



BILL & AMENDMENTS SUMMARY

FY 2017 Deappropriations & Supplemental Appropriation HF 118/SF 130

Status of Bill: House Floor
Committee: Appropriations (15-9); Senate (28-19)
Lead Democrats: Rep. Hall
Floor Manager: Rep. Grassley
Research Analyst: Anna Hyatt 515-281-5939
anna.hyatt@legis.iowa.gov

January 30, 2017

Background

House File 118/ Senate File 130 is the Republican proposal for fiscal year 2017 deappropriations, transfers, and contains one supplemental as well. The Republican proposal identifies a total of \$88.2 million in reductions and \$25 million in transfers (revenue adjustments) from other funds, and a supplemental appropriation of \$4.3 million. This new FY 2017 budget proposal appropriates a total of \$7.26 billion, down from \$7.35 billion, and leaves an ending balance of \$600,000.

One of the largest items is an \$11.5 million reduction in “departmental operational reductions” which is yet to be identified by the Department of Management, in coordination with state agencies. The Republican proposal does not transfer the \$8.2 million from the Taxpayer Trust Fund, as was identified in the Governor’s proposal.

The supplemental is to the State Public Defender’s Office for the purpose of Indigent Defense and it’s for \$4.3 million, which would make the total appropriation just under \$34 million.

The bill would become effective upon enactment.

Bill Summary

Division I – Appropriation Reductions

This division identifies a total of \$76.7 million in cuts to various state agencies and the Judicial Branch. Within 15 days of the bill becoming effective, the Department of Management (DOM) must transmit a report to the General Assembly and the Legislative Services Agency listing the \$76.7 million in reductions identified by the DOM in consultation with the state agency and Judicial Branch.

Language authorizes the state agencies and Judicial Branch to use money received for training and technology to assist with the reductions.

Division II – Supplemental Appropriation – Indigent Defense

The Indigent Defense Fund, which is overseen by the State Public Defender, receives a supplemental appropriation of \$4.3 million for eligible adult and juvenile criminal cases.

Division III – Miscellaneous Transfers and Allocations

Transfers a total of \$25.1 million to the general fund from the following funds:

- Cultural Trust Fund - \$6.1 million – This transfer will only leave \$800 in the fund which is used to provide grants to support and encourage the financial sustainability of cultural non-profit organizations. These

funds can only be used when the balance is at or above \$3 million. The Department of Cultural Affairs reports that every dollar earned in interest and awarded has leveraged another three dollars in private sector matching funds.

- Strategic Investment Fund - \$1 million - Programs in this fund include the Community Economic Betterment Account, the Self-Employment Loan Program, Targeted Small Business Financial Assistance, and the Disabled Job Opportunities Program among others. The current balance of the Fund is around \$10.2 million, and the recommended scoop is \$1 million, leaving \$9.2 million in the account. The Iowa Department of Economic Authority (IEDA) reserved approximately \$3 million to \$4 million out of this account for two possible infrastructure projects as well as money for the Targeted Small Business contracts, totaling about \$1.2 million.
- Innovation and Commercialization Development Fund - \$2 million - This Fund works toward increasing the amount of skilled workers in various industries as well as facilitating agreements in targeted areas. The Fund currently has a balance of \$9.8 million with a requested scoop of \$2 million, leaving an ending balance of \$7.8 million. IEDA has reserved \$5.5 million from their FY 17 appropriations out of this Fund for the High Quality Jobs initiative (Statewide Commercialization, the Iowa Innovation Corporation etc.).
- Economic Development Energy Projects Fund - \$2 million - This was formerly known as the Iowa Power Fund, but changed names when it was moved to the authority of the IEDA. The current balance of the Fund is \$12.6 million with a requested scoop of \$2 million, leaving a total of \$10.6 million. The IEDA has reserved around \$2 million for assistance in implementing the Statewide Energy Plan.
- Grow Iowa Values Fund - \$12 million - This Fund currently sits at \$38.6 million with a requested scoop of \$12 million, leaving a total of \$26.6 million. All of the money being scooped is unobligated, so no projects will be affected. IEDA has around \$11 million in previous commitments from this Fund.
- Federal Economic Stimulus and Job Holding Fund - \$2 million - Created in 2004 to maintain the funds from the federal Growth Tax Relief Reconciliation Act of 2003. The Fund currently has \$2.1 million with a requested scoop of \$2 million, leaving an ending balance of \$100,000.

