

What's in next year's \$8.9B state budget?

Iowa lawmakers call for 4.2% spending increase

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Changes to special education funding, a pay bump for judges and money for state park maintenance — just a few of the items tucked into Iowa's \$8.91 billion budget for the coming year.

Iowa lawmakers passed the state budget just before adjourning the 2024 legislative session April 20 and heading home for the year.

The spending marks an increase of 4.2%, or \$361 million, over last year's spending of \$8.55 billion.

Still, lawmakers budgeted far below what they could have.

This year, the Republican-controlled Legislature is spending just 79.8% of Iowa's \$11.16 billion in available revenue, leaving \$2.25 billion unspent. Iowa is projected to end the coming fiscal year with a \$2.41 billion surplus, \$929.9 million in reserve funds and \$3.76 billion in the state's Taxpayer Relief Fund.

By law, the state can spend up to 99% of ongoing revenue.

This year's budget funds several notable items, including \$10 million for a new Division of Special Education within the Iowa Department of Education that will assume oversight duties over special education services currently performed by Iowa's Area Education Agencies.

Over the course of negotiations, lawmakers proposed several prominent line items that didn't make it into the final budget. Left by the wayside were a potential pay raise for lawmakers and statewide elected officials and changes to the state's district judicial nominating commissions that would have allowed the governor to appoint a majority of the commissions' members.

Gov. Kim Reynolds has yet to sign the new budgets. She has the power to veto specific line items included in budget bills.

Here's a look at what's in the state budget.

Standing appropriations, including K-12 education funding

General fund: \$4.61 billion (\$201.7 million increase)

What it funds: Senate File 2443 funds the state's annual standing appropriations, including \$3.78 billion in state aid for K-12 public schools and \$179.2 million for Iowa's private school education savings accounts.

Cuts to AEA budget: Lawmakers approved a \$32.5 million cut to the budget for the state's Area Education Agencies. That includes a \$7.5 million cut required by law and \$10 million to fund a new Division of Special Education within the Iowa Department of Education.

Lawmakers said they are using \$14 million to raise pay for paraeducators and other non-salaried school staff. The final \$1 million returns to the state's general fund.

Paraeducator pay increase: The \$14 million to raise pay for paraeducators and other non-salaried school staff was part of a deal struck in House File 2612, which overhauled the AEAs and raised teacher salaries.

Money for Iowa's education savings accounts: The state plans to spend \$179.2 million on education savings accounts, which families can use to pay private school costs. That's a \$51.3 million increase over what the state is spending on the program this year. Families approved for accounts will receive \$7,826 per student.

The nonpartisan Legislative Services Agency expects about 6,100 additional students to use education savings accounts in the coming year, which it predicts would bring total enrollment in the program to 22,900 students.

Immigration enforcement: The budget also includes \$2 million in new money for the Department of Public Safety to fund 12 positions "to address the rise in illegal immigration and related criminal conduct such as drug trafficking and human trafficking."

Health and Human Services

General fund: \$2.21 billion (\$88.6 million increase)

Other funds: \$468.5 million (\$360,000 increase)

What it funds: House File 2698 funds the Department of Health and Human Services, which includes the Department of Veterans Affairs.

Thrive Iowa: The budget allows HHS to spend up to \$8 million on "Thrive Iowa," a new program Reynolds announced in her Condition of the State address that will use state navigators to refer Iowans to services from private pro-



Lawmakers passed the state budget Saturday before adjourning the 2024 session of the Iowa Legislature. LILY SMITH/THE REGISTER FILE

viders, including churches and nonprofits. The program is modeled after Hope Florida, a similar program that Florida Gov. Ron DeSantis put in place.

Traveling nurse regulations: The bill places new regulations on staffing agencies for temporary nursing services. Agencies would be required to register with the Department of Inspections, Licenses and Appeals or face being banned from contracting with health care providers in Iowa. The department would be required to create a new system for the public to file complaints about temporary nursing staffers.

Temporary staffing agencies would be required to maintain liability insurance coverage and meet all state licensing and certification requirements. They would be barred from using noncompetes clauses for workers.

Staffing agencies would be required to submit quarterly reports to the Iowa Department of Health and Human Services listing the average amounts they charge to the health care providers they contract with, and the average pay each type of temporary health care worker receives.

Nursing home trainings: The state's Department of Inspections, Licensing and Appeals is required to provide semi-annual training for nursing homes and nursing home inspectors covering at least three of the 10 most common citations issued during the preceding year.

Education

General fund: \$1.02 billion (\$35.4 million increase)

Other funds: \$34 million (no change)

What it funds: Senate File 2435 funds operations and staffing for Iowa's Department of Education, Department for the Blind and the universities governed by the Board of Regents.

Division of Special Education: The budget allocates \$10 million to fund a new Division of Special Education created within the Iowa Department of Education as part of Reynolds' bill overhauling the AEAs. The division is authorized to hire up to 62 positions responsible for overseeing the special education services provided by the AEAs. Its funding will come from money previously allocated to the AEAs.

DEI restrictions on campus: Language in the budget prohibits the University of Iowa, Iowa State University and the University of Northern Iowa from establishing, maintaining or assigning employees for diversity, equity and inclusion operations, as well as compelling or requiring DEI statements from anyone. The ban excludes positions solely focused on compliance with state and federal law.

The language codifies existing directives the Iowa Board of Regents adopted last fall.

2.5% funding increase for public universities: The University of Iowa, Iowa State University and the University of Northern Iowa see a 2.5% funding increase through this budget, about \$12.3 million, bringing total state general aid funding for the Board of Regents to \$573 million.

