

## FEDERAL UPDATE

### **Congress Approves Continuing Budget Resolution**

With the end of the federal fiscal year nearing, the U.S. House and Senate approved a continuing resolution to extend funding for the federal government through December 11, 2014. The 21-page resolution funds government at an annual rate of just over \$1 trillion and avoids another government shutdown for now. The resolution was approved with language authorizing a program to train and equip moderate Syrian rebel groups to fight the Islamic State in Iraq and Syria (ISIS) and funding to combat the Ebola epidemic. Congress has since taken a recess through the midterm elections.

### **Federal Budget Overview for 2014**

According to the Congressional Budget Office (CBO), the federal government ran a budget deficit of \$589 billion for the first 11 months of fiscal year 2014, which was roughly \$166 billion less than the shortfall over the same period last year. Through the end of August, revenues were about 8 percent higher and spending was about 1 percent higher than at the same point last year. Individual income taxes and payroll taxes together rose by 6 percent, corporate income taxes rose by 14 percent, and receipts from the Federal Reserve rose by 32 percent. CBO's most recent budget projections estimate the deficit for fiscal year 2014, which ends on September 30, 2014, to total \$506 billion, about \$170 billion less than last year's deficit.

### **USDA Awards \$59 Million for Rural Development; \$5.3 Million in Iowa**

The U.S. Department of Agriculture (USDA) last week announced \$59 million in loans and grants to 78 utilities and development organizations to boost economic growth in rural communities. The Rural Economic Development Loan and Grant (REDLG) program provides grants and zero interest loans to electric cooperatives to pass through to local businesses for development projects. Awards for Iowa projects include the following:

- **Farmers Electric Cooperative:** \$200,000 grant to help the John Wayne Birthplace Society improve the interior of the museum and add new educational displays.
- **Allamakee-Clayton Electric Cooperative:** \$680,000 loan and a \$300,000 grant to help build a fire station to serve the City of Waukon and surrounding townships.
- **Pella Cooperative Electric Association:** \$1 million loan to renovate and expand the Knoxville Hospital and Clinic campus.
- **Northwest Iowa Power Cooperative:** \$1 million loan to help Monogram Prepared Meats, LLC expand its food processing capacity.
- **Nishnabotna Valley Rural Electric Cooperative:** \$1 million loan to help Monogram Prepared Meats, LLC expand its food processing capacity.
- **Midland Power Cooperative:** \$300,000 grant to construct a multi-purpose building that will be used a fire station, city hall, and community center in Gilbert.
- **Central Iowa Power Cooperative:** \$300,000 grant to renovate and expand the Knoxville Hospital and Clinic campus.
- **Spencer Municipal Utilities:** \$300,000 grant to help Northwest Iowa Mental Health dba Seasons Center for Behavioral Health renovate an existing building and expand therapy counseling services at its children's center.

## STATE UPDATE

### **Governor Branstad Issues Disaster Proclamations**

Throughout the past month, Governor Terry Branstad has issued disaster proclamations for Iowa counties in response to severe weather events. The counties covered under the proclamations include Adair, Appanoose, Clarke, Guthrie, Madison, Ringgold, Union, and Warren. The Governor's proclamation allows state resources to be utilized to respond to and recover from the effects of severe storms and heavy rains. The proclamation also activates the Iowa Individual Assistance Program for each county, which provides grants of up to \$5,000 for households with incomes up to 200 percent of the federal poverty level or a maximum annual income of \$39,580 for a family of three. Grants are available for home or car repairs, replacement of clothing or food, and temporary housing. Applicants have 45 days from the date of the proclamation to submit a claim.

