

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Report on Legislative Session
Date: April 9, 2001

Recommended Action:

Receive report on the 2001 Legislative Session and, by general consent, the recommendations of Board positions on proposed legislation.

Executive Summary:

The Revenue Estimating Conference (REC) met on Wednesday, March 14, and reduced its official estimate for the state's revenue growth. For FY 2001, the percentage growth estimate was changed from 3.5% to 0.7% or a \$144.3 million decrease in projected FY 2001 revenues. The REC also reduced the FY 2002 estimate from 4.8% to 4.3%, which is a \$152.9 million decrease in revenues. This means that there are \$297.2 million less revenues available for FY 2002 appropriations than there were available at the beginning of the legislative session.

By law, the lower REC estimates required Governor Vilsack to revise his FY 2002 budget recommendations. The Governor released his revised FY 2002 budget recommendations on March 28, 2001. The Governor plans to manage the situation by making budget cuts and revenue adjustments totaling \$285 million or the equivalent of 6% of next year's budget. The original FY 2002 state spending recommendations were reduced by \$144 million. The Governor also recommended a \$120 million transfer from the Economic Emergency Fund and other revenue adjustments of \$16.4 million to complete his revised budget recommendations. The Governor's recommended reductions do not apply to the state's funding for local school aid, teacher compensation to improve student achievement, and protecting people from abuse.

The Governor is also planning to create a long-term plan to assure Iowans that the state will not spend more than it takes in each year, including a review of the entire state budget, organizational structure, and services the state provides to Iowans. The Governor has indicated that this review may provide an additional savings of 3-5% for the FY 2003 budget.

The Governor's revised FY 2002 recommendations cut \$41.9 million from the Regent operating appropriations – a 6% reduction from the original FY 2002 recommendations. The Governor's revised budget indicates that the Board of Regents will have the final determination on the allocation of the proposed reductions.

The Board's top funding priority for FY 2002, state funding of salary increases, is included in the Governor's revised FY 2002 recommendations. In the comment and explanation section of the revised budget spreadsheet, it states that the Governor's budget recommendations include "significant new salary adjustment dollars for the Regent institutions, which will result in the overall dollar amounts of state funds for FY 2002 to a level roughly comparable to FY 2001, although there will be additional salary obligations in FY 2002 as well."

The Legislature is expected to release its appropriation targets later in the week. An update will be provided at the Board meeting.

The legislative timetable establishes two dates for completion of most committee work (except, e.g., appropriations and ways and means bills): March 16 was the final date for House bills to be reported out of House committees and Senate bills out of Senate committees; April 6 was the final date for Senate bills to be reported out of House committees and House bills out of Senate committees.

The Board Office and the institutions track all bills that may have an impact on the Regent institutions. Several bills of particular interest for the Board include:

SF 267 – FY 2001 Deappropriations (Committee on Appropriations)

This bill makes specific reductions of approximately \$6 million in certain FY 2001 state appropriations – these reductions do not include any Regent appropriations. The bill also has a provision for a 1% across-the-board appropriation reduction for all other appropriations (approximately \$17 million), with certain exemptions that include the appropriations to the two special schools and tuition replacement. All other FY 2001 Regent appropriations would be subject to the 1% reduction, totaling approximately \$6.8 million.

The Governor signed this bill on March 13 with an item veto that disapproved the 1% across-the-board appropriation reduction.

SF 114 – Medical Advisory Councils (Department of Human Resources)

This bill makes several Code changes involving the University of Iowa. The bill also updates references to members on the Medical Assistance Advisory Council due to name changes or termination of the existence of any member organizations.

This bill has passed the Senate and has been amended and approved by the House Human Resources Committee.

The recommended Regent position is to **monitor** this bill.

HF 270 – Deletion of State Criminal Statistics Reporting Requirements (Committee on Judiciary).

HF 270 deletes the state laws that currently require accredited postsecondary institutions in Iowa to file federal reports about criminal statistics with the state Department of Human Rights.

HF 270 has been passed by the House and been approved by the Senate Education Committee.

The recommended Regent position is to **support** this bill.

HF 687 - Accountable Government (Committee on State Government)

This bill establishes a new Code chapter 8E, "Accountable Government Act." The Act directs the Department of Management to develop a state plan to provide for the review of state government agency performance and operations with a system of strategic planning, performance measurement, investment, and oversight. Agencies are expected to carry out plans and achieve goals by using performance targets and performance measures.

This bill has passed the House and has been approved by the Senate State Government Committee.

The recommended Regent position is to **monitor** this bill.

SF 476/HF 672 - Teacher Compensation Policy/Teacher Testing (Committee on Education)

These bills raise the salaries for first-year teachers, ties compensation to teacher performance, and specifies that each teacher must develop a career development plan.

These bills have been placed on the respective senate and house calendars under unfinished business.

The recommended Regent position is to **monitor** these bills.

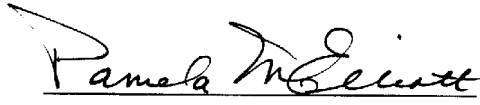
HF 697 – New Economy Council (Economic Development)

This bill directs the council to work with the Board of Regents and Regent institutions to review, evaluate, and monitor business outreach and assistance programs, including university technology transfer programs. The focus is to strengthen collaboration among business and industry and Iowa's research institutions to facilitate economic growth.

This bill provides for a Regent representative as one of the eleven senior-level decision makers, who are voting members of the council. There are another five ex-officio, nonvoting members.

The bill has passed the House and has been recommended for passage by the Senate Small Business, Economic Development and Tourism committee.

The recommended Regent position is to **monitor** this bill.


Pamela M. Elliott

Approved: 
Frank J. Stork