



“Be sure you put your feet in the right place, then stand firm.” - Abraham Lincoln

March

2012

www.iowahouserepublicans.com

House Republican Talking Points

Inside this issue:

Fulfilling Our Budget

Commitments

As House Republicans begin to pass our budget, we will keep job creators in mind. Our conservative approach will create stability and certainty for all Iowans.

Our Budget Returns to Commonsense Budgeting Principles

We align ongoing spending with ongoing revenue. Iowans cannot afford a government that spends more money than it takes in. Anything less jeopardizes Iowa's long-term economic health.

We end the practice of using one-time money for ongoing expenses. This is not how Iowans balance their own checkbooks at home and it's not how House Republicans will balance the government checkbook.

We do not intentionally underfund entitlement programs. Promises made are promises kept and House Republicans can best protect education and Medicaid by getting the budget under control.

As economic uncertainty continues throughout the country, it is imperative that we take a conservative approach to the budget to give stability for Iowa's job creators. Controlling government spending by spending less than the government takes in demonstrates a commitment to commonsense budgeting and economic health that employers deserve. The best way to help Iowa's employers is to keep control of government spending.

There is a myth that the state has a budget surplus. In reality, there is \$600 million in one-time cash reserve funds which is needed to help the state cash flow, \$290 million in one-time ending balance funds, and \$250 million in on-going revenue growth for next year. While the Legislature is authorized to spend portions of this money, the economic uncertainty facing the country and the anticipated federal

cuts that will impact our state's budget require fiscal discipline that Iowans expect and deserve.

These are the first steps to fulfilling all of our budget promises to Iowans:

House Joint Resolution 2006 - This constitutionally protects the expenditure limitation and the Taxpayers Trust Fund to prevent budget gimmicks. It also requires a two-thirds majority vote for any new bond issues or to new tax increases.

House File 2338 - Judicial Branch budget bill - Appropriates a total of \$156.4 million from the General Fund to the Judicial Branch for Fiscal Year 2013. This is no change compared to estimated Fiscal Year 2012.

House File 2335 - Justice System budget bill - Appropriates a total of \$504.5 million from the General Fund for Fiscal Year 2013 to the Departments of Justice, Corrections, Inspections and Appeals, Public Defense, and Public Safety, the Iowa Law Enforcement Academy, Board of Parole, and Civil Rights Commission. This is a decrease of \$1.6 million compared to estimated FY 2012 (cuts coming from Attorney General, Civil Rights Division, Victims Assistance Grants and Legal Aid).

House File 2336 - Agriculture and Natural Resources budget bill - Appropriates a total of \$35.7 million from the General Fund for Fiscal Year 2013.

House File 2337 - Economic Development budget bill - Appropriates a total of \$29.1 million from the General Fund to the Department of Cultural Affairs, the Iowa Economic Development Authority, certain Board of Regents economic development programs, the Iowa Department of Workforce Development, Iowa Finance Authority, and the Public Employment Relations Board for Fiscal Year 2013. This is a decrease of \$7.1 million compared to estimated Fiscal Year 2012.

Table listing issue categories and page numbers: Appropriations (3), Agriculture (4), Commerce (4), Economic Growth (5), Education (5), Environmental Protection (6), Human Resources (7), Judiciary (7), Labor (8), Local Government (9), Natural Resources (9), State Government (10), Transportation (10), Veterans Affairs (10), Ways and Means (11)

(Continued on page 2)



Myth of the \$1 Billion Surplus

- The so-called “surplus” is actually:
 - ◇ \$600 million in one-time cash reserve funds (needed to help the state cash flow)
 - ◇ \$250 million in one-time ending balance from this year (FY 12)
 - ◇ \$200 million in on-going revenue growth for next year (FY 13)
- The state budget is really about \$12 billion. \$6 billion appropriated by the state and \$6 billion received from the federal government.
- State law requires that 10% of the budget be set aside in cash reserves and not spent on ongoing operations. This means the \$600 million is off-limits for existing and new spending.
- The Legislature can legally spend the \$250 million in one-time ending bal-

ance money from this year. However, this is a reckless and short-sighted budgeting practice because it builds \$250 million of spending the following year with no one-time money to pay for the new spending.

- While the Legislature can spend up to 99% of the projected revenue, it is not required to spend at the level. The economy, federal debt, and anticipated federal cuts that will impact the \$6 billion in federal funds receive by the state require commonsense and discipline.

Controlling Government Spending and Creating Jobs Go Hand in Hand

- Controlling government spending by spending less than the government receives demonstrates a commitment to commonsense budgeting and economic health that employers deserve. The threat of higher taxes needs to be removed.
- Our goal is to have a responsible state budget that contributes instead of takes away from economic, family and community health. Iowans deserve quality jobs that will develop into careers.

They deserve the peace of mind to plan for their futures.

- Iowa’s employers need a commitment from the Legislature to keep government from spending more than it takes in. Spending more than the state receives sets up individuals and employers for tax increases. They need the certainty that this will not happen.
- The benefit of an efficient and responsible state budget is jobs, savings and certainty.
- In fiscal year 2007, the last budget Republicans approved prior to regaining the majority in the Iowa House, was just \$5.3 billion. State government is growing too fast and spending too much. State government is still taking too much from Iowans and Iowa employers. Savings and efficiencies are necessary to provide the certainty needed for taxpayers to start investing and planning for the future instead of just treading water.

Appropriations

(Contact Lon Anderson at 1-5184.)

House Approves Four Budget Bills, Appropriations Committee Approves HHS Budget

On Tuesday, February 28, the House approved the first four budget bills for the 2012 session.

