



The Capitol Report

League of Women Voters of Iowa Legislative News

Back to Work

Budget cuts, government reorganization, texting while driving, and tax credits are the hot topics of the 2010 legislative session that started on January 11. Legislators returned with optimism despite looking at a \$500 million budget shortfall and an election just 10 months away.

As a cost-saving measure, legislators have shortened the session's calendar this year from 100 days to 80 days. Shortening the session will save about \$40,000 a day (that is \$800,000 in savings by wrapping up early).

If things go as planned, the session will end its work on March 31. A shorter session dramatically impacts the rate legislation is taken up and debated. More issues will likely fall to the wayside, and others may not be discussed as carefully as we would hope.

Along with a shorter session comes an accelerated timetable for moving legislation.

Here are a few deadlines to note:

- **Friday, February 12** - Bills need to be voted out of committee by the end of the day, or they can no longer be debated (except budget & tax bills). This deadline is referred to as the "First Funnel."
- **Friday, March 5** - Bills have just three short weeks after the first cut-off date to make it through the "Second Funnel" deadline. Bills need to be voted out of one chamber, and then passed out of committee in the other chamber. See the full session timetable <http://www.legis.state.ia.us/Current/SessionTimetable.pdf>.

The pace at the Capitol is unprecedented in our 18 years of legislative work. Legislators are organized and moving quickly. Twelve hour (plus) days are the norm, even during the usually slow-moving first week. Meetings begin at 7:30 a.m. and continue throughout the day, usually not ending until 8:00 p.m. A Friday debate was even held the second week of session, typically a day reserved for legislators to get home to their constituents.

Legislators promise this pace will continue - that it must in order for them to meet their deadlines. So hold on to your hats, this is going to be interesting!

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Budget Dominates Governor's Address



Governor Culver focused his third Condition of the State Address on the accomplishments of his Administration, and the challenges it faces to keep the state's budget balanced as state revenues continue their decline in the wake of a national recession.

The Governor's budget came out on Tuesday, January 26. It maintains funding for core services like Medicaid and education, but still has deep cuts that will be felt by Iowans. His budget will be a frugal \$5.3 billion, a far cry from the \$6 billion-plus budgets of just two years ago.

As a refresher, the state's budget estimating group (Revenue Estimating Conference, or REC) predicted that the current fiscal year would bring in 8.5% less money than previously anticipated (which caused the need for an immediate \$490.1 million cut, achieved with a 10% across the board cut and several efficiency recommendations from a consultant). The REC also reset next year's budget (Fiscal Year 2011), predicting the state's revenue collections would continue to decline at a rate of 1.5% (causing another \$78 million in cuts beyond the current reductions).

The Governor's 2011 budget is predicated on nearly \$350 million in additional efficiencies as recommended by Public Works, a consultant hired by the Governor to help find ways to save by restructuring government operations. The Governor also cuts back on the number of tax credits given to businesses to save another \$52 million. But that is still not enough to present a budget with zero human impact.

It is virtually impossible to cut half a billion dollars without impacting the three biggest parts of the state's budget - Medicaid and other human services programs, education, and corrections.

Mental health budgets are cut deeply - nearly \$25 million gone from already austere mental health/disability services programs. On the bright side, the Governor found the \$8.5 million needed to continue to provide home-based services to seniors (funds previously paid out of the now-defunct Senior Living Trust Fund). He also found the funds needed to continue Iowa's popular free preschool program for four-year-olds.

- You can read the entire Governor's budget at: www.governor.iowa.gov.
- You can review an excellent detailed analysis of the budget prepared by the non-partisan Legislative Fiscal Bureau at: <http://staffweb.legis.state.ia.us/lfb/docs/BudgAnalysis/LSAPreliminaryAnalysisGovFY2011BudgetRecommend.pdf>

Reorganization Bill Moving Quickly

Senators acted quickly on [SF 2088](#) during the second session week, passing the massive 252-page government reorganization bill out of the Senate State Government Committee on a party line vote. The Senate debated SF 2088 on Monday night (February 1) and made significant changes to the sections restructuring Iowa's community empowerment initiative that helps provide resources for local early childhood health and education programs.

At the same time, the House State Government Committee started the mark-up of its bill ([HSB 565](#)). The two bills are no longer identical, and House leaders say they are not in agreement with what the Senate did to their bill. House leaders hope to amend the Senate bill (dropping their bill entirely) and send it out of committee with a House amendment sometime this week.

The bills could save nearly \$300 million in the next fiscal year (FY 2011), which goes a long way toward closing that \$500 million projected budget gap. Once the reorganization bills are signed into law, the savings are



"locked in" and legislators can adjust their budget goals for the next year, possibly avoiding cuts to core services.

You can view the non-partisan fiscal analysis of the reorganization bills at: <http://www3.legis.state.ia.us/noba/>. Just select the appropriate bill number.

