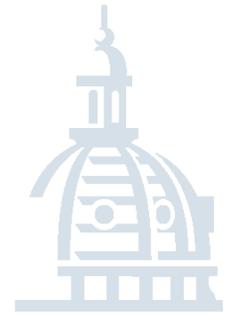


# FISCAL UPDATE

## Fiscal Services Division



June 11, 2014

### IN THIS ISSUE

School Aid Law Changes, page 6 Iowa Core Funding, page 6 Iowa Economic Development Authority Board, page 6 Map – Primary Care Physicians, page 9 Data Users Conference, page 9 College Student Aid Commission Funding, page 10 Motor Fuel Tax Rates Extended, page 10 Veterans Trust Fund Update, page 11	E911 Text Delivery, page 11 Criminal and Juvenile Justice Planning Advisory Council Meeting, page 11 Public Safety Advisory Board Meeting, page 12 Iowa Finance Authority Board Meeting, page 13 Workforce Development Board Meeting, page 13 Meetings Monitored, page 14
--	--

### SUMMARY OF GOVERNOR'S VETOES

**Governor's Action.** The Governor has signed, or item vetoed and signed, all of the appropriation acts. The following information summarizes the funding impact of the vetoes.

**Balance Sheet.** The General Fund balance sheet below reflects the condition of the General Fund after the Governor's vetoes. The Governor vetoed [SF 2363](#) (Bond Defeasance and Supplemental Appropriations Bill) in its entirety. Senate File 2363 included \$79.8 million in General Fund supplemental appropriations as well as a \$60.0 million appropriation from the Economic Emergency Fund excess (FY 2014 surplus carryforward) for the defeasance of the Vision Iowa Bonds.

**Vetoes.** The Governor also item vetoed a provision in [SF 2349](#) (Infrastructure Appropriations Act) that notwithstanding the FY 2015 General Fund standing appropriation of \$17.5 million for the Technology Reinvestment Fund (TRF). Under legislative action, the TRF was funded through the Rebuild Iowa Infrastructure Fund. Lastly, the Governