The Notes on Bills and Amendments (NOBA) for HF 466 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>.

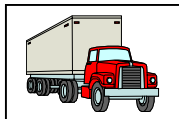
STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

HOUSE APPROPRIATIONS COMMITTEE PASSES ALCOHOL SALES PRIVATIZATION BILL – HF 820

Alcohol Sales Bill

The House Appropriations Committee passed HF 820 (Alcohol Sales Privatization Bill) on March 21.

Bill Summary



The Bill relates to State liquor activities, including liquor prices set by the Department of Commerce, Alcoholic Beverages Division. In addition, the Bill appropriates \$2.0 million from liquor sale revenues that are deposited into the General Fund to the Department of Public Health for substance abuse prevention and treatment in FY 2007. The Bill also requires the issuance of a Request for Proposal (RFP) for liquor warehouse and trucking operations in FY 2007.

More Information

The NOBA (Notes on Bills and Amendments) for HF 820 is available on LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>.

STAFF CONTACT: Sam Leto (Ext. 16764) Ron Robinson (Ext. 16256)

HOUSE PASSES MODEL STATE SPYWARE BILL – HF 614

Spyware Bill



The House passed HF 614 (Model State Spyware Bill) on March 30. The Bill creates Chapter 714F, Code of Iowa, to prohibit certain actions related to the transmission and use of software, such as the transmission of software to modify, through deceptive means, settings that control web site access. Violators are subject to criminal penalties for certain actions, including an aggravated misdemeanor and a Class D felony.

House File 614 creates new crimes; therefore, there is no readily available data to project the specific correctional or fiscal impact.

Correctional Impact

The creation of a new offense carries the potential for a correctional impact on court caseloads, prisons, county jails, and Community-Based Corrections (CBC) resources. Depending on the location of offenders (within Iowa or not) and law enforcement and prosecution activities, there may be a significant increase in the number of aggravated misdemeanor and Class D felony convictions. The impact cannot be determined, however, due to a lack of information.

Fiscal Impact

The fiscal impact of HF 614 cannot be determined due to insufficient information. The Fiscal Note for HF 614 is available on the LSA web site at: <http://www3.legis.state.ia.us/fiscalnotes/index/jsp>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

HOUSE PASSES ANTI-SPAM BILL – HF 610

Anti-Spam Bill



The House passed HF 610 (Anti-Spam Bill) on March 30. The Bill relates to the transmission of unsolicited bulk electronic mail and to the solicitation of the purchase of a prescription drug and the sale of adulterated or misbranded drugs through the use of electronic mail or the Internet.

House File 610 imposes penalties for a variety of actions, including simple misdemeanors, aggravated misdemeanors, Class D felonies, and a Class B

felony. The Bill also permits civil remedies and repeals Chapter 714E, Code of Iowa.

Correctional Impact

The creation of a new offense carries the potential for a correctional impact on court caseloads, prisons, county jails, and Community-Based Corrections (CBC) resources. Depending on the location of offenders (within Iowa or not) and law enforcement and prosecution activities, there may be a significant increase in the number of aggravated misdemeanor and Class D felony convictions. The impact cannot be determined, however, due to a lack of information.

Fiscal Impact

The fiscal impact of HF 610 cannot be determined due to insufficient information. The Fiscal Note for HF 610 is available on the LSA web site at: <http://www3.legis.state.ia.us/fiscalnotes/index/jsp>.

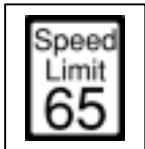
STAFF CONTACT: Beth Lenstra (Ext. 16301)

HOUSE APPROPRIATIONS COMMITTEE PASSES SPEED LIMIT BILL – HF 813

Speed Limit Bill

The House Appropriations Committee passed HF 813 (Speed Limit Bill) on March 28. 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



House File 813 requires the Judicial Branch to deposit the new speeding fine revenue 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 due to 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. These costs would be paid from the Primary Road Fund.

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 813 is provided in the table below.

Estimated Net Revenues Generated From House File 813

	FY 2006	FY 2007	FY 2008
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	596,000	709,000	841,000
Judicial Branch	7,000,000	7,000,000	7,000,000

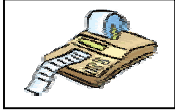
More Information

The Fiscal Note for HF 813 is available on the LSA web site at: <http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

SENATE WAYS AND MEANS COMMITTEE PASSES RACETRACK SALES TAX REBATE BILL – SSB 1294

Sales Tax Rebate Bill



The Senate Ways and Means Committee passed SSB 1294 (Racetrack Sales Tax Rebate Bill) on March 29. The Bill requires a sales tax rebate up to \$12.5 million to a proposed automobile racetrack to be constructed in Newton. The sales tax rebate would take place over a maximum of 10 years, beginning January 1, 2006.

More Information

The Bill is now SF 393. The Fiscal Note for SF 393 will be available on the LSA web site at: <http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

INITIAL RECOMMENDATIONS OF BOARD OF REGENTS IOWA BRAILLE AND SIGHT SAVING SCHOOL TASK FORCE

Initial Task Force Report



On March 29, the Board of Regents received public comment via the Iowa Communications Network (ICN) regarding initial recommendations of the Iowa Braille and Sight Saving School Task Force. Preliminary recommendations subject to comment included:

- The Board of Regents, in cooperation with the State Board of Education, should create a Coordinating Council to review all services provided to students with visual impairments, including those with additional disabilities.
- The Board of Regents and the Board of Education should enter into an agreement that places all service providers under one agency for the purpose of coordinating services to students with visual impairments, including those with additional disabilities, throughout the State.
- Discussions should begin with the University of Northern Iowa with the objective of creating a rigorous academic program for students with visual impairments, including those with additional disabilities. This program could become a “magnet school” for students in Iowa and the Midwest as a school of first choice.
- The structure of the Iowa Braille and Sight Saving School should be changed to emphasize shared responsibility with local school districts and area education agencies for students throughout their school career.
- Encourage further exploration of collaboration with the University of Northern Iowa and the University of Iowa to enhance services for students with multiple impairments and create efficiencies in the delivery of those services.
- Programs to inform parents of students with visual impairments, including those with multiple disabilities, of all the services available statewide should be intensified.



More Information

The recommendations can be viewed on the Board of Regents web site at: <http://www2.state.ia.us/regents/Task%20Force/March%202005%20Meeting/Preliminary%20Recommendations.doc>

Next Meeting

The next meeting is scheduled for April 20 at the Johnston Public Library.

STAFF CONTACT: Mary Shipman (Ext. 14617)

**SUPERINTENDENT SELECTED FOR STATE TRAINING
SCHOOL AT ELDORA**

New Superintendent

Allen Jensen has accepted the position of Superintendent of the State Training School at Eldora and will begin duties on April 25.

Background Experience

Mr. Jensen most recently served as the Administrator for the Nebraska Office of Juvenile Services in Lincoln, Nebraska. In addition, his background includes experience as a parole officer, a juvenile facility accreditation manager, Assistant Superintendent, and Chief Administrator of the Youth Rehabilitation and Treatment Center in Geneva, Nebraska.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

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