Some highlights:

- Eliminates the requirement that government agencies deliver one paper copy of all reports to the General Assembly (instead submitted electronically), and requires a study of the creation, storage and retention of electronic state reports and records. (Undetermined savings)
- Allows for the Legislative Services Agency to publish official state legal publications electronically. (\$300,000 savings)
- Authorizes State and local agencies to publish official notices electronically, as long as the information contained meets the notice requirements and is accessible to the public. This section was taken out of SF 2088. (\$3.6 million savings to counties; \$2.9 million savings to cities; undetermined savings to state).
- Closes the Mt. Pleasant Mental Health Institute, and transfers residents to other state MHIs by June 30, 2011. (\$1.3 million savings)
- Restricts prescriptions for mental health drugs not on the Medicaid Preferred Drug List (PDL). Doctors would only be able to prescribe up to a three-day supply of drugs, rather than the current 30-day limit. (\$156,000 savings)
- Requires prior authorization if a non-PDL mental health drug company does not give the state supplemental rebates. (\$400,000 savings)
- Creates a False Claims Act to allow the state to recover more for Medicaid fraud. The state would now be able to collect three times the amount of the false claim, plus all legal costs. (undetermined savings)
- Realigns the duties of the Mental Health/Mental Retardation/Developmental Disabilities/Brain Injury (MH/MR/DD/BI) Commission, and renames it the "Mental Health and Disability Services Commission." These changes were requested by the Commission. (Undetermined savings)
- Allows DHS to establish new service areas and field offices. (Undetermined savings)
- Changes the way Area Education Agencies (AEAs) are organized, and brings them under the Department of Education rather than governed by locally appointed boards. SF 2088 took this section out. (Undetermined savings)
- Requires the Department of Human Services to develop a disease management program for children to help better control chronic diseases (like diabetes and asthma). (\$2.7 million savings)
- Increases incrementally the span of control (ratio of employees to supervisors) for all Executive Branch agencies. Currently the span is 14:1. The bill ramps this up so that by FY 2017, the span of control is 20:1. (\$21.5 million savings).
- Closes the state liquor warehouse on Fridays (\$20,000 savings) and moves the Alcoholic Beverages Division from Department of Commerce to Department of Revenue. (Undetermined savings)
- Requires annual (instead of biannual) compliance checks of tobacco retailers. (Undetermined savings)
- Eliminates funding for county juvenile detention and the requirement for the state to pay between 10-50% of the county's costs. SF 2088 took this section out. (\$3.7 million savings)
- Closes the Luster Heights Correctional Facility (Farms 1 & 3). (\$2.4 million savings)

Status of League Priorities

The League of Women Voters of Iowa's top priorities this year are implementing the recommendations of the Criminal Code Restructuring Study Committee, mental health, and predatory lending.

Criminal Code Restructuring. There are no less than 29 bills introduced to date that enact the study committee's recommendations. The [LWVIA Bill Tracker](#) is only tracking those with significant changes (many others are clean-up and general housekeeping). These include bills: increase the amount of time off for good behavior from 1.2 to 1.5 days for every day served ([HF 2022](#)); create a new offense of robbery in the third degree to keep people that commit a minor assault while shoplifting out of prison ([HSB 648](#) & [SSB 3147](#)); allows a judge to extend probation for up to one year if probation has been violated, rather than send back to jail/prison ([HSB 644](#) & [SSB 3157](#)); equalizes the criminal penalty for all escapes or attempted escapes from custody ([HSB 642](#) & [SSB 3164](#)); makes a person who commits assault without intent to inflict serious injury to receive a suspended/deferred sentence or deferred judgment instead of class D felony conviction with required 70% of five-year sentence to be served ([HSB 645](#) & [SSB 3165](#)); and makes it easier to expunge the record for a conviction for public intoxication and underage alcohol possession after two years ([HSB 643](#) & [SSB 3166](#)); and revises the duties of the Criminal & Juvenile Justice Planning Advisory Council and establishes a new Public Safety Advisory Board to further the work of the study committee ([HSB 649](#) & [SSB 3156](#)). Chances of most (if not all) changes are pretty good, as the recommendations are considered non-partisan.

Mental Health Parity. When we heard that the House Democratic Caucus had selected mental health parity as one of their top priorities for the 2010 session, we took it with a grain of salt. But now it appears they were quite serious. The House Human Resources Committee used its third meeting of the year to pass out last year's mental health parity bill ([HF 234](#)) on a party line vote. As you might recall, this bill expands Iowa's limited biologically-based mental health parity law to require all state-regulated insurance plans pay for the treatment of any mental illness or substance use disorder. Rep. Mark Smith of Marshalltown and Rep. Beth Wessel-Kroeschell of Ames hope to develop a bipartisan compromise before the House debates the bill. Because a compromise has not yet been reached, the committee voted out a committee amendment that will strike all language. The amendment (H-8024) states the intent of the legislature to require health insurance coverage for costs of mental health conditions, including substance abuse. Rep. Janet Petersen (D-Des Moines) also requested a companion parity bill in the House Commerce Committee, which she chairs. The bill ([HSB 590](#)) is identical to HF 234 (before the amendment). The House has been within a vote of being able to pass mental health parity, so chances of passage remain very tenuous.

More Mental Health News. The House Veterans Affairs Committee is working on a bill ([HF 2123](#)) that would give judges the authority to have a combat veteran who commits a crime evaluated to determine if the crime was the result of PTSD, substance abuse, or other psychological disorder stemming from combat service. If a connection is found, the court is allowed to place the veteran in a mental health or substance abuse facility with a history of successfully treating these disorders. Rep. Tymeson, a Brigadier General in the National Guard, sponsored the bill. Chances of this passing are relatively poor. On another matter, the Joint Health & Human Services Budget Subcommittee has not made any decisions related to the restructuring of the mental health/disability services system. That decision will be coming in the next month.

Predatory Lending. This year's bill to curb the tide of predatory "pay day" lenders is [HF 2127](#), and it is sponsored by a whopping 34 legislators lead by House Commerce Committee Chair Rep. Janet Petersen of Des Moines. The first subcommittee on the bill was held on Monday, February 1, where persons that have fallen into the cycle of debt created by these lenders testified. This bill, deemed a compromise by advocates, gives lenders a choice of providing pay day loans at current unlimited rates but requiring them to submit detailed information about the loan, lender and payment history to a state database in the Banking Division or limiting them to a 36% APR with no reporting. The lender would have to file an affidavit with the Superintendent of Banking stating which option they choose. Chances of passage are about 50-50 right now. The Republicans on the House Commerce Committee have locked up against the bill, so Democrats need to convince either Rep. Doris Kelly of Waterloo or Rep. Mike Reasoner of Creston to vote for the bill. Both are saying they do not support even this compromise.

Lobbyist Reforms. Three high-profile ethical violations by lobbyists are driving a number of changes to lobbying laws to create more transparency. Lobbying laws have not really been revisited since the well-known incident at Mingo that drove most of the laws we have today. Several recent events are driving significant changes that most of the lobby are welcoming (including yours truly) - the failure of one organization to file the required reception reports after a legislator leaving the event was arrested for drunk driving; one lobbyist's misrepresentation of his client after changing their registration on a controversial bill to "opposed" without consulting them; and another lobbyist firm's registering all clients on bills that only one client cares about. Legislators want clients to be notified when their lobbyist registers or changes registration on a bill, require clients to fully disclose payments to lobbyists, strengthen penalties for ethics violations, and require electronic filing of all registrations and reports so they are fully and immediately available to the public. We'll track these closer after the funnel - when we know which of the reforms moves forward. Chances of passage of some reforms are very likely.

Election Reform. Minor adjustments to the state's voting laws were introduced by the Secretary of State this week, but all are considered clean-up and of no real significance. Legislators say they are not likely to take up

any serious reforms. One reform that is getting some support is SSB 3068 - the bill that addresses concerns raised when the "Recruit Branstad" committee began advocating for former Governor Terry Branstad to run for governor. The bill, drafted at the request of the Iowa Campaign Finance & Ethics Board, would require such committees to file campaign finance reports as if they were the candidate, disclosing contributions and expenditures once the \$750 threshold of spending or contributions has been met.

Other News of Interest

Budget subcommittees will receive their budget targets from leadership sometime during the second week of February. These targets will be based on the December revenue estimates (by law they have to adjust their spending if the March revenue estimates come in worse).

Rep. Polly Bukta, a Democrat representing Clinton, and Rep. Christopher Rants, a Republican from Sioux City who is running for Governor, have joined the ranks of legislators who have officially decided not to seek re-election. There are now six legislators that have decided to call it quits after this year (the rest are Sen. Roger Stewart, Rep. Mark Kuhn, Rep. Kent Sorenson, and Rep. Jodi Tymeson). We have heard several more plan to retire, but we've not seen the official retirement announcement yet.

LWVIA Bill Tracker

More than 454 bills were introduced in the first two weeks of the legislative session, with more than 100 introduced in a single day. What is of more interest is the relatively few bipartisan bills this year - only 12 of the 685 bills introduced to date are co-sponsored by a Republican and Democrat. They are bills that eliminate the state building code requirement for sprinklers, allow choice in auto repair when insurance covering the fix, providing state funds for private school textbooks, changing "mental retardation" references to "intellectual disability" in the Iowa Code, creating a non-profit institute for public policy, making changes to property taxes, providing a sales tax exemption for head hunter services, requiring campaign finance reporting to be electronic, and creating a tax credit for regenerative medicine facilities.

Keeping up on them is tough, but we try to get them into your new [LWVIA Bill Tracker](#). This system allows you to keep up to date on the most recent status of the bills we are tracking for you - so you can keep updated between our monthly reports.

We are currently tracking 39 bills for you. You can keep up on their status and watch for new additions at any time by going to our website at www.ialobby.com or directly to the [Bill Tracker](#) at <http://www.ialobby.com/CPCBillTracker/tabid/59/Default.aspx?cid=LWVIA>.

We update this list every day - sometimes many times a day. So you can see what's going on according to your schedule - not ours!

Quick Links

[LWVIA Bill Tracker](#) (status of tracked bills, updated daily)
[State Legislative Website](#) (schedules, legislators, committees)
[Governor's Website](#) (executive orders, press releases)

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