The first bill approved was House File 2338, the Judicial Branch budget bill. HF 2338 appropriates a total of \$156.4 million from the General Fund to the Judicial Branch for FY 2013. This is no change compared to estimated FY 2012. *(This does not include \$4 million in technology funding for the Courts that will be included in another bill.)* The bill was approved on a 54-43 vote.

The second bill approved was House File 2337, the Economic Development budget bill. HF 2337 appropriates a total of \$29.1 million from the General Fund and authorizes 510.1 FTE positions to the Department of Cultural Affairs (DCA), the Iowa Economic Development Authority, Board of Regents economic development programs, the Department of Workforce Development, Iowa Finance Authority, and the Public Employment Relations Board for FY 2013. This is

a decrease of \$7.1 million and an increase of 20.6 FTE positions compared to estimated FY 2012. The Bill also appropriates \$5.7 million from other funds, a decrease of \$3.7 million. The bill was approved on a 56-42 vote.

The third bill approved was HF 2336, the Agriculture and Natural Resources budget bill. HF 2336 appropriates a total of \$35.7 million from the General Fund and 1,567.0 FTE positions for FY 2013. This is an increase of \$3.4 million and 78.1 FTE positions compared to FY 2012. The bill also appropriates \$67.5 million from other funds, an increase of \$2.0 million. The bill was approved on a 57-42 vote.

The final bill approved was House File 2335, the Justice System budget bill. HF 2335 appropriates a total of \$504.5 million from the General Fund for FY 2013 to the Departments of Justice, Corrections, Inspections and Appeals, Public Defense, and Public Safety, the Iowa Law Enforce-

ment Academy, Board of Parole, and Civil Rights Commission. This is a decrease of \$1.6 million compared to estimated FY 2012. This Bill also appropriates a total of \$13.5 million from other funds for FY 2013 reflecting no change compared to estimated FY 2012. The bill was approved on a 69-30 vote.

Also, on Monday, February 27, the House Appropriations Committee approved House Study Bill 661, the Health and Human Services budget bill. HSB 6612 appropriates a total of \$1,644.7 million from the General Fund and 6,247.1 FTE positions to the Department on Aging (IDA), Departments of Public Health (DPH), Human Services (DHS), and Veterans Affairs (IVA), and the Iowa Veterans Home (IVH). This is an increase of \$70.1 million and 215.2 FTE positions compared to estimated FY 2012. The bill also appropriates a total of \$478.1 million from other funds. This is a decrease of \$11.6 million compared to estimated FY

(Continued on page 3)

2012. The bill was approved on a 15-10 party-line vote.

House Republicans believe in three overriding budgeting principles. First, align ongo-

ing revenue with ongoing spending. Second, no use of one-time money to fund ongoing spending. Third, no intentional underfunding of entitlement programs. These five budget bills are the starting point for negotiations that will result in an overall

budget that funds lowans priorities while living within the three principles.

Auditor Reviews House and Senate Budget Targets

On Tuesday, February 28, Auditor David Vaudt released his review of the budget targets released by the House and Senate Republicans and the Senate Democrats. The Auditor was harshly critical of the Senate Democrats for trying to disguise their true rate of expenditure growth.

The Auditor began his briefing by stating that the budget targets do not provide enough detail to do an apples-to-apples comparison to the Governor's budget recommendations for FY 2013. Vaudt emphasized budget targets differ from budget proposals because the purpose of budget targets is not to offer specific spending proposals, but rather to set an overall spending goal—a starting point for further development.

"Budget targets have their uses," Vaudt said. "However, a budget target is not a spending proposal, and it is misleading to treat it as such." Vaudt said there is no way to tell if either set of budget targets shifts expenditures to other one-time sources without details on spending from non-General Fund sources. "An apples-to-apples comparison with the Governor's proposal is, therefore, impossible," Vaudt said.

From the information available Vaudt commented on the cost reductions included in the Republican budget targets. A \$43 million spending reduction is included by re-

"The Auditor was harshly critical of the Senate Democrats."

quiring a \$200 monthly contribution, per employee, for health care insurance costs. Employee union contracts effective during Fiscal Year 2013 do not provide for such contributions. Since the Legislature cannot require renegotiation of employee union contracts, Vaudt questioned whether such employee contributions are actually feasible.

Vaudt also noted the claim of the Senate Democrats' budget targets is inaccurate. Information not released with the budget targets shows the Senate Democrats use a poor budgeting practice to claim their budget targets are \$25 million below the Governor's proposal—without actually reducing spending for General Fund services. Last year's budget shifted \$106 million of cigarette and tobacco tax revenues, and the

related Medicaid expenditures, out of the General Fund into the Health Care Trust Fund.

The Senate Democrats propose to shift another \$113 million in this fashion. Vaudt said, "Their General Fund budget purports to spend less than the Governor, yet the level of spending for Medicaid service stays essentially the same because more money is simply moved from the General Fund and then spent out of the Health Care Trust Fund instead of the General Fund. When the \$113 million is added back into the Fiscal Year 2013 General Fund budget targets, the Senate Democrats' targets actually spend \$88 million more than the Governor's budget proposal, not \$25 million less."

The Auditor will review the final budget approved by the Legislature and the Governor later this summer.

House Republicans agree with the Auditor that the budget approved by the Legislature must end the use of one-time money, increase transparency and take a long-term look at future budgets.

Agriculture

(Contact Lew Olson at 1-3096.)

Senate and House Give Final Okay to Agricultural Fraud Measure

On Tuesday, February 28, 2012, the Senate passed HF 589 as amended by the Senate by a bipartisan 40-aye to 10-nay vote and the House followed several hours later and passed the legislation by a bipartisan 69-aye to 28-nay vote.

The Senate amended House File 589 to substantially truncate the bill to solely pertaining just to the agricultural production facility fraud issue. It was crafted in consultation with the Iowa Attorney General's Office in a way that does not restrict the recording or distribution of videos or photographs; but instead, it deals only with fraudulent statements made to obtain access or employment at an animal facility or crop

operation property.

The Senate language addresses some of the first amendment concerns that some had raised with the initial House passed version and an Assistant Attorney General has stated they are confident of their ability to defend the new verbiage in Court. The bill as passed by both chamber creates a crime of "agricultural production facility fraud." Anyone who conspires with, aids and abets or conceals a person who commits the offense could also be held criminally liable. Conviction of a first offense would carry a penalty of up to one year in prison and a fine ranging from \$315 up to \$1,875. Second or subsequent offenses would be

punishable by imprisonment of up to two years and a fine between \$625 and \$6,250.

HF 589 in its final form provides protection for Iowa's agriculture community from fraudulent activities. The bill is a narrowly-tailored remedy for a specific problem we have seen in this state. The bill as it is now configured so that it:

- Prohibits persons from committing fraud to obtain access to an agricultural production facility;

(Continued on page 4)

(Continued from page 3)

- Prohibits gaining access under false pretenses;
- Prohibits lying on a job application or employment agreement with an intent to commit an act not authorized by the owner of the facility; and
- Enables Iowa Courts/law enforcement/law officers to go straight to the conspirators by following the money to the financiers of those committing the fraud.

None of current trespassing laws fit the situations that HF 589 addresses. It appears that many anti-agriculturalist activists often receive training about what they can and can't do and they are careful to stay technically within current laws. These activities usually remain outside the reach of trespass laws primarily because:

(1) in many of these situations, the animal rights activist has actually received permission to enter the facility - they've just lied to gain that permission;

(2) the existing definition requires an intent

to commit a public offense - without our bill, there is not a public offense being committed unless the activist actually intends to harm animals or commit some other crime; and

(3) the activists tend to observe or participate in activities, without "interfering" under the law.

Under HF 589 in its final form the level of activity that constitutes legal liability for aiding and abetting, and conspiracy is defined by existing Code provision that all these types of vicarious liability require some affirmative steps before triggering liability.

For example, according to Iowa Code Chapter 703 and the Iowa Criminal Jury Instructions, to be an accessory after the fact (harbor, conceal), the person has to have acted with the specific intent of trying to prevent apprehension by authorities, and the person has to have taken steps to shelter, hide, or help the accused. "Aiding and abetting" according to the Iowa Criminal Jury Instructions requires active participation or knowingly advising or encouraging the commission of the crime. The model jury instructions explicitly state that mere knowledge that the crime has been committed is not enough. "Conspiracy" requires an

agreement to commit a crime among the conspirators, and requires the alleged conspirator to have taken an overt act in furtherance of the crime.

Additionally, contrary to some of the claims opponents of HF 589 have made, this legislation doesn't criminalize inflating one resume because the bill provides that false statements on employment applications or employment agreements are only covered in the bill if made with a specific intent to commit acts the employee knows are not authorized by the farmer. Merely lying about a past drug conviction, or inflating a resume, does not meet this standard. While employers currently are free to decline to hire, discipline, or discharge employees who lie on an employment application, there does not appear to be any current law making it a crime in this context. Furthermore, HF 589 in its final form does not criminalize whistleblower activities unless access to the agricultural facility was gained by fraudulent means.

Commerce

(Contact Brad Trow at 1-3471.)

Does Decision Signal Which Way US Supreme Court Is Leaning On Individual Mandate?

With less than a month to the three-day marathon of oral arguments on the constitutionality of the federal health care reform law, a recent decision by the US Supreme Court on a challenge to Medicaid law could give us a hint of how the fight over the individual mandate may go.

In the case of *Douglas v. Independent Living Centers of Southern California*, the state of California enacted provider rate cuts of 10 percent to a variety of Medicaid covered services in an effort to reduce expenditures in the wake of the recession. These cuts went into effect even though they had yet to be approved by the Centers for Medicare and Medicaid Services (CMS), the federal agency overseeing the program. A number of California Medicaid enrollees and providers brought lawsuits against the state, claiming that the state's action was in violation of the federal Medicaid law.

The US Supreme Court was not considering the legality of the cuts, but who had the

right to challenge the cuts – providers or the federal government. In between the oral arguments in October and last week's ruling, CMS had approved California's application to implement the reductions. And in a 5-4 ruling written by Justice Anthony Kennedy, the Court ruled that they did not need to make a decision in the case because the cuts had been approved.

The decision in *Douglas* has led some Supreme Court observers to speculate on the fate of the challenge to the health care reform law's individual mandate. Since Justice Kennedy sided with the four members of the Court's liberal wing on *Douglas*, could he be persuaded to make a similar ruling on the mandate?

Part of the argument against the challenge to the mandate is that courts have held that a person cannot challenge a law that has not gone into effect, because they have not yet been harmed by it. In this situation, the requirement that Americans must have

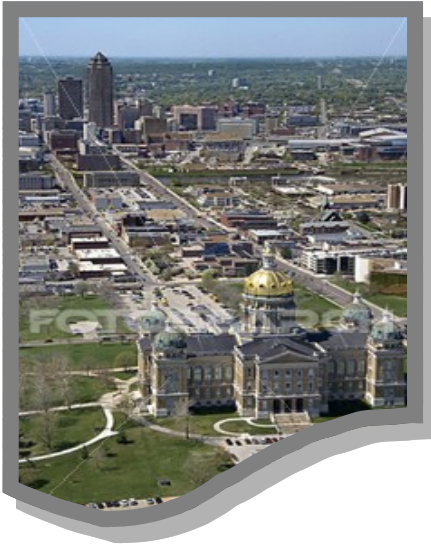
health insurance does not go into effect until January 1, 2014. Supporters contend that those challenging the law cannot say they have been harmed by the bill yet, and thus their challenge to it is not valid. Those challenging the law assert that they are already being impacted by the mandate.

Justice Kennedy's position in the *Douglas* case has spawned some discussion that he would side with those stating that the challenge to the mandate is not ripe for review by the Court. As with any case, trying to accurately predict the outcome of a Supreme Court decision is not a science. The law books are filled with cases where justices surprised Supreme Court observers with their decisions. But it is possible that the *Douglas* decision has given America the signal that it will take a lot longer to decide if health care reform is constitutional or not.

Economic Growth

(Contact Louis Vander Streek 1-3626.)

Forbes Magazine Names Des Moines as Second Best City for Jobs



This week, Forbes magazine released its list of top cities in which an individual should look for a job. Des Moines was second on that list, only behind Washington D.C. Forbes cited high household incomes and a low unemployment rate as the primary reasons for the ranking. The magazine also stated that projections from Moody's Analytics estimate that employment in the Des Moines area will see an increase of 8.6% over the next four years, which would translate into 36,000 jobs.

The story referenced a number of Iowa employers including John Deere, Pioneer, Kemin Industries in the ag/biotech area. These businesses are providing thousands of Iowans jobs. Forbes also lauded Des Moines's ability to retain big downtown businesses during the downturn such as Princi-

pal, Wells Fargo, and Meredith as other big cities across the nation lost downtown jobs and haven't been able to recover them.

"...translate into 36,000 jobs."

Governor Branstad set an ambitious goal of creating 200,000 new jobs and increasing the wealth of Iowa families by 25 percent. If the projections that Forbes makes are accurate, Des Moines could play a very large role in helping to achieve those goals.

Education

(Contact Jason Chapman at 1-3015.)

Iowa Submits NCLB Waiver Application

First discussed in October, Department of Education Director Jason Glass announced that Iowa would be submitting an application for a waiver from some of the requirements of the federal No Child Left Behind Act. The director announced yesterday that the application was, in fact, submitted.

41 states had announced plans to submit a waiver application by one of the three deadlines the federal Department of Education set forth. The first round earlier this year saw 11 applicants, of which all 11 were accepted. Iowa was in the second round

with 25 other states that submitted their applications in late February.

Director Glass has tied much of the success of the waiver to the Education Reform bill that currently sits before the House. The three principles required by the federal DE and included in some form in the reform bill are: Adopt college- and career-ready standards for all students; redesign the accountability system to fairly identify successes and target supports to schools that are struggling; and improve evaluation and support systems for teachers and administrators.

Much of what was recommended by the Governor in the bill was left intact after the education committee amended it last week, but some elements have changed and may continue to change going forward. The director has stated that eliminating too many provisions in the bill may cause him to pull his waiver request, but changes made in committee did not cause that to occur yet.

It will likely be next month at the earliest that Iowa will hear from the federal level about the application.

Board of Regents Closes Price Lab School

The Board of Regents moved to close the Malcolm Price Laboratory School at the University of Northern Iowa, earlier this week, amid much controversy. The move took place shortly after UNI President Ben Allen announced that would be his intention. The meeting was scheduled as a phone interview and the final vote was 8-0 with one abstaining.

Much of the controversy surrounds whether the Board had the authority to make the closing without legislative approval. There isn't 100% clarity on that, but there seems

to be some consensus that they do have the authority.

265 is the code chapter for laboratory schools. It states (emphasis added): "The state board of regents is authorized to establish and operate elementary and secondary laboratory schools at the institutions of higher education under its control." It's an authorization, not a requirement. If it was required, then all 3 universities should have a lab school according to this language.

The sticking point, however, seems to be

Code chapter 256G, language enacted in 2009 establishing a research and development school at UNI. 256G ties the R&D school by name to Price Lab at UNI. Whether there is a requirement that the R&D school exist isn't as clear. It states: "It is the intent of the general assembly to develop a state research and development... school..." It goes on to define a research and development school as: "...school using expanded facilities at the center for early development education, also known as the Price laboratory school, in Cedar Falls."

(Continued on page 6)

(Continued from page 5)

There are several problems with this.

It's intent language. There doesn't seem to be a requirement stated here.

Given that chapter 265 says a lab school is optional, it doesn't seem likely that 256G would override that and make it a requirement. So if the school isn't required to have

a lab school in the first place, how can 256G be required?

256G specifies "Price laboratory school" specifically, which is uncommon for a proper name to be used in state statute.

It doesn't appear that UNI is required by law to have a lab school, so the language in 256G is problematic. However, arguing the requirement of 256G is likely irrelevant, as UNI has stated they plan to continue oper-

ating an R&D school, separate from Price lab.

In a statement released by President Allen, he stated that being the leader in PK-12 education across the state and nation was, for the first time ever, made one of the six priority goals of the University Strategic Plan.

The Attorney General has not weighed in on the legality of the decision at this point.

Environmental Protection

(Contact Lew Olson at 1-3096.)

DNR Announces Grants to School Districts for Diesel Emissions Reduction

On Thursday, February 23, 2012, the Iowa Department of Natural Resources (DNR) released its weekly electronic newsletter 'EcoNewsWire' that contained an article that announced that six school districts have been selected to receive up to \$38,000 in reimbursement as a match for a new school bus to replace the oldest school buses still in regular use. These six school districts will also receive full reimbursement for retrofits to reduce diesel emissions on bus engines older than 2004 models in their fleets. One other school district has been selected to receive full reimbursement for retrofits only. A total of \$280,359 will be awarded. The community school districts receiving the bus and retrofit funding are:

Albert City-Truesdale in Buena Vista County, East Union in Union County, North Iowa in Winnebago County, Rock Valley in Sioux County, West Harrison in Harrison County and Westwood in Woodbury County. The one community school district receiving retrofits-only funding is Sibley-Ocheyedan in Osceola County.

Funding is provided by the Iowa DNR through the U.S. Environmental Protection Agency's (EPA) Clean Diesel Campaign. School Administrators of Iowa is handling administration of the grant on behalf of the DNR.

Diesel engines are rugged, well-built engines and have a long useful life. Model bus

engines 2010 or newer and certified by the EPA reduce diesel exhaust emissions by 95 percent compared to pre-1994 engines.

BEEP is a collaborative effort to reduce childhood exposure to harmful diesel exhaust. Its objective is to reduce emissions in school bus fleets. The partners include the School Administrators of Iowa, the Iowa Association of School Boards, the Iowa Department of Natural Resources, the Iowa Department of Education, and the Iowa Pupil Transportation Association. More information about this grant and BEEP is available at:

www.iowadnr.gov/Environment/AirQuality/BEEPSchoolBusEmissGrants.aspx

DNR-Funded Conservation Practices Reduce Water Pollution in 2011

On Thursday, February 23, 2012, the Iowa Department of Natural Resources (DNR) released its weekly electronic newsletter 'EcoNewsWire' that contained an article reporting that more than 20,000 tons of soil are staying put on the land and out of Iowa streams, rivers and lakes, thanks to conservation practices installed in fiscal year 2011, according to numbers released by the DNR. Put that amount of soil in dump trucks, and it would make a line more than 6 miles long. The numbers indicate that conservation practices on agricultural and urban land are effectively reducing pollutants reaching Iowa's water. Local watershed projects work with landowners to use conservation practices in a watershed, which is an area of land that drains into a lake, river or stream. Common conservation practices include wetlands, ponds, terraces and buffers.

One successful local effort in Jackson County installed practices that keep sediment and nutrients from reaching Tete Des

Morts Creek. The Tete Des Morts project coordinator worked with landowners to install practices in federal fiscal year 2011 that reduced sediment delivery to the creek by 1,777 tons per year, enough to fill 118 dump trucks. Phosphorus was reduced by 2,310 pounds per year and nitrogen loading was reduced by 3,972 pounds per year. These conservation practices will continue to reduce pollutants at the same rate if properly maintained. The new numbers apply only to practices installed in 2011 through DNR-funded watershed projects and do not reflect the total effects of all conservation practices in the state. Practices installed through DNR watershed projects since 2004 now collectively reduce sediment reaching Iowa's waters by 175,867 tons per year and phosphorus loading by 260,592 pounds per year.

The DNR is currently accepting applications for grant funding for new watershed efforts. More information is available at [\[shed.iowadnr.gov\]\(http://shed.iowadnr.gov\). The U.S. Environmental Protection Agency provides DNR funding for nonpoint pollution programs. Sediment can make water cloudy, damage the habitat of fish and other aquatic life, and fill in lakes and streambeds. High levels of nutrients, like phosphorus or nitrates, can cause algae blooms, increase drinking water costs and lead to poor aquatic life diversity.](http://water-</p></div>
<div data-bbox=)



Human Resources

(Contact Brad Trow at 1-3471.)

Fuzzy Math Returns to the Hoover Building DHS Releases “Analysis” of HHS Budget

Only in government could an increase of \$70 million be called a “cut”, but that is what the Department of Human Services is attempting to portray with their analysis of the Health and Human Services budget proposal.

In a memo sent to the members of the House Appropriations Committee on Tuesday, the Department of Human Services provided their “analysis” of the impact of the budget changes in House Study Bill 661. Just as happened in the Committee meeting on Monday, there are serious issues with the veracity of the Department’s claims.

In Medicaid, the House Republican proposal increases funding \$36.2 million. Annual funding is raised to \$946.2 million for FY 2013, which is just \$12.5 million below the Governor’s level. According to the Department, this difference of 1.3 percent will require it to implement an across the board rate cut to all Medicaid providers of 8.7 percent. That would result in a reduction in state spending of \$63.1 million, not \$12.5 million. Interestingly, that amount is close to the total increase the Department claims they are being shorted.

Maybe the most far-fetched projection relates to the Civil Commitment Unit for Sexual Offenders at the Cherokee MHI. The

funding difference between the Governor’s budget and House Republicans differs by \$13,982 or 0.16 percent. But apparently these dollars make all the difference in being able to serve these clients, because DHS says the amount would prevent them from serving the anticipated new cases. How much do they need - between \$700,000 and \$800,000 above the level recommended by House Republicans and the Governor.

Another interesting claim is the Department’s projection for Subsidized Adoption. The budget for this program is currently \$33.1 million, which is \$185,994 less than the FY 12 level. But by not providing the funds DHS deems necessary – another \$3.6 million – would result in a 72 percent reduction in the subsidy paid to families. It is hard to understand how the failure to provide an increase of 11.2 produces such dramatic reductions.

Maybe the most far-fetched projection relates to the Civil Commitment Unit for Sexual Offenders at the Cherokee MHI. The funding difference between the Governor’s budget and House Republicans’ differs by \$13,982 or 0.16 percent. But apparently these dollars make all the difference in being able to serve these clients, because DHS says the amount would prevent them

from serving the anticipated new cases. How much do they need - between \$700,000 and \$800,000 above the level recommended by House Republicans and the Governor.

