

Approps.

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SENATE FILE 2122

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Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to state budget and financial control by
2 requiring certain financial practices and establishing a
3 general fund expenditure limitation.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 2122

1 Section 1. NEW SECTION. 2.110 GENERAL FUND EXPENDITURE
2 LIMIT.

3 1. For the fiscal year beginning July 1, 1993, total
4 expenditures from the general fund of the state during the
5 fiscal year beginning July 1, 1993, shall not exceed the sum
6 of the latest estimated general fund revenue for the fiscal
7 year beginning July 1, 1992, plus one-half of the estimated
8 increase in general fund revenues during the fiscal year
9 beginning July 1, 1993, and after estimated tax refunds due
10 for these fiscal years are subtracted, as both estimates are
11 made by the revenue estimating conference prior to January 1,
12 1993.

13 For fiscal years beginning on or after July 1, 1994, total
14 expenditures from the general fund of the state during a
15 fiscal year shall not exceed the sum of the latest estimated
16 general fund revenue, after estimated tax refunds due for that
17 fiscal year are subtracted, for the previous fiscal year plus
18 one-half of the estimated increase in general fund revenues,
19 after estimated tax refunds are subtracted, for the fiscal
20 year, as both estimates are made by the revenue estimating
21 conference prior to January 1 of that previous fiscal year.

22 The limitation provided in this subsection shall only be
23 exceeded in a fiscal year by passage by a two-thirds vote of
24 each house and approval by the governor, of a joint resolution
25 that provides that the limitation shall not apply for the
26 ensuing fiscal year only.

27 2. Unless a joint resolution has been passed and approved
28 which authorizes exceeding the limitation on general fund
29 expenditures as provided in subsection 1, before the general
30 assembly shall adjourn the year's session, the department of
31 management and the legislative fiscal bureau shall certify
32 that the expenditure limit in subsection 1 has not been
33 exceeded. If the department of management and the legislative
34 fiscal bureau certify that the limitation has been exceeded,
35 the general assembly shall pass a bill reducing appropriations

1 made previously in enacted appropriations bills so that the
2 limitation is not exceeded.

3 Sec. 2. NEW SECTION. 2.111 PROGRAMS -- APPROPRIATIONS --
4 LIMITS.

5 Beginning with the fiscal year beginning July 1, 1993, the
6 general assembly shall not establish new programs to be
7 administered by a state agency unless the Act in which the new
8 program is established contains an appropriation for the
9 administration and operating costs of the program for the
10 first fiscal year. In addition, such program shall only begin
11 on July 1 unless the program is required by the federal
12 government and it is not possible to begin the program at the
13 beginning of the fiscal year. In making appropriations for a
14 fiscal year, the general assembly shall not make the
15 appropriations contingent upon the occurrence of some event,
16 including but not limited to, the passage of a bill by the
17 general assembly, establishment of a program, or unexpected
18 increase in state revenues.

19 Sec. 3. NEW SECTION. 2.112 STANDING APPROPRIATIONS.

20 1. For purposes of this section, "standing unlimited
21 appropriation" means an appropriation made from any state fund
22 for more than one fiscal year where the law making the
23 appropriation does not specify the exact dollar amount to be
24 appropriated. "Standing unlimited appropriation" includes,
25 but is not limited to, an appropriation under phase II in
26 section 294A.9, phase III in section 294A.14, school
27 foundation aid under section 257.16, programs for at-risk
28 children under section 279.51, and transportation for
29 nonpublic students in section 285.2.

30 2. Notwithstanding the law authorizing a standing
31 unlimited appropriation for fiscal years beginning on or after
32 July 1, 1994, allotments of a standing unlimited appropriation
33 shall not exceed the amount of the appropriation actually
34 expended for the previous fiscal year unless the general
35 assembly by a constitutional majority agrees to increase the

1 allotments and the governor approves the increase.

