



Nick's News from the  
**Iowa House of Representatives**  
 State of Iowa  
*Eighty-Third General Assembly*  
 Week 9: March 8<sup>th</sup>-12<sup>th</sup>, 2010

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**Ninth week of the 83rd General Assembly**

The ninth week of session has ended, and budget bills are beginning to move. I will keep you all posted on what is in those bills. I wanted to take a moment to congratulate the Linn-Mar High School girl's basketball team on their second State Championship! I also wish the boy's basketball team luck in the state tournament and in their upcoming game against Southeast Polk on Friday. As always if you have any concerns or issues please don't hesitate to contact me via email or phone.

**FY11 Economic Development Spending Bill Awaits Consideration**

On Monday, March 8, 2010, the House Appropriations Committee approved House File 2522, the Fiscal Year 2011 Economic Development Appropriations bill. The bill seeks to provide \$41.8 million from the general fund and \$11.6 million in other funds to the Department of Cultural Affairs, Department of Economic Development, Board of Regents, Iowa Workforce Development and the Public Employment Relations Board. The bill proposes to spend \$1 million *more* than the amount spent in Fiscal Year 2010.

Brief explanations of the funding levels within the bill are as follows:

- Department of Cultural Affairs: \$5.7 million, an increase of \$27,427 above FY10.
- Department of Economic Development: \$13.3 million, an increase of \$50,000 above FY10.
- Department of Workforce Development: \$18.2 million, an increase of \$647,573 above FY10.
- Board of Regents: \$3.4 million, an increase of \$225,000 above FY10.
- Public Employees Relations Board: \$1.1 million, an increase of \$50,000 above FY10.

**Revenue Estimate Released Today**

The REC met today to revise the general fund revenue estimates for FY 2010 and FY 2011. As expected, the numbers did not change much. For FY 2010, the estimate went up by \$1 million, from \$5.401 billion to \$5.402 billion. For FY 2011, the estimate went up by \$33 million, from \$5.403 billion to \$5.436 billion.

By law, the Legislature must use the December estimate. However, since the proposed budget already intends to take money from the Cash Reserve Fund, that amount can simply be increased by \$33 million with the thought that the extra \$33 million will flow into the ending balance. The decision by the REC to change the estimate is somewhat good news because it is expected that revenues will increase, but is not a sure thing. We need to continue to focus on cutting spending at the state level and focus on passing a responsible budget that does not spend more than we take in.

**Teacher Pay**

Senate Study Bill 3248, the Education budget bill was voted out of the joint Education Appropriations Subcommittee this week and again Republicans did not support the bill due to the fact that the budget picture shows we will be spending more than we are taking in. SSB 3248 contains an exemption for teacher salaries from the last Across the Board (ATB) cut and includes exclusions in the future.

The implications of exempting teacher pay from an ATB cut are far reaching. First, it creates a \$24 million statewide property tax liability because Iowa school districts will have to go back and pay teachers the \$24 million yet this fiscal year. With just three months left in the fiscal year, districts that spent the money elsewhere will be hard pressed to make up those dollars. Some will be looking to the property taxpayer to pick up the cost due to low or no cash reserves. This is one of the reasons that across the board cuts are difficult and not the right way to address tough budget times.

Our state law currently allows the governor to call the legislature into special session at any time to do selected budget cuts. Carving out exceptions to future ATB cuts takes elected officials out of the very decision making that Iowans elected them to do. When we are in tough budget times the legislature needs to define priorities and then fund them accordingly. The issue that seems to get lost is that some claim that we don't have any money. This isn't true. We have money, we just haven't defined and established priorities, funded the priorities, and made the necessary cuts in spending on non-priority items.



**Committee News**

**Commerce**  
Adjourned

**Local Government  
(Ranking Member)**  
Adjourned

**Transportation**  
Adjourned

**Ways and Means**  
HSB 729, HF 2088, HSB 738,  
HSB 651/SF 2363

**Admin. & Reg. Appropriation  
Subcommittee**  
Adjourned

If you would like updates on legislation that is of interest to you, please visit the Iowa General Assembly Bill and Code Watch [website](#).

This site will help you stay informed on bills scheduled for action on the House and Senate floors.

There is no subscription or monthly fee. In order to function, the Bill Watch system must have JavaScript enabled in your browser.



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**Where is Medicaid headed?**

The FY 2011 Health and Human Services appropriations bill was released this week. The initial bill cuts the HHS department is slated to see a decrease of \$172 million. As I've said before this is not the whole story, part of the cut is due to withholding of payments until later in the year and the other thing we need to look at is what happens to Medicaid next year.

