

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Report on Legislative Session
Date: June 10, 2002

Recommended Action:

Receive the report on the second extraordinary legislative session of 2002.

Executive Summary:

The Governor called a second special session of the General Assembly which convened on Tuesday, May 28.

The Legislature passed three bills during the second extraordinary session. Only two of the bills impacted the Regent institutions:

- HF 2625 – FY 2002 Budget Adjustments and Transfers Bill provides budget adjustments and transfers to handle the expected shortfall in FY 2002 state revenues; and
 - HF 2627 – FY 2003 Funding Bill makes, reduces, and transfers appropriations, and provides for other related matters.
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Background/Analysis:

HF 2625 –
 FY 2002 Budget
 Adjustments and
 Transfers Bill

This bill includes several budgetary adjustments for FY 2002 affecting the Regents.

- Transfers \$7 million of the 1997 appropriation from the Rebuild Iowa Infrastructure Fund for the Engineering Teaching and Research, Phase II project at Iowa State University to the FY 2002 State General Fund; authorizes the Board to issue bonds for \$7.0 million for the ISU project, and appropriates \$7.0 million in FY 2004 for the repayment of the bonds.
- Amends the amount appropriated from tobacco settlement funds for a portion of FY 2002 tuition replacement for the Regent institutions from \$600,330 to \$600,860 and increases the FY 2003 tuition replacement appropriations to \$10.5 million.
- Authorized an early out (retirement) program for state employees similar to that provided during the regular session and allows the Board to elect to participate.
- Transfers funding out of the state's terminal liability health insurance fund for various program expenditures for FY 2002.

Status: The Governor approved the majority of the bill on June 6 but did veto certain sections, not including the above.

HF 2627 –
FY 2003 Funding
Bill

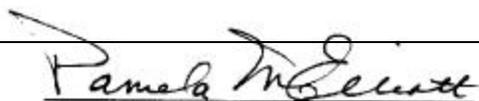
During the regular legislative session, the legislature passed the Omnibus Appropriations Bill for FY 2003 (SF 2326), which included most state general fund operating appropriations. The Governor vetoed all appropriations except for the education appropriations. The bill further reduced base Regent operating education appropriations by almost \$20 million below the final FY 2002 levels. The salary bill (HF 2623) reduced base Regent university appropriations by another \$5 million for FY 2003.

HF 2627, FY 2003 Funding Bill, (passed during the second extraordinary session) includes most state general fund operating appropriations for FY 2003 and includes the following issues related to the Regents:

- Reduces the economic development base FY 2003 appropriations for the Regent universities by 56% to 59%.
- Further reduces base FY 2003 state executive branch operating appropriations by almost \$30.9 million and authorizes furloughs of state employees. The Regent share of this reduction, as allocated by the Department of Management, is \$15 million.
- Takes \$1 million of fee transfers targeted for research through the Leopold Center for Sustainable Agriculture at ISU. This represents an 86% reduction in state funding for the Leopold Center.
- Deletes the FY 2003 \$800,000 funding for UNI's 21st Century Learning Initiative.
- Restricts the refunding of outstanding debt service that is scheduled to be paid from tobacco bond proceeds.
- Establishes a legislative Program Elimination Commission to review all programs funded with state or local government revenues.

Status: Pending gubernatorial action.

An oral update will be presented at the Board Meeting.


Pamela M. Elliott

Approved: 
Gregory S. Nichols