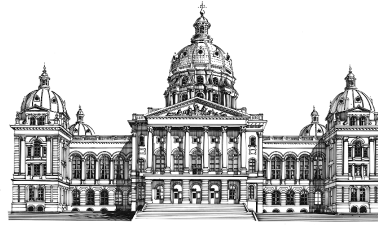

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State Funded Drug Grant Moneys

ISSUE

Federal funds are often passed to State agencies as "seed" money for new programs through grants with the intent that alternative funding sources within the State will provide full funding when the grants expire. Currently, little forethought is being given to how these programs will be funded when federal funding has expired. Departments turn to the General Fund or cut other programs in order to continue those begun with federal seed money.

For example, FY 1994 is the final year for several programs to receive funding from the Governor's Alliance on Substance Abuse (GASA), under the Drug Control and System Improvement Grant Program/Edward Byrne Memorial State and Local Law Enforcement Assistance Formula Grant, U.S. Department of Justice. These programs must find alternative funding sources beginning in FY 1995 or discontinue operations.

AFFECTED AGENCIES

Department of Corrections
State Court Administrator's Office
Department of Public Safety
Department of Public Health

BACKGROUND

The GASA provides financial assistance to State and local units of government for projects which improve enforcement of State and local drug laws and drug education, and enhance the functioning of the criminal justice system with an emphasis on violent crime and serious offenders. Funding is passed to State agencies through an annual competitive grant process.

To qualify for a grant through the GASA, programs must meet the following requirements.

- Applicants must be units of State or local governments.
- Programs must provide a mandatory 25% cash match, and the funds cannot be used to supplant existing sources of funds. Federal funds made available under this grant must be used to increase the amount of funds that would, in the absence of federal funds, be made available for law enforcement activities.

- There is a funding limitation of 4 years, with the exception of multijurisdictional drug law enforcement task force projects, which can be funded indefinitely.
- Project funds must be used for criminal justice activities.

In FY 1991, several programs began receiving funding through the Drug Control Grant (see Attachment A).

CURRENT SITUATION

Fiscal year 1994 is the final year for these programs to receive funding through the GASA. In seeking alternative funding sources for FY 1995, the departments involved are requesting new money from the General Fund to maintain many of these programs. According to the departments, if these requests are not granted the programs and FTE's involved will be discontinued (see Attachment A).

ALTERNATIVES

- Appropriate requested funds to affected departments to allow programs to continue.
- Enact new tax legislation, with receipts designated for funding of these programs.
- Designate funds from the federal Asset Sharing Program for continuation of programs.
- Provide no appropriation and require departments to seek alternative funding sources if they wish to continue programs.
 - According to authorities at the National Council of State Legislatures, many grants are available through various foundations.
 - There is a possibility that some programs may benefit from the extension of existing GASA grants, as the flood crisis may have caused undue hardship on the General Fund disallowing the State to provide full funding for programs at this time.
 - It may be possible for departments to fund programs through budget reductions in other areas of the department or division.
- Appropriate a portion of the requested funds and require departments to seek alternative funding sources for the remainder of program needs.
- Make provisions for funding to provide for continuation of programs at the time federal funding is granted to the department, contingent upon performance of program.
- Require departments to detail future funding sources at the time a grant application is made.
- Select and fund only those programs for which departments can demonstrate a substantial positive impact.

BUDGET IMPACT

Analysis of the budget impact of the alternatives listed above is based on the assumption that state matching funds provided from the General Fund in FY 1994 have been accounted for in each

department's base budget for FY 1995 funding requests and therefore have not been included in the departments' new funding requests.

The budget impact on the General Fund of a direct appropriation of funds to departments to continue programs is a total of \$1.9 million, of which \$1.4 million would replace GASA funds and \$511,000 is built into the departments' base budgets (see Attachment A).

The impact on the General Fund of all other alternatives, with the exception of not appropriating any funds, is contingent upon the amount of funding received from sources other than the General Fund.

Not appropriating any funds and allowing the programs to be discontinued would result in the General Assembly being able to reduce the departmental requests by \$511,000, which is currently built into the departments' base budgets.

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