The state's community colleges receive a 3% funding increase, or \$7 million, bringing their total state general aid funding to \$236 million.

Open enrollment deadline for schools: Iowa parents will face a March 1 deadline to let schools know if they plan to open-enroll their student in another school district. The deadline contains exceptions for good cause. The language in the budget reverses a law passed just two years ago that removed the deadline.

Chronic student absences: The bud-

get includes language setting new rules for schools governing when students must be considered chronically absent. It requires schools to meet with students and parents if a student has missed 15% of school days and to create an absenteeism prevention plan.

Violating the terms of the plan would be considered a misdemeanor public offense, punishable by a fine, jail time or community service.

Justice system

General fund: \$693.3 million (\$24 million increase)

Other funds: \$19.5 million (no change)

What it funds: House File 2693 funds the Iowa Department of Corrections, Department of Justice, Department of Public Safety, Department of Homeland Security and Emergency Management, Office of the State Public Defender, the Board of Parole and the Iowa Law Enforcement Academy.

Higher salaries for starting corrections officers: The budget includes a \$11.9 million increase for the Department of Corrections that will allow the department to hire new corrections officers at a starting salary of \$24 per hour. The department will be required to send a report to lawmakers by Dec. 15 detailing how the higher starting pay affects the overall salary scale for current state prison employees.

Raises for court-appointed attorneys: Pay for court-appointed attorneys is going up by \$3 per hour. It's the third year in a row that lawmakers have raised pay for indigent defense attorneys, who represent low-income Iowans.

The new pay rates will be \$86 per hour for class A felonies, \$81 per hour for class B felonies and \$76 per hour for all other cases.

Boost for attorney general's office: Iowa Attorney General Brenna Bird will receive a \$2.8 million budget increase, allowing her office to hire six new full-time employees.

Transportation

General fund: \$0

Other funds: \$453.1 million (\$1.8 million decrease)

What it funds: Senate File 2422 funds the Department of Transportation and transportation-related infrastructure. The department is funded through the state's Road Use Tax Fund and Primary Road Fund.

Infrastructure

General fund: \$0

Other funds: \$222.4 million

What it funds: House File 2691 funds major maintenance, repairs and improvements to infrastructure projects across the state, as well as renewable fuel infrastructure incentives, tourism efforts and more. The money comes from Iowa's Rebuild Iowa Infrastructure Fund and Technology Reinvestment Fund.

State park maintenance: The budget spends \$6 million on maintenance of Iowa's state park system, including \$1 million in one-time money for projects to increase accessibility to the parks for people with disabilities.

Iowa judicial branch

General fund: \$220.2 million (\$7.7 million increase)

Other funds: \$0

What it funds: Senate File 2436 funds Iowa's judicial branch.

Pay bump for judges: Lawmakers in-

cluded \$2.4 million for a 5% pay increase for all judges and magistrates, fulfilling a request from Iowa Supreme Court Chief Justice Susan Christensen to compete with neighboring states' salaries for judges. A lobbyist for the Iowa Judicial



Christensen

Branch told lawmakers Iowa will still be "dead last" in judicial salaries compared to surrounding states, even with the raise. The budget also includes changes to Iowa's judicial pension system that will result in the state picking up a higher percentage of the contributions, while lessening the amount judges need to put in.

Agriculture and natural resources

General fund: \$46 million (\$2.4 million increase)

Other funds: \$97.1 million (\$646,000 increase)

What it funds: Senate File 2421 funds the Department of Natural Resources and the Department of Agriculture and Land Stewardship.

Food assistance pilot program: \$200,000 will go toward the launch of a pilot program that helps schools and food banks purchase locally sourced foods through the Choose Iowa initiative.

State park maintenance: The budget spends \$1 million on state park maintenance, repair and refurbishment and another \$296,228 on improving state parks' accessibility for people with disabilities.

Aquifer mapping: The Iowa Geological Survey will receive \$250,000 to map and assess the conditions of the state's underground aquifers, including measuring the volume of groundwater available in Iowa, how quickly it replenishes and models for budgeting Iowa's water supply in the future.

Administration and regulation

General fund: \$71.6 million (\$1.1 million increase)

Other funds: \$67.1 million (\$246,000 increase)

What it funds: Senate File 2433 funds several of Iowa's statewide elected offices: the governor, the state auditor, the secretary of state and the state treasurer, plus their employees.

And it funds several administrative and regulatory agencies, including the Department of Administrative Services, the Department of Inspections, Appeals and Licensing, the Department of Management, the Department of Revenue, the Department of Insurance and Financial Services, the Iowa Utilities Board, the Iowa Public Information Board, the Iowa Ethics and Campaign Disclosure Board and the Iowa Public Employees Retirement System (IPERS).

Election training for county officials: A \$445,000 funding increase for Iowa Secretary of State Paul Pate will fund a team to train county auditors and office staff in election administration and compliance. Pate had asked for the money to help train poll workers around the state.

Another \$50,000 will go toward creating a pilot program for the secretary of state to identify ineligible voters. Iowa was one of a number of states last year that left the Electronic Registration Information Center, a multistate organization aimed at helping states improve the accuracy of their voter rolls.

Economic development

General fund: \$42 million (\$184,000 increase)

Other funds: \$34.4 million (no change)

What it funds: Senate File 2432 funds the Iowa Economic Development Authority, the Iowa Finance Authority, the Public Employment Relations Board, the Iowa Department of Workforce Development and the Iowa Board of Regents.

Automation in manufacturing: The budget sets out \$2 million for the Iowa Manufacturing 4.0 program, which aims to implement automation technologies such as advanced robotics, augmented reality and cybersecurity.

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