Allocates \$1 million of FY 2017 REAP (Resources Enhancement and Protection Fund) money from the Open Spaces account to be used for state park maintenance. In FY 2017, the Open Spaces account received approximately \$4.5 million in REAP funding. According to the DNR, approximately 45% of all general fund allocations are currently used for state parks. In addition, 18% of general fund appropriations are used to make federal matches that bring in additional money for the state and 16% goes to the forestry program. REAP Open Spaces money is dedicated to protecting and developing Iowa's public lands and waters. The Natural Resources Commission has set a policy that half of the money is directed to facility developments on Iowa public lands, such as state parks and forests.

Allocates \$350,195 of FY 2016 from the Iowa Veterans Home (IVH) carryover surplus to the College Student Aid Commission for the purpose of the National Guard Educational Assistance Program. The IVH will still have \$4 million in carryforward funding after this cut, and the transfer detailed in Division 1.

Division IV – Miscellaneous Reductions, Reallocations, and Adjustments to Health and Human Services-Related Appropriations

In addition to the general deappropriations to the Departments of Human Services, Public Health, Aging, and Veterans, their plan cuts state funding for certain programs, but restores the majority of these cuts with federal TANF funds. This \$16 million replacement with TANF funds will use up all remaining TANF funds.

- Family Investment Program (FIP) – \$12.1 million– Increase of federal TANF (Temporary Assistance for Needy Families) Block Grant dollars to replace a reduction of state funds of \$10 million, which results in a net loss of \$2.1 million.
- Field Operations – \$3 million - Increase of federal TANF (Temporary Assistance for Needy Families) Block Grant dollars to replace a reduction of state funds of \$3 million.
- Child Care Assistance – \$3 million - Increase of federal TANF (Temporary Assistance for Needy Families) Block Grant dollars to replace a reduction of state funds of \$3 million.

Below is a list of additional state programs that have a change in funding, which results in a net reduction of \$13.9 million with almost all of it coming from Medicaid. Only HAWK-I, Cherokee, Independence, and CCUSO receive an increase from their original FY 2017 appropriation.

- FIP eligibility system - \$5.65 million – This reduction zeroes out the funding for this initiative.
- Medicaid - \$13.855 million – The remaining FY 2017 appropriation is \$1.304 billion for the entire Medicaid program. The items below are the identified \$13.855 million in net savings for Medicaid for FY 2017.
 - University of Iowa Health Care (UIHC) - \$3 million – Eliminates the state appropriation for the disproportionate share hospital payment. This will be paid for by the UIHC instead.
 - IUHC Lodging \$150,000 – In FY 2016, only \$82,000 was used from this appropriation. The funding is used to help cancer patients and their families who have to travel to the UIHC for cancer treatment. There is an income limit of 200% FPL, and the family must live at least 30 miles away.
 - Managed Care Organizations (MCO) – \$9.5 million – Savings due the MCOs not meeting their financial performance incentives. This is a savings of half of the total potential financial performance incentives.
 - Decategorization Funding - \$1.7 million – Scooped carryforward funding that would have previously gone to the general fund. The funding will now be used to cover Medicaid costs.
 - Affordable Care Act (ACA) Fee \$4.5 million – Savings due to delaying a payment for a federal health insurance fee required by the ACA.
- State Supplementary Assistance Program (SSA) - \$889,000 – The new appropriation for FY 17 is \$10.7 million. SSA is a fully state-funded program that provides additional funding to meet the basic needs of elderly and disabled people not met by the standard benefit rate paid by the federal Supplemental Security Income.
- Autism Support Fund - \$1.1 million – Funding is transferred directly to the Independence MHI. There is minimal remaining funding within the fund after the transfer. IN 2016, the eligibility categories were expanded to include more children.
- HAWK-I - \$259,180 increase – Scooped funding is partially used to fund the HAWK-I program, which provides health insurance coverage to middle-to-low income kids in Iowa. This is a public-private partnership. The new appropriation for FY 17 is \$9.4 million.
- Cherokee Mental Health Institute (MHI) - \$14,500 increase – Scooped funding is partially used to increase funding for the MHI in Cherokee, Iowa. The new appropriation for FY 17 is \$14.66 million.
- Independence MHI - \$1.1 million increase – Scooped funding from the Autism Support Fund is used to increase funding for the MHI in Independence, Iowa. The new appropriation for FY 17 is \$18.6 million.
- Civil Commitment Unit for Sexual Offenders (CCUSO) - \$478,900 increase – Scooped funding is partially used to increase funding for CCUSO, which is adjacent to the Cherokee MHI. The new appropriation for FY 17 is \$10.7 million.

