



BILL SUMMARY

**Economic Development
Budget
SF 513/HF 654**

Status of Bill: House Floor
 Committee: Eco Devo Approps (5-2), Approps (15-9)
 Lead Democrats: Rep. Running-Marquardt
 Floor Manager: Rep. Best
 Research Analyst: Kelsey Thien 515-281-6312
kelsey.thien@legis.iowa.gov

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Summary

SF 513/HF 654 appropriates \$38.4 million for the Economic Development budget, which funds the Department of Cultural Affairs, Economic Development Authority, and Workforce Development. The bill appropriates \$3 million less than FY 17, but is \$25,000 over the projected FY 18 joint budget target. The bill also appropriates \$38.7 million in other funds in FY 18, \$10.7 million more than FY 17. This extra money comes from the REED Act, which will be discussed in detail below.

GENERAL FUND	Actual FY 2016	Revised FY 2017	SF 513	SF 513 vs FY 17
Department of Cultural Affairs	6,130,713	5,806,791	5,756,055	-50,736
Economic Development Authority	17,785,005	16,631,005	15,043,201	-1,587,804
Iowa Workforce Development	17,828,295	16,875,532	15,641,557	-1,233,975
PERB Board	1,342,452	1,328,129	1,342,452	14,323
Iowa Finance Authority	658,000	658,000	658,000	0
ISU-SBDC	101,000	101,000	0	-101,000
Total	\$43,845,465	\$41,400,457	\$38,441,265	-\$2,959,192

Department of Cultural Affairs (DCA)

GENERAL FUND	Actual FY 2016	Revised FY 2017	SF 513	SF 513 vs FY 17
Administration Division	176,882	168,637	168,637	0
Community Cultural Grants	172,090	172,090	172,090	0
Historical Division	3,167,701	2,987,600	2,977,797	-9,803
Historic Sites	426,398	426,398	426,398	0
Arts Division	1,233,764	1,192,188	1,192,188	0
Great Places	150,000	150,000	150,000	0
Archiving Former Governor's Papers	65,933	65,933	0	-65,933
Cultural Trust Grants	N/A	N/A	25,000	25,000
Records Center Rent	227,243	227,243	227,243	0
County Endowment Funding-DCA Grants	416,702	416,702	416,702	0
Battle Flag Stabilization	94,000	0	0	0
Total DCA	\$6,130,713	\$5,806,791	\$5,756,055	-\$50,736

- A new line item was added for Cultural Trust Grants. This has an appropriation of \$25,000 and will be used to fund projects that the Cultural Trust Fund had previously funded. The Governor scooped the Cultural Trust Fund (\$6 million) in his deappropriations bill. The Cultural Trust Trustees used the interest on this fund to give out community-based art grants. However, this appropriation is only about half of what was earned on the interest.
- This bill continues to not fund Battle Flag Stabilization. Last year, language was added to the Historical Division directing them to allocate \$90,000 for Battle Flag stabilization. However, this language was not included in this year's bill.
- The historical division has a small cut of \$10,000, and the archiving of former Governor's papers has been cut in its entirety. However, DCA indicated they will continue to archive these papers within the historical division.

Economic Development Authority (EDA)

GENERAL FUND	Actual FY 2016	Revised FY 2017	SF 513	SF 513 vs FY 17
Economic Development Appropriation	15,516,372	14,485,192	13,400,000	-1,085,192
World Food Prize	712,500	712,500	400,000	-312,500
Iowa Comm. Volunteer Ser.-Promise	178,133	175,513	168,201	-7,312
Councils of Governments Assistance	200,000	190,000	175,000	-15,000
Tourism Marketing	1,178,000	1,067,800	900,000	-167,800
Total EDA	\$17,785,005	\$16,631,005	\$15,043,201	-\$1,587,804

- The Economic Development Authority receives a decrease of \$1.6 million from FY 17.
- Each line item received a cut.
- Tourism marketing was cut by \$167,800. This is a 15.7% decrease from FY 17.

ISU Small Business Development Centers

GENERAL FUND	Actual FY 2016	Revised FY 2017	SF 513	SF 513 vs FY 17
ISU - Economic Development	101,000	101,000	0	-101,000

- The ISU Small Business Development Centers were not given an appropriation this year. However, ISU will still receive funding from the Skilled Workers Job Creation Fund, which is located in the other funds section.

Iowa Workforce Development (IWD)

GENERAL FUND	Actual FY 2016	Revised FY 2017	SF 513	SF 513 vs FY 17
IWD – Labor Services Division	4,579,916	3,762,097	3,491,252	-270,845
IWD - Workers' Comp Division	3,259,044	3,259,044	3,259,044	0
IWD Operations - Field Offices	9,179,413	8,845,650	7,945,650	-900,000
Offender Reentry Program	358,464	298,464	287,158	-11,306
I/3 State Accounting System	0	274,819	228,822	-45,997
Employee Misclassification	451,458	435,458	429,631	-5,827
Total IWD	\$17,828,295	\$16,875,532	\$15,641,557	-\$1,233,975

- All line items except for the Worker’s Compensation Division had a cut from FY 17. However, in HF 518 (Worker’s Compensation), the fiscal note indicated this division was to receive an extra \$205,000 and 3 new FTEs. The bill does not include an increase for either of these items.
- In last year’s bill, IWD was required to allocate at least \$580,783 from their general fund appropriation to the three satellite field offices that were projected to serve the most people. This language was not included in this bill.
- IWD will still have to allocate \$150,000 to the state library. This money will come out of the operations line item and will be used for licensing an online resource used to prepare people for the workplace.

Public Employment Relations Board (PERB)

<u>GENERAL FUND</u>	Actual FY 2016	Revised FY 2017	SF 513	SF 513 vs FY 17
PERB Board-General Office	1,342,452	1,328,129	1,342,452	14,323

- PERB will receive \$14,323 more than FY 17, but status quo from FY 16.
- In the collective bargaining bill, HF 291, PERB was slated to receive an extra \$205,000 and 2 new FTEs. This money is not seen in the line item, but PERB will now be allowed to retain costs and fees to offset the cost of a certified shorthand reporter and covering the cost of elections.

Iowa Finance Authority (IFA)

<u>GENERAL FUND</u>	Actual FY 2016	Revised FY 2017	SF 513	SF 513 vs FY 17
Rent Subsidy Program	658,000	658,000	658,000	0

- IFA receives status quo funding in FY 17.

Iowa Energy Center Changes

- The Iowa Energy Center (IEC) was created in 1990 and is currently housed under Iowa State University. This bill moves it from ISU to the Economic Development Authority (EDA).
- The board make-up is the same, but now it will be a governing board as opposed to just an advisory board. There will no longer be a director from the university, but the board will essentially take over these duties. More than a dozen people at ISU will lose their jobs if this center is moved into EDA.
- The mission of the IEC is changed to better align with the Governor’s Iowa Energy Plan (IEP) that was commissioned in 2016.
- The Iowa Energy Center, the assessment on utilities section and the section concerning the Center for Global and Regional Environmental Research are all set to be repealed on July 1, 2022. With the repeal date, the IEC (which receives 85% of the funds) and Center for Global and Regional Environmental Research (which receives 15% of the funds) will lose about \$5 million annually. This money will go back to the utility companies.
- All civil penalties assessed in Code sections 478.29 (transmission lines), 479.31 (pipeline/underground gas storage) and 479B.21 (hazardous liquid pipeline and storage facilities), are now to be deposited into the Low-Income Home Energy Assistance Program (LIHEAP). In the last three years there hasn’t been any money from civil penalties.

Economic Development Other Funds

Board of Regents	Actual FY 2016	Revised FY 2017	SF 513	SF 513 vs FY 17
ISU - Economic Development (SWJCF)	2,424,302	2,424,302	2,424,302	0
UI - Economic Development (SWJCF)	209,279	209,279	209,279	0
UI - Entrepreneurship & Economic Growth (SWJCF)	2,000,000	2,000,000	2,000,000	0
UNI - Economic Development (SWJCF)	1,066,419	1,066,419	1,066,419	0
Regents Innovation Fund (SWJCF)	3,000,000	3,000,000	3,000,000	0
Total Regents	\$8,700,000	\$8,700,000	\$8,700,000	0
Workforce Development	Actual FY 2016	Revised FY 2017	SF 513	SF 513 vs FY 17
AMOS-Mid-Iowa Org Strategy (SWJCF)	100,000	100,000	100,000	0
Field Offices-Spec Cont Fund	1,766,084	1,766,084	1,766,084	0
Field Offices-UI Reserve Interest	400,000	557,000	1,060,000	503,000
Struggling Families Act-UI Admin	0	0	597,000	597,000
Struggling Families Act-UI System	0	0	9,600,000	9,600,000
Total Workforce Development	\$2,266,084	\$2,423,084	\$13,123,084	\$10,700,000
Economic Development Authority	Actual FY 2016	Revised FY 2017	SF 513	SF 513 vs FY 17
STEM Scholarships (SWJCF)	0	1,000,000	1,000,000	0
High Quality Jobs (SWJCF)	16,900,000	15,900,000	15,900,000	0
Total Economic Development Authority	\$16,900,000	\$16,900,000	\$16,900,000	0
Total Other Funds	\$27,866,084	\$28,023,084	\$38,723,084	\$10,700,000
Total Skilled Worker & Job Creation Fund	\$25,700,000	\$25,700,000	\$25,700,000	0

- Total of \$10.7 million more than FY 17.
- The regent universities maintained status quo funding from FY 17, and did not get zeroed out as the Governor suggested in his proposal.
- Like last year, the High Quality Jobs Program sees a reduction of \$1,000,000 to pay for the STEM Internship program.
- Due to rising interest rates, the Unemployment Compensation Reserve Fund was appropriated \$1,060,000 in other funds, \$503,000 more than FY 17. This money will go towards the IWD satellite field offices.
- IWD-Struggling Families Act (REED Act-federal funds)
 - In 2009, Iowa received a special transfer of \$70.8 million of federal funds into the Unemployment Compensation Trust Fund. These federal funds may be used for:
 - 1) Modernization of unemployment insurance systems
 - 2) Administrative cost for the unemployment insurance program and field offices
 - 3) Unemployment insurance benefits
 - New line item of \$597,000 that can be used for administrative costs for the unemployment insurance and employment service programs.
 - There is a new appropriation of up to \$9.6 million for IWD to procure a vendor for software and hardware new system for unemployment insurance claims. This is an addition to \$5.9 million authorized in HF 572 passed by the Legislature this year.

Amendment Summary

H-1412 by Jacoby and others

Adds back in language taken out from last year's budget stating that Iowa Workforce Development (IWD) must allocate at least \$514,078 of its appropriation to fund the field offices. Specifically, it should go towards the operation of the three offices that are projected to serve the most people. The field offices are located in Decorah, Fort Madison, Iowa City and Webster City. Last year the allocation was \$580,783, but this number was adjusted down in proportion to the decrease in the line item.

H-1413 by Staed

Strikes all the language that repeals the Iowa Energy Center.