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Cornerstone Iowa Newsletter

Friday, January 12, 2024

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Week in Review

The Legislature convened Monday morning at 10:00 AM for the second year of the 90th Iowa General Assembly. Republicans hold the majority in both the Senate and the House. The House currently consists of 64 Republicans and 36 Democrats. The Senate currently consists of 34 Republicans and 16 Democrats.

This week consisted mostly of short, organizational standing committee meetings in the House and Senate. There were also a handful of bill subcommittee meetings that met at the end of the week. Work in both chambers will begin in full force starting on Tuesday next week.

On Monday morning, House and Senate leaders from both parties provided opening remarks to highlight priorities of their respective caucuses for the Legislative session. For the Republican caucus, one of the major priorities is education, include school security, education standards, and a comprehensive review of Iowa's higher education system. Other Republican legislative priorities include youth mental health services, law enforcement, and tax cuts.

For the Democratic caucus, priorities include support for public education, a woman's right to choose, expanded birth control access, middle-class tax relief, affordable childcare, lowering costs for families, legalization of adult use marijuana, youth mental health services, and gun safety.

This week included three major joint sessions for legislators to hear from the Governor, the Judicial Branch, and the National Guard. The Governor gave her annual Condition of the State on Tuesday evening. On Wednesday morning, Chief Justice Susan Christenson

Governor Reynolds's 2024 Condition of the State

On Tuesday evening, Governor Reynolds gave her Condition of the State address. The Governor started off by recognizing the bravery of the Perry High School principal and law enforcement officers and first responders who responded to the crisis at Perry High School on January 4.

Education

The Governor focused much of her speech on education. She proposed an increase in starting teacher pay to \$50,000, along with a requirement that pay for teachers with 12 or more years of experience be at least \$62,000. Additionally, she proposed that \$10 million be allocated to reward high-performing teachers.

The Governor also proposed changes to special education and Area Education Agencies (AEAs). Her proposal would move oversight to the Department of Education, and school districts would be able to control their special education funds instead of being mandated to give those funds to the AEAs.

The Governor announced that the state is providing a teacher training program focused on reading in an effort to increase student reading scores. Further, she announced that teachers will be required to pass a nationally recognized test and that colleges and universities will be required to make the Foundations of Reading assessment a graduation requirement for education majors.

Lastly, the Governor announced that the Iowa Board of Education will vote on applications for 8 new charter schools this month.

Taxes

The Governor proposed further decreases to the state's personal income tax. In 2022, the Legislature passed a law that would incrementally reduce personal income tax rates to 3.9%, with a full implementation in January 1, 2026. The Governor's new proposal would further lower the personal income tax to a flat rate of 3.65% for 2024 that would be retroactive to January 1. Additionally, starting in 2025, the personal income tax would be a flat rate of 3.5%. The Governor cited the FY 2023 year end surplus of \$1.83 billion and the \$900 million in state reserve funds as reasons to further lower personal income tax.

Additionally, the Governor proposed unemployment insurance reform, which would include reducing employers' unemployment insurance payments.

Health

The Governor proposed expanding Medicaid coverage for postpartum care from 2 months to 12 months for mothers who make under a certain income threshold. The Governor also announced a new initiative called Thrive Iowa that will use faith-based organizations and private sector networks to help Iowans find non-governmental assistance.

Behavioral Health

The Governor announced a plan to use opioid settlement funds to increase support for behavioral health services, along with drug prevention, treatment, and recovery. The Governor also proposed combining the 32 substance abuse and mental health regions into 7 behavioral health districts.

Committee recommendations, which would involve eliminating 111 of Iowa's 256 boards and commissions and streamlining the remaining. She also proposed an ongoing review of the state's regulatory system, which would involve a required cost-benefit analysis of new administrative rules and strengthen the requirement that rules be reviewed periodically to remain in place.

Security

The Governor announced a bill that would protect Iowa farmland from foreign interests by enhancing reporting and enforcement, increasing penalties, and providing more transparency. The Governor also discussed the deployment of Iowa National Guard soldiers, state troopers, and Department of Public Safety special agents to the US southern border in Texas in August and September of 2023.

For the full text of the Governor's speech and more information about her proposed initiatives, see the [Budget in Brief](#).

Governor Unveils FY 2025 Budget Proposal

In addition to delivering the Condition of the State on Tuesday, Governor Reynolds also unveiled her FY 2025 budget proposal. The 2025 fiscal year will begin on July 1, 2024, and run through June 30, 2025. The FY 2025 budget process started on October 1, 2023, when the departments released their budget requests.

The Governor recommended an increase to state General Fund spending of \$367.1 million (4.3%), for a total of \$8.919 billion. Much of the Governor's proposed increase is for education, including an additional \$96.1 million for teacher salaries, \$62.3 million for state foundation school aid, and \$51.3 million for education savings accounts.

A summary of the Governor's General Fund budget recommendations is below. For more information on the Governor's budget recommendations, see the LSA's [Analysis of the Governor's Budget Recommendations](#).

FY 2025 Governor's Recommendations

DESCRIPTION	FY 2023 Actual	FY 2024 Budget Estimate	FY 2025 Department Request	FY 2025 Governor's Recommended
Administration and Regulation	570,530,940	559,264,316	564,175,465	559,497,570
Agriculture and Natural Resources	37,245,451	38,824,683	40,324,683	39,954,201
Economic Development	47,833,969	37,441,222	36,941,222	37,524,075
Education	4,568,164,768	4,799,668,307	4,770,541,911	5,052,774,036
Human Services	2,203,114,981	2,266,016,754	2,272,715,308	2,353,620,530
Justice System	564,607,645	599,797,154	607,790,568	619,562,333
Judicial Branch	193,700,550	212,493,550	223,235,028	216,152,531
Legislative Branch	36,164,430	38,500,000	40,000,000	40,000,000
Total General Fund Appropriation	8,221,362,734	8,552,005,986	8,555,724,185	8,919,085,276

Iowa Caucuses Are Here!

The Iowa caucuses have finally arrived! Our state has seen many visits from presidential candidates in recent weeks, all leading up to the Iowa caucuses this Monday, January 15.

On Wednesday night, Drake University hosted a Republican debate between Florida Governor Ron DeSantis and former U.N. ambassador Nikki Haley, while at the same time former President Trump held a town hall in downtown Des Moines. The major questions at play for the Republican caucus are whether Trump will capture more or less than 50% of the vote, and whether Haley will surpass DeSantis in the final numbers.

Look for a recap of the Republican caucus results in next week's newsletter! As a reminder, for the Democratic caucus, the expression of presidential preference will be solely conducted via mail, so results will not be released until March 5.

Upcoming Town Halls

Representative John Wills

January 20 at 8:30am

Emmetsburg Chamber of Commerce, 1121 Broadway St, Emmetsburg, IA

Representatives Michael Bergan, Chad Ingels, and Anne Osmundson

Farm Bureau Legislative Forum

January 20 at 9:00am

Arlington Event Center, Arlington, IA

Representative Michael Bergan

Farm Bureau Legislative Forum

January 20 at 11:30am

Representative Jonn Wiils
 January 27 at 9:00am
 Spencer City Hall, 101 W 5th St, Spencer, IA

Representative John Wills
 January 27 at 11:00am
 Tweeters, 1027 HWY 71, Okoboji, IA