The Department also says the failure to provide salary annualization for the institutions would result in staff positions being held open and the potential for a reduction in capacity for facilities. It is unclear if DHS made these concerns public when Governor Branstad did not recommend any salary funds in his budget.

The accuracy of the Department’s analysis is still to be determined. During Monday’s Appropriations Committee meeting, DHS representatives asserted that the lack of increased funding for HAWK-I would result in a 41 percent reduction in the premium the state could pay to Wellmark for the insurance coverage. But a further analysis found that the correct number would be just 12 percent.

With the Health and Human Services budget bill headed to the floor, there will be continued discussions on the accuracy of the Department’s claims. Many Iowans will also continue to try and figure out just how a state agency could claim a funding increase of \$70 million is a “cut.”

Judiciary

(Contact: Amanda Freel, 1-5230)

House Republicans Begin Budget Debate with Court Budget

On Tuesday, the Iowa House began debate on the first FY 13 budget bill of the session. House File 2338, appropriations to the Judicial Branch, passed the house by a vote of 53-42 with 5 members absent. It is now in the Senate awaiting action.

HF 2338 appropriates the funding for the Judicial branch operations, including; salaries for judges, court administrators, court officers, and others who keep our court system strong. Last year, the House, Senate and Governor agreed to appropriate \$154 million for these needs. This year, House Republicans, promising not to spend more than the state takes in, determined that the FY13 budget will remain the same for the Courts, at \$154 million.

The bill also appropriates money from the General Fund for the Jury and Witness Fee Revolving Fund. This fund is used to reimburse jurors and witness for fees, mileage and additional costs. House Republicans also kept this fund at the FY12 level, \$2.3 million.

After careful deliberation, House Republicans decided to strike language that had been included in previous Judicial Branch Budget bills that required the court to obtain bids from Iowa Prison Industries (IPI) for office furniture purchases exceeding \$5,000. Forcing the Court System to obtain bids from IPI unfairly allows government to compete directly with the private business. With the language change, the Court sys-

tem still may get bids from IPI and they are still required to meet all other state laws regarding the bidding process but they are no longer *required* to go to IPI for a bid, only to accept one if it is turned in.

House Democrats pushed for one amendment to HF 2338, the amendment would have added \$6.5 million extra to the Justice Budget. When questioned, House Democrats could not explain what other area of the budget they would take money from to offset the increase in spending. The Amendment Failed 37-55 with 8 members absent.

(Continued on page 8)

(Continued from page 7)

House Republicans fought hard last year to deliver a budget that did not spend more

than the state takes in and they are well on their way to doing the same thing this year. Providing Iowa with a responsible budget is

the key to keeping Iowa a strong state that is fiscally responsible.

Key Judiciary Bills that Survived the Funnel

SF93- Domestic Abuse-This bill enhances the penalty for domestic abuse assault cases where the offender knowingly strangles another person. It was signed by the Governor earlier in February.

HSB 525-Possession of Child Pornography and Human Trafficking-This bill allows prosecutors to file multiple charges against defendants for possession of multiple computer images of child pornography, in the same way that current law provides for multiple charges when the images are in other

forms. Additionally the bill strengthens Iowa's Human Trafficking Laws.

HF 2157- Expunging Records-This bill allows criminal charges that have been dismissed to be expunged from Iowa Courts Online if the person has paid all required costs.

HF 2316-Credits for Time Served-This bill is in response to Anderson v. State. A person who receives a suspend sentence and placed on probation and has probation re-

voked, shall not be given credit for time served unless the person has been committed to an alternative jail facility or a community correctional residential treatment facility.

HF 2367- Trespass Liability-This bill protects Iowans from frivolous civil law suits by providing them with the potential to collect costs and attorney's fees if the case is thrown out of court because it is not based in law or fact.

Justice Systems Budget Passes House with Large Bi-Partisan Support

It's rare that a highly debated bill gets bipartisan support, it's even more rare when it's a budget bill. Tuesday night, House Republicans proposed a Justice Systems Appropriation Bill that did just that. By a vote of 69-30 HF 2335 passed the house and is now waiting for action from the senate.

House File 2335 spends \$504.5 million from the General Fund. The money appropriated in this budget is used to cover costs of the Attorney General, the Department of Corrections, Community Based Corrections,

the Iowa Law Enforcement Academy, State Public Defender, Board of Parole, Department of Public Defense, Department of Public Safety, Gaming Enforcement, and the Civil Rights Commission. All budgets are the same as FY12, except for the Attorney General and the Civil Rights Commission, both of which were reduced by 10%. The impact on both of these groups is expected to be minimal.

House Republicans worked hard to ensure that needs of all departments were met

within the budget target. It's difficult to get bipartisan support on budget bills, but HF 2335 was supported by 13 Democrats who agreed that the House Republicans Budget was the right course of action.

It is now up to the Senate to review HF 2335 and determine if they will meet the House recommendations or propose a different budget. If the Senate does not agree with the House the bill will be sent back to the House for further negotiation.

Labor

(Contact Louis Vander Streek 1-3626.)

Labor Funnel Wrap Up

This year saw much less action in the Labor Committee compared to last year. In 2011, 14 bills were passed out of the House Labor committee, and 5 of those were passed off of the House floor. None of the bills were taken up by the Senate. In 2012, only 4 bills have been passed out of the House Labor committee, and, so far, only 2 of them have been passed on the House floor. The Senate Labor committee has done even less work and has only had one meeting all session. They have not discussed, nor passed any bills this year.