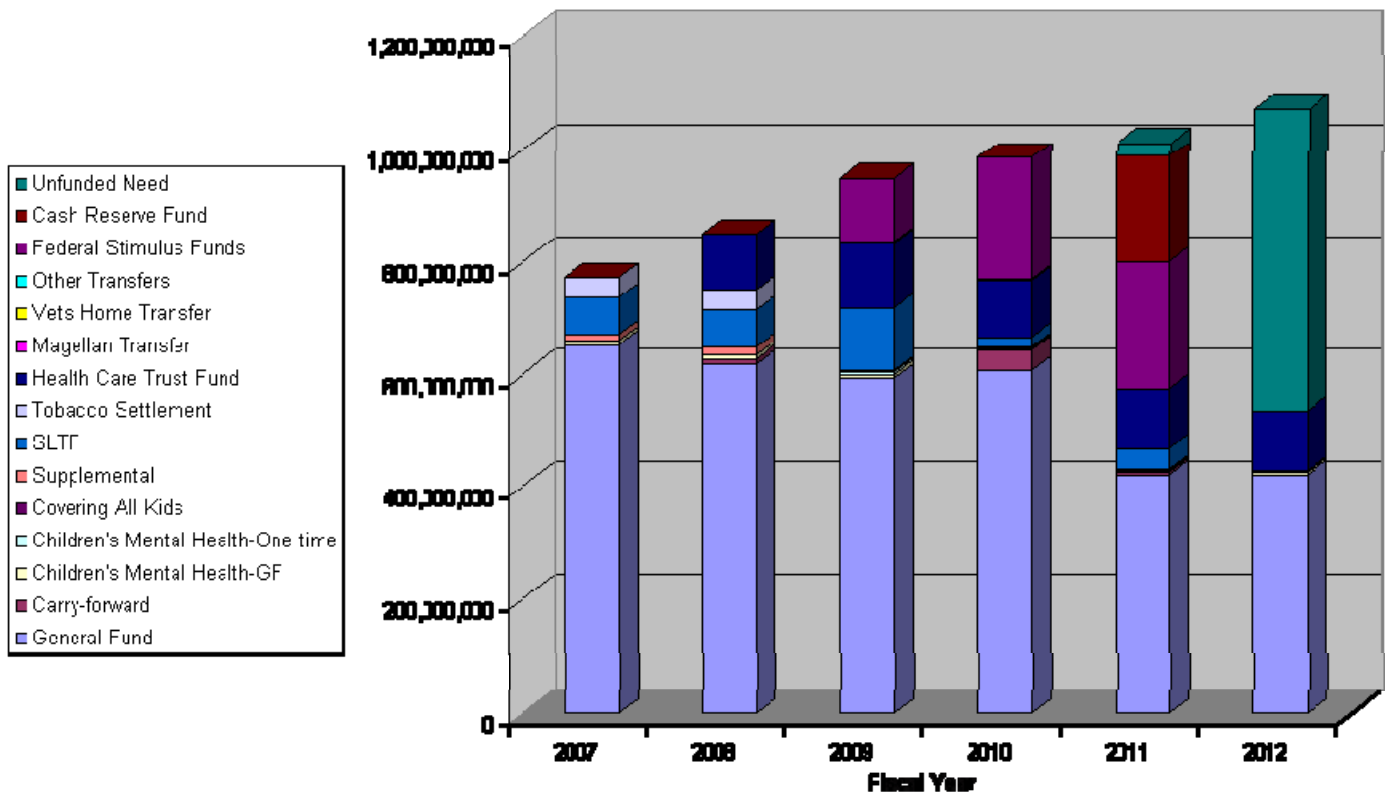
The proposed FY 2011 budget shows a shift in how the state funds Medicaid. Next fiscal year, the state will use almost as much one time and non-recurring funding for Medicaid as it will from the General Fund.

In FY 2010, just \$606 million of the \$984 million spent on Medicaid is from the state's income and sales tax revenues. Another \$100 million is from the 2007 cigarette tax hike. The rest is from a variety of sources of non-recurring funds, like one-time federal stimulus funds and the continuing draw down the Senior Living Trust Fund.

In FY11 the sources will be \$225 million of federal stimulus funds, \$187.8 million taken from the state's Cash Reserve Fund, and the remaining dollars from of the Senior Living Trust Fund, which is then eliminated. This may get the state through FY 2011, but it creates a large gap in FY 2012. With normal growth factor for the program of six percent, Iowa will need \$1.071 billion to maintain the current program. The recurring revenue that would be spent on Medicaid in FY11 is \$534 million. This means the next governor and the 84<sup>th</sup> General Assembly would have to find \$537 million in new money to maintain Medicaid as it is today just to fill the gap.

While Medicaid providers and advocates will raise issues over a variety of legitimate concerns over the Fiscal Year 2011 Health and Human Services budget, one question should be asked of all of them. What is going to happen to Medicaid in 2012?

**Medicaid Funding 2007-2012**





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**Visitors This Week**



**School Officials Visit Statehouse**

Stacey Matus (business manager), Dennis Thies, Judy Studt (both school board members), and Terry Rhinehart (superintendent), all from Springville Community Schools, visited the Statehouse recently. Pictured here are Rep. Nick Wagner, Stacey Matus, Terry Rhinehart (seated), Dennis Thies, and Judy Studt.



**Wagner Welcomes Credit Union**

Rep. Nick Wagner (R- Marion) recently welcomed employees of Collins Community Credit Union in the Cedar Rapids area to the State Capitol. Pictured here are Robert Sellers (Cedar Rapids), Rep. Nick Wagner, Rick Benhart (seated), and Jerry Burns (Marion).



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**Honor Corps Visits Statehouse**

**Honor Corps Training School students visited the State Capitol. Pictured here are Rep. Nick Wagner and Dominick Casconi (Marion).**

Feel free to contact me with any suggestions and concerns that you may have. I am looking forward to another productive week as your representative and always appreciate hearing from you.

Thanks,