### **UNI Issues Iowa Small Business Report**

The University of Northern Iowa (UNI) recently released the 2014 Iowa Small Business Report, which is based on data collected from small business owners for the 2013 calendar year. The report examines sales trends, job growth or loss, capital acquired, and use of technology among business owners with 50 employees or less. The 2014 survey also measured business needs for technical assistance, networks and capital, and how small business owners are accessing those services and the value they place in them. The report found that small businesses contributed to a net increase of nearly 106,000 new jobs in Iowa last year, including 49,234 full-time and 56,611 part-time jobs. In addition, small employers hired an estimated 70,334 subcontractors. Of the new jobs, roughly 13 percent were full-time management positions with an average starting wage of \$22.54 per hour; and another 25 percent were full-time positions starting at \$15.60 per hour. The part-time positions averaged \$12.07 per hour to start. Iowa has an estimated 245,000 businesses with 50 or fewer employees. The full 2014 Iowa Small Business Report is available at [www.uni.edu/smallbizsurvey](http://www.uni.edu/smallbizsurvey).

### **Supreme Court Attempts to Speed-up Civil Lawsuits**

The Iowa Supreme Court announced a new set of court rules designed to reduce the cost and time needed to resolve many civil lawsuits. The rules allow plaintiffs in civil cases with less than \$75,000 at stake to use an expedited process in which cases must be tried within one year. The rules limit the motions that can be filed before trial and attorneys must limit their oral arguments to six hours to a six-member jury. The Court also made changes to pretrial rules that govern all civil cases. The new rules require both sides participate in a mandatory conference with each other shortly after the lawsuit is filed and provide initial disclosures and a litigation plan immediately thereafter. The change is intended to avoid surprises and get basic information about the facts of the dispute out early in an attempt to avoid unneeded litigation delay and expense.

### **Two-thirds of Iowa Schools Miss NCLB Goals**

A recent Iowa Department of Education annual report shows 66 percent of Iowa's 1,288 public schools missed mandated goals under No Child Left Behind (NCLB). The federal law requires annual testing to show proficiency in reading and mathematics. Iowa applied for a waiver but has not been granted one. The previous school year had 64 percent of 1,361 schools not meeting standards.

### Iowa Businesses Receive Property Tax Relief

This month marks the first installment of the property tax reform legislation approved by the Legislature last year. Iowa businesses received a \$127.3 million reduction in property taxes based on a 5 percent rollback on commercial and industrial tax rates, which were previously taxed at 100 percent, and a new tax credit, which 70,444 Iowa business property units applied for this year. Under the legislation, local governments were reimbursed over \$78 million in state funding to cover the cost of applying the rollback to commercial and industrial property tax rates. The legislation provided that commercial and industrial properties be assessed at 95 percent of valuation beginning January 1, 2013, and 90 percent on January 1, 2014. It also lowered the maximum tax assessment growth rate for residential and agricultural properties from 4 percent to 3 percent. The reform package is projected to yield a total of \$4.4 billion in property tax relief over ten years.

### Upcoming Activities in 2014

IAEC Managers Fall Conference – October 1-3  
 CIPCO Employee Recognition Meetings – October 13-16  
 CIPCO Managers Group Meeting – October 21  
 IADG 2014 Partners Forum – October 23-24  
 CIPCO Board of Directors Meeting – October 28

West Des Moines  
 CIPCO Office Locations  
 Des Moines  
 West Des Moines  
 Des Moines

### CONSUMER PRICE INDEX

% Change	Apr	May	Jun	Jul	Aug	12-Mo Avg
<b>CPI</b>	0.3	0.4	0.3	0.1	-0.2	1.7

Source: Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov)

### MARKET TRENDS

% Change	Y-T-D	1-Yr Avg	5-Yr Avg	10-Yr Avg
<b>DJIA</b>	+3.24	+11.64	+15.41	+7.13
<b>NASDAQ</b>	+8.04	+19.14	+23.16	+14.26
<b>S&amp;P 500</b>	+7.28	+16.73	+17.97	+7.97

Source: [bigcharts.com](http://bigcharts.com), [treasury.gov](http://treasury.gov), 9/26/14