The two bills that passed off of the House floor and are awaiting action in the Senate are:

HF 2012 – The bill changes the length of time that Iowa Workforce Development may

consider 'hits' on an employer's unemployment insurance record. Currently, the window is five years, and the bill changes that length of time to three years. This means is that if an employer has a bad year and has to make layoffs, which result in higher unemployment insurance costs, then the length of time the employer is 'penalized' with the higher rate will be reduced from paying the higher rate for five years down to just three years.

HF 2013 – This bill also deals with unemployment insurance rates, but is focused on new employers. Iowa's unemployment insurance system is based on a formula driven by an employer's history of wages and layoffs. Obviously, new employers do not have such a history for the formula to take into account. Because of this, all new em-

ployers are given a set 'new employer rate'. This starting rate is in the middle of the rate table for non-construction work, and is the highest rate for construction work. A new employer pays these insurance rates until a sufficient amount of history can be built for the formula to assess. Even if a new employer has no layoffs, it is forced to pay a higher rate of tax. Currently, this tax rate is set for a period of three years. HF 2013 would reduce this time period to just one year, instead. In this way, new employers jump into the 'standard' system and start paying insurance rates that are directly correlated to their *own* history, rather than the higher rate that they may not deserve.

The two bills that remain eligible for debate on the House floor include:

(Continued on page 9)



(Continued from page 8)

HF 2227 – This is a bill proposed by Iowa Workforce Development that addresses child labor requirements. The bill removes all references to migratory labor from the child labor section of code, ensuring all child laborers are treated equally. The bill also removes schools from the process of issuing work permits for child labor. Under current law a child under the age of 17 needs a work permit in order to hold a job. The law states that the work permit shall be

issued only by the superintendent of schools or department of workforce development, or by a person authorized by said superintendent. This requirement will be abolished by the bill, removing the school from a process that is better left up to the child and his/her parents or guardians. The bill also proposes to eliminate the mail-in forms that employers are forced to send, by, instead, creating an option to either keep the record on file, or to file it electronically with Workforce Development.

HF 2363 – This bill would change the law in the area of overpayments in unemployment insurance benefits as required by federal law. The bill forbids IWD from relieving an employer of charges that the employer is assessed as a result of the employer's non-participation in a contested case, which results in an overpayment of benefits. The bill also requires IWD to assess a 15% penalty to an individual who is found to have intentionally defrauded IWD resulting in an overpayment of unemployment benefits.

Local Government

(Contact Jason Chapman at 1-3015.)

Local Government Bills Moving

The Local Government committee moved several bills through the funnel over the past few weeks. Notable bills are detailed below:

HF 2006 – Membership of County and City Conference Boards - Adds 4 elected public members to County and City Conference Boards. They will be elected on a non-partisan basis and must represent the 4 property classifications, unless a county does not have all 4. Each public member serves a 4 year term and has a vote on board matters. Passed 12-8.

HF 2178 – Special Assessments Imposed by Cities and Counties - Relates to special assessments levied on private property for the cost of public improvements. It sets definitions for what a community or district or individual benefit constitutes. It established a new formula by which benefits are measured against one another so that a private property owner is not assessed for improvements that benefit more than just the property owner. Passed 12-8.

HF 2221 – Classifying Property Use for Human Habitation as Residential - The bill requires that residential property for valuation purposes will include the upper portions

of buildings where the lower level is used for commercial purposes and the upper level is used for human habitation. Passed 20-0.

HF 2231 – Memorial Hospital Boards - Allows for a member of a Memorial Hospital Board to live within the service area of the hospital, not just in the county where the hospital is located. Passed 21-0.

HF 2322 – County Supervisor Districting Plans - Removes the complaint process for which a county supervisor districting plan may be ruled improperly drawn for political reasons by the Ethics and Campaign Disclosure Board. Instead provides that if 2% of the total votes cast for governor in the county file a petition, the Legislative Services Agency would draft the new districting plan, which will be the final plan. Passed 11-9.

HF 2323 – Residential Rental Property and Utility Liens - The bill prevents a lien from being placed on a residential rental property for utility usage bills that are unpaid by tenants if the landlord notifies the utility that the address is a rental property. The tenant would be the liable party. Passed 20-0.

HF 2369 – Issuance of Burial Transit Permits - This bill removes the county recorder as an entity that can issue burial transit permits. Passed 21-0.

HSB 569 – Annual Meetings for Rural Water Districts - Changes the requirement that Rural Water Districts must hold their annual meeting between January 1 and May 1 of each year, instead allowing to occur any time during the year. Passed 20-0.

HSB 651 – Private Customer Information with Utilities - The bill, amended in committee, protects the private customer information on file with a rural water district, a city utility, or a city enterprise, by exempting them from public record. Passed 20-0.

SF 413 – Local Emergency Management Budget Certification - Clarifies the requirement that the certified local emergency management budget certified by the commission be funded by one of several available methods. Additionally, amends the allowance of letting an alternate be designated for the commission for spots filled by local elected officials by requiring that the alternate not be allowed during meetings in which budget certification occurs. Passed 21-0.

Natural Resources

(Contact Dustin Blythe 1-3452.)

Chickadee Check-Off saw in increase in the 2010 Tax Season

Wildlife conservation saw a boost in donations during the 2010 tax year from donations to the Fish and Wildlife Fund, the first increase since 2007. The number of people donating also increased, but remains fewer than 8,000.

The check-off appears on line 58 of electronic and paper versions of Iowa's 1040

tax forms. All proceeds from the check-off support the Department of Natural Resources' Wildlife Diversity Program, which works to protect more than 1,000 fish and wildlife species in the state of Iowa.