In the News

- [DSM Register: The Iowa Legislature is back. So how does it work? Here's your 2024 session cheat sheet.](#)
- [IA Capitol Dispatch: Iowa legislative session begins as activists rally for gun laws in wake of Perry shooting.](#)
- [Radio IA: Iowa House Speaker envisions new program to lure businesses to rural Iowa.](#)
- [The Gazette: New sports betting rules would make it tougher for athletes, minors to wager in Iowa.](#)
- [The Gazette: Iowa Legislature may tighten law over foreign farmland ownership.](#)
- [IA Capitol Dispatch: Iowa Gov. Kim Reynolds proposes special education changes, income tax cuts.](#)
- [IA Public Radio: How the Iowa caucuses work, why they're first — and why they're significant.](#)
- [DSM Register: Iowa's Condition of the Guard addresses Operation Lone Star, recruitment challenges.](#)
- [IA Public Radio: Iowa's chief justice calls for funding and public support for judges.](#)
- [KWVL: Iowa Senate Democratic Leader Pam Jochum will not run for reelection.](#)

Senate Week 2 Schedule

Monday, January 15	Tuesday, January 16	Wednesday, January 17	Thursday, January 18	Friday, January 19
NO SESSION IN HONOR OF MARTIN LUTHER KING HOLIDAY	10:00 SESSION 11:00 Natural Resources and Environment RM 116	9:00 SESSION 10:00 Local Government RM 116 11:00 Education RM 116	9:00 SESSION 10:00 Workforce RM 116	
Noon	Noon	Noon	Noon	Noon
	1:00 Judiciary RM 116 2:00 Veterans Affairs RM 116 3:00 State Government RM 116	1:00 Commerce RM 116 2:00 Technology RM 116 3:00 Transportation RM 116		

House Week 2 Schedule

	<p>10:30 Natural Resources RM 19 Labor and Workforce RM 102, Sup. Ct. Consult Judiciary RM 103, Sup. Ct. Chamber</p>	<p>9:00 Budget Sub Block 1 Admin and Reg Rm 19 Ag and Nat Res. Rm 102 Eco Dev. Rm 103</p> <p>10:30 Budget Sub Block 2 Justice Rm 19 RIIF Rm 102 HHS Budget Rm 103 Education Rm 304</p>	<p>9:00 Ways and Means RM 102, Sup. Ct. Consult Appropriations RM 103, Sup. Ct. Chamber</p> <p>10:30 Natural Resources RM 19 Labor and Workforce RM 102, Sup. Ct. Consult Judiciary RM 103, Sup. Ct. Chamber</p>	
Noon	Noon	Noon	Noon	Noon
	<p>1:00 Local Government RM 19 Agriculture RM 102, Sup. Ct. Consult Health and Human Services RM 103, Sup. Ct. Chamber</p> <p>2:30 Education RM 102, Sup. Ct. Consult Commerce RM 103, Sup. Ct. Chamber</p>	<p>1:00 Transportation</p> <p>Veterans Affairs RM 102, Sup. Ct. Consult</p> <p>2:30 Public Safety RM 19 Economic Growth and Technology RM 102, Sup. Ct. Consult State Government RM 103, Sup. Ct. Chamber</p>	<p>1:00 Education RM 102, Sup. Ct. Consult Commerce RM 103, Sup. Ct. Chamber</p>	<p>Note: Policy subcommittee times will be available: 1 hour prior to gavel-in, during the noon to 1 hour, and for one hour following the conclusion of the last policy committee meeting each day</p>

2024 Session Timeline

The full 2024 legislative calendar can be found [here](#). Below are key dates of interest.

JANUARY 8 – First day of session.

JANUARY 9 – The Governor's Condition of the State address. Governor Reynolds will discuss her budget and policy priorities.

FEBRUARY 16 – *First Funnel*. Final date for Senate bills and joint resolutions to be reported out of Senate committees and House bills and joint resolutions out of House committees.

MARCH 15 – *Second Funnel*. Final date for Senate bills and joint resolutions to be reported out of House committees and House bills and joint resolutions out of Senate committees.

APRIL 16 – 100th calendar day of the session. Per diem expenses end.

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Please don't hesitate to reach out to our team with any comments, questions, or concerns.

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Cornerstone is a full-service, bipartisan consulting firm specializing in federal and state government relations, public affairs and strategic communications, and advisory services.

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