2 Sec. 4. Section 8.6, Code Supplement 1991, is amended by
3 adding the following new subsections:

4 NEW SUBSECTION. 16. To review the treasurer of state's
5 report concerning the bonding levels and activities of the
6 state board of regents and to monitor the lease-purchase and
7 lease agreements of state agencies, and the purchases made by
8 state agencies. An annual report shall be provided to the
9 general assembly within the first month of the convening of a
10 regular session which report covers the fiscal year ending
11 prior to the convening of the session.

12 NEW SUBSECTION. 17. To analyze the cost to the state and
13 local governments of federal mandates. The analysis shall
14 include, in addition to the actual cost, benefits and matching
15 moneys received by the state.

16 Sec. 5. Section 8.22, part II, Code 1991, is amended by
17 adding the following new unnumbered paragraph:

18 NEW UNNUMBERED PARAGRAPH. For fiscal years beginning on or
19 after July 1, 1993, the sum of the governor's recommendations
20 for appropriations from the general fund of the state plus all
21 bonding appropriations from the general fund of the state for
22 the ensuing fiscal year shall not exceed the least estimated
23 general fund revenue for the year in progress as adjusted by
24 subtracting the estimated tax refunds due or that will be
25 made by the revenue estimating conference prior to January 1
26 of last year in progress.

27 Sec. 6. Section 8.23, Code Supplement 1991, is amended to
28 read as follows:

29 .23 ANNUAL DEPARTMENTAL ESTIMATES.

30 Sec. 4. On or before September 1, prior to each legislative
31 session, all departments and establishments of the government
32 shall transmit to the director, on blanks to be furnished by
33 the director, estimates of their expenditure requirements,
34 including every proposed expenditure, for the ensuing fiscal
35 year, classified so as to distinguish between expenditures

1 estimated for administration, operation, and maintenance, and
2 the cost of each project involving the purchase of land or the
3 making of a public improvement or capital outlay of a
4 permanent character, together with supporting data and
5 explanations as called for by the director. The budget
6 estimates shall include for those agencies which pay for
7 energy directly a line item for energy expenses itemized by
8 type of energy and location. The For those designated
9 departments and establishments of the government and for the
10 designated fiscal years as provided in subsection 2, the
11 estimates of expenditure requirements shall be based upon
12 seventy-five zero percent of the funding provided for the
13 current fiscal year accounted for by program ~~reduced-by-the~~
14 ~~historical-employee-vacancy-factor-in-form-specified-by-the~~
15 ~~director~~ and the ~~remainder-of-the~~ estimate of expenditure
16 requirements prioritized by program. If the budget for the
17 current year includes a one-time capital appropriation, it
18 shall not be included in any budget estimates for the
19 following fiscal year. The estimates shall be accompanied
20 with performance measures for evaluating the effectiveness of
21 the program. If a department or establishment fails to submit
22 estimates within the time specified, the governor shall cause
23 estimates to be prepared for that department or establishment
24 as in the governor's opinion are reasonable and proper. The
25 director shall furnish standard budget request forms to each
26 department or agency of state government.

27 b. On or before November 15 all departments and
28 establishments of government and the judicial department shall
29 transmit to the department of management and the legislative
30 fiscal bureau estimates of their receipts and expenditure
31 requirements from federal or other nonstate grants, receipts,
32 and funds for the ensuing fiscal year. The transmittal shall
33 include the names of the grantor and the grant, or the source
34 of the funds, the estimated amount of the funds, and the
35 planned expenditures and use of the funds. The format of the

1 transmittal shall be specified by the legislative fiscal
2 bureau. In the case where federal grants, receipts, or funds
3 are involved, the transmittal shall also include the amount of
4 any required state match.

5 2. The following departments and establishments of the
6 government, beginning with the designated fiscal year and for
7 every sixth fiscal year thereafter, shall provide budget
8 estimates under subsection 1 based upon zero percent of the
9 funding provided for the current fiscal year and shall provide
10 for each program an evaluation concerning the program demand,
11 employee workload, productivity effectiveness, and other
12 relevant information concerning the program's performance:

13 a. For the fiscal year beginning July 1, 1993, the state
14 departments of agriculture and land stewardship, economic
15 development, education, and human rights, and the office of
16 auditor of state.