The total contributions equaled \$127,000. Money from the check-off helps improve wildlife habitat, fund research studies, and

support the reintroduction of threatened or endangered species according to the department.

The Iowa Legislature added the Chickadee Check-off, now called the Fish and Wildlife Fund, to the state tax form in the early 1980's.



State Government

(Contact: Kristi Kielhorn, 2-5290.)

Government Efficiency Bill Makes the Funnel Deadline

House Study Bill 645 (Government Efficiency Bill) was the last bill approved by the House State Government Committee last week. The bill is chaired by Rep. Cownie and passed with bi-partisan support on a vote of 16-5-2.

The Government Efficiency Bill has many divisions and covers a wide breadth of topics. The bill addresses government information technology services and requires the Department of Administrative Services to consolidate the state's information technology. The bill addresses personnel and benefits and requires that married state employees be on one health care insurance plan instead of two separate plans. The efficiency bill also removes per diem and allowance payments from the IPERS calculation for all members of the General As-

sembly.

"...save the state between \$19 and \$25 million dollars."

House Study Bill 645 also establishes a Medication Therapy Management program for state employees. The program would be based off of a pilot program that was completed in fiscal year 2011. The bill also requires the Department of Administrative services complete a work environment analysis and report and requires the Department of Human Services to apply to the U.S. Department of Agriculture for authorization to restrict the food stamp purchase of food that is low in nutrition.

Finally, the Government Efficiency Bill also requires the Department of Natural Resources to sell property equal to \$20 million dollars. The bill gets rid of several obsolete code sections, repeals the film tax credit and the Iowa Jobs Board, as well as gets rid of various other boards and commissions. It requires that the State Government Efficiency Review Committee come up with a schedule for all state programs to be automatically repealed on a five year staggered schedule.

The preliminary NOBA estimates that the bill will save the state between \$19 and \$25 million dollars. House Study Bill 645 will now move to the floor as a committee bill for further consideration.

Transportation

(Contact: Kristi Kielhorn, 2-5290.)

School Permit Changes Clear Transportation Committee

Last week, House File 2016 (now HF 2330) passed the House Transportation Committee. Under current law, a minor between the ages of 14 and 18 can be issued a special driver's license (school permit) for the general purposes of getting to and from school. School permits allow the student to drive between 5 a.m. and 10 p.m. on the most direct and accessible route between

the student's residence and school and school activities within the school district.

House File 2330 changes current law to allow for such situations where the child's parents do not maintain the same residence. The bill allows the child to have a starting or ending destination (in addition to their residence) of either parent's residence

if that parent has physical custody or visitation rights and lives within the district of enrollment, or in a contiguous school district. The bill was signed by all subcommittee members (Reps. Rogers, Rasmussen, and Wenthe) and was supported by a 19-0-2 vote in the full committee. House File 2330 now moves to the house floor for further consideration.

Veterans Affairs

(Contact: Jill Jennings, 1-3440.)

Air Guard Cuts

Representatives in the Iowa House have drafted a resolution in opposition to the proposed spending cuts to the Air National Guard. Representative Jeremy Taylor has requested a resolution urging United States Congress and the President to protect Iowa's Air National Guard.

The budget cut requests the removal of twenty-one F-16 fighter jets of the 132nd Fighter Wing. This Fighter Wing has participated in numerous actions including World War II, the Korean Conflict, and many of the support functions of Desert Storm/Desert Shield, and Iraqi Freedom. They have received numerous awards, including eight Air Force Outstanding Unit Awards, and have participated in exercises and deployments worldwide. The Iowa National Air Guard has been a part of the nation's defense and Iowa's emergency defense sys-

tem since 1941.

Gov. Terry Branstad and 48 other governors are also protesting proposed spending cuts to the Air National Guard.



On Tuesday, Branstad released a letter at his weekly press conference to Defense Secretary Leon Panetta opposing plans by the Air Force to reduce Air National Guard spending. A second letter was distributed

protesting the proposed cuts signed by Maj. Gen. Tim Orr, adjutant general of the Iowa National Guard, and adjutant generals from all other states.

For Iowa, reductions would mean the elimination of all F-16 fighter aircraft at the Guard's 132nd Fighter Wing, resulting in loss of 500 of the unit's 1,000 personnel. The unit would be assigned to control drone aircraft under the Air Force's budget proposal, but no unmanned aircraft would physically be based in Iowa.

"...resulting in loss of 500 of the unit's 1,000 personnel."



Ways and Means

(Contact: Dustin Blythe, 1-3452.)

Iowans overwhelmingly support the House Republican’s Property Tax Plan

A recent Iowa poll done by the Des Moines Register showed widespread support for the House Republican Property Tax Plan. One of the questions, and the response to it by the public was revealing:

Question:

A trade-off the Legislature is considering is about tax rates on commercial property. Reduced rates might make Iowa more attractive to business, and would also mean lower tax revenues for cities, counties, and schools. Do you favor such an approach?

60 percent of Iowans said they favored cut-

ting commercial property taxes, even if that meant lower revenues for local governments. Clearly the public sees what House Republicans see – government at all levels need to spend less and free up the private sector for investment, growth and job creation.

The Register Poll showed support for this concept across political lines:

- 70% of Republican’s
- 60% percent of Independents
- 47% of Democrats

House Republicans passed a bold plan, and the majority of Iowans support this effort. 73 percent said this plan would attract businesses to come to Iowa, and motivate existing employers already in Iowa to add jobs here. This is exactly why House Republicans pursued this legislation.

This plan is not only good for Iowa, but the people of Iowa have spoken, and they overwhelmingly support the House Republican’s plan to provide broad based tax relief to all classes of property. The taxpayers of Iowa now have a seat at the table.