



Capitol Dome to Home

Gary Carlson
State Representative

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February 1st Newsletter

Capitol Update

Legislative committee meetings continued to be very active this week with most of the focus on reviewing proposed legislation, holding subcommittee public hearings, and conducting review meetings with government agencies regarding programs and budgets.

The December Revenue Estimating Conference (REC) estimated revenue for the 2018 Fiscal Year (FY) is less than their estimate when the Legislature passed the 2018 budget last session. As a result, the Legislature must adjust the budget by approximately \$40 million dollars. While \$40 million dollars is a great deal of money to de-allocate, with a budget of approximately \$7.2 billion, it represents a variance of less than 1 percent.

The REC will meet in March and will again update their revenue estimate for both FY 2018 and FY 2019. If the 2018 number is lower than the December estimate, the Legislature will again need to make an adjustment. If their estimate is higher, then the budget will stay the same and the excess will remain in the ending balance and reserve funds. Likewise, if the 2019 estimate is lower than the December estimate, the Legislature will use the lower number to finalize FY 2019.

One area I received a number of emails and telephone calls was in regard to an allocations bill passed by a Senate subcommittee to deal with the FY 2018 budget reduction. When the media report this event, many people are assuming this is the final outcome. In reality, the Senate is making their “proposal” for dealing with the budget changes. The House of Representatives is currently working on their “proposal” as well and there will clearly be differences which will need to be worked through by the two Legislative bodies. Once consensus is reached, the ultimate budget bill will also need to be signed by the Governor, so her input into the final budget is critical as well.

I raise this issue because a number of communications I received was in reference to funding for the Regent institutions. The Senate appropriations bill called for a reduction of approximately \$19.3 million dollars from the Regent general appropriations budget. This portion of the Regent budget is slightly more than \$575 million dollars so this represents approximately a 3% reduction. Based on budget discussions last week, I believe the House proposal will be for a smaller reduction to the Regent budget but we will likely finalize next week.

When discussing Regent funding, several of you have been surprised by the total funding they receive and the funding they receive in addition to general appropriations so I am going to detail this more completely.

In addition to the general appropriations, the Regents receive funding from other areas including Agriculture and Natural Resources (\$5.3 million), Economic Development (\$9.1 million), and the Transportation, Infrastructure, and Capitals budget.

I serve on the Transportation, Infrastructure, and Capitals Subcommittee and would like to



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highlight some of the recent Regent projects. This budget subcommittee oversees the Rebuild Iowa Infrastructure Fund (RIIF) budget which allows for the construction and maintenance of state buildings. In recent years the Regents institutions have requested and received large appropriations to build or upgrade their academic buildings.

When a Regent University builds or upgrades an academic facility, they can pay for the construction by using revenue generated from tuition, donations, or other partnerships. While donations often help with the construction costs, the vast majority of the funding results in the State of Iowa funding these projects and referring to this funding as “tuition replacement” and the State funds the project via academic revenue bonds. All three universities have received tuition replacement funding. The budget to annually pay for these bonds is approximately \$30 million per year and the outstanding principal is approximately \$365 million.

In the table below I have highlighted some recent Regent projects. The line identified as “requests” reflects new projects submitted for funding consideration in FY 2019 of \$188.2 million.

<u>Regent Institutions:</u>	<u>Projects:</u>	<u>Funding Received:</u> <u>(through FY17)</u>	<u>Funding Requests:</u>
University of Iowa	Pharmacy Building (renovation)	\$36 million	\$28.3 million
	Dental Building	\$8 million	---
	Main Library	---	\$52 million
Iowa State	Student Innovation Center	\$1 million	\$39 million
	Biosciences Building (renovation)	\$26.5	\$23.5 million
	Veterinary Laboratory	---	\$100 million
University of Northern Iowa	Schindler Education Center (renovation)	\$30.9 million	---
		\$1.9 million	---
	Bartlett Hall (renovation)	---	\$36.2 million
	Industrial Technology		



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The Transportation, Infrastructure, and Capitals Subcommittee has given high priority to projects for the Regent institutions. While there have been less dollars allocated to the Regents in the general appropriations budget, there has been a dramatic increase in the amount of money allocated from the RIFF fund.

Visitors



Executive Director of United Way in Muscatine Shane Orr and Representative Carlson



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Representative Carlson with Bill Decker the Chief Administrator at the Mississippi Bend Area Education Agency

Forum Schedule

Muscatine Forum

9:00-10:30am, February 3rd, 2018

Muscatine Community College, 152 Colorado St, Muscatine, IA 52761

Durant Forum

1:00-2:00pm, February 3rd, 2018

Durant City Hall, 402 6th St, Durant, IA 52747

In the interim, if you would like to contact me regarding any matter, please email gary.carlson@legis.iowa.gov

If you know of anyone who would like to receive my newsletters, please feel free to contact me and I will add them to the distribution list.