Division V – Miscellaneous Reductions

Reduces operational purposes of state departments and establishments of the Executive Branch by a total of \$11.5 million. This includes, “but not limited to” office supplies, outside service purchases, information technology, state employee travel, and a moratorium on filling vacant or newly created positions for the period beginning March 1, 2017, through June 30, 2017. After consulting with the each department, the DOM will submit a report to the General Assembly and the Legislative Services Agency regarding the anticipated reductions. This report must be done within 30 days of the effective date of the bill.

Reduces the per diem received by Legislators for the 2017 legislative session by ten days, thereby appropriating per diem for a total of 100 calendar days rather than 110 calendar days. This reduction is estimated to save \$380,000. Legislative members and staff of the General Assembly will not be paid per diems for out-of-state travel. Increases the reduction to the FY 2017 appropriation to the General Assembly and legislative agencies from \$5.4 million to \$6 million.

Division VI – Effective Date

This bill would take effect upon enactment, the day that the Governor signs it.

Below is an updated balance sheet showing Final FY 2016 to the Proposed FY 2017

General Fund Balance Sheet				
(\$ in millions)			Actual	Proposed
			FY 2016	New FY 17
Funds Available:				
Receipts (Dec Est)			\$ 6,921.1	\$ 7,211.9
Net Receipts			6,921.1	7,211.9
Legislative Revenue Adjustments			0.0	25.1
Subtotal Receipts			6,921.1	7,237.0
Surplus Carryforward (EEF Excess)			367.3	18.2
Total Funds Available			\$ 7,288.4	\$ 7,255.2
Estimated Appropriations and Expenditures:				
Appropriations			\$ 7,174.3	\$ 7,352.3
Adjustment to Standing Appropriations			8.1	- 4.5
Supplemental/Deappropriations			72.4	- 88.2
Total Appropriations			\$ 7,254.8	\$ 7,259.6
Reversions			- 10.5	- 5.0
Net Appropriations			\$ 7,244.3	\$ 7,254.6
Ending Balance - Surplus			\$ 44.1	\$ 0.6

Amendments Summary

H-1001 by Hall (D) et al - Makes a \$62,640 deappropriation in FY 2017 from the Governor's Office, and correspondingly increases the FY 2017 appropriation at Cherokee (CCUSO), where sexually violent predators are civilly committed to and receive treatment.

H-1002 by Hall (D) – Increases the appropriation to Cherokee by \$10,000.

H-1003 by Hall (D) et al – Reduces the proposed \$150,000 cut by \$62,640 to the University of Iowa Hospitals and Clinics which is used for lodging expenses for persons who travel over 30 miles to receive cancer treatment at the University of Iowa Hospital or Clinics. Increases the pool of persons who are eligible to receive lodging help by increasing the income level to up to 300% of the federal poverty level. Currently, families can only be up to 200% of the federal poverty level. A total of \$62,140 is deappropriated from the FY 2017 appropriation to the Governor's Office.

H-1004 – by Rep. Hall (D) et al – Further reduces the per diem that is paid to legislators for the 2017 legislative session from 100 days to 90 days.

H-1005 – by Hunter (D) et al – Requires the Ways and Means Committees in the House and Senate to create legislation to be considered by the 2018 Legislative Session that provides a staggered schedule to sunset tax credits