17 b. For the fiscal year beginning July 1, 1994, the state
18 departments of commerce, elder affairs, human services, and
19 public health, and the offices of governor's sub-cabinet, mass
20 privatization, secretary of energy and environmental
21 relations.

22 c. For the fiscal year beginning July 1, 1995, the state
23 departments for the blind, inspections and appeals, public
24 defense, and public safety, campaign finance distribution
25 commission, public employment service board, and board
26 of regents.

27 d. For the fiscal year beginning July 1, 1996, the state
28 departments of general services, justice, and revenue and
29 finance, the college student aid commission, the office of
30 governor, and the board of parole.

31 e. For the fiscal year beginning July 1, 1997, the state
32 departments of cultural affairs, employment services, natural
33 resources, and transportation, Iowa state civil rights
34 commission, and the Iowa law enforcement academy.

35 f. For the fiscal year beginning July 1, 1998, the state

1 departments of corrections, management, and personnel,
2 executive council, judicial department, and office of
3 treasurer of state.

4 Sec. 7. NEW SECTION. 17A.4A FISCAL REVIEW.

5 1. If the administrative rules review committee determines
6 that a proposed rule may cost the state more than one hundred
7 thousand dollars in a fiscal year or more than five hundred
8 thousand dollars over a five-year period, a fiscal note shall
9 be prepared on that rule. Notwithstanding the provisions of
10 section 17A.4, the effective date of a proposed rule for which
11 a fiscal note is required shall be delayed and the procedure
12 under section 17A.8, subsection 9, relating to the effective
13 date of a rule that has been delayed shall apply.

14 2. If the proposed rule is approved and adopted, following
15 the first complete fiscal year after its adoption, the agency
16 which proposed the rule shall submit a report of the actual
17 expenses incurred by the state and agencies and entities which
18 contract with the state in implementing the rule.

19 EXPLANATION

20 The bill establishes a state general fund expenditure
21 limitation beginning with the 1993-1994 fiscal year. The
22 limitation for a fiscal year equals the latest estimate of
23 general fund revenues, after deduction for refunds, for the
24 previous fiscal year plus one-half of the latest estimate of
25 general fund revenues, after deduction for refunds, for the
26 fiscal year. Both estimates are made by the revenue
27 estimating conference prior to January 1 of the previous
28 fiscal year. The limitation may only be exceeded by passage
29 of a joint resolution by two-thirds vote and by the approval
30 of the governor. If the joint resolution is not passed,
31 before the general assembly can adjourn the session, the
32 department of management and legislative fiscal bureau must
33 certify that the limitation has not been exceeded. If they
34 certify that it has been, the general assembly must pass a
35 bill reducing appropriations already enacted.

1 The bill prohibits the general assembly from creating a new
2 program unless funding for the first fiscal year is provided
3 in the same Act.

4 Beginning with the 1994-1995 fiscal year, allotments of a
5 standing unlimited appropriation shall not exceed the amount
6 actually expended the previous year unless the general
7 assembly by a constitutional majority agrees to increase the
8 amount and the governor approves the increase.

9 The bill limits the governor's proposed general fund budget
10 beginning with the 1993-1994 fiscal year to an amount equal to
11 the revenue estimating conference's latest estimate for the
12 year in progress.

13 The bill requires the department of management to review
14 the bond levels and activities of the state board of regents
15 and monitor the lease-purchase and lease agreements of state
16 agencies.

17 The bill provides that rules of state agencies may not be
18 approved, if the cost to the state may exceed \$100,000 in one
19 fiscal year or \$500,000 over a five-year period, and a fiscal
20 note has not been filed.

21 This bill provides that over a six-year phase-in period
22 beginning with the 1993-1994 fiscal year, all state
23 departments and agencies must begin submitting their budget
24 estimates based on 0 percent of the funding for the current
25 fiscal year and must provide extensive performance evaluation
26 of each program. Each department and agency will go through
27 zero-based budgeting and extensive performance evaluation
28 every six years after the first fiscal year for which it must
29 base its estimates on 0 percent of current funding and
30 extensive performance evaluation according to a rotation plan
31 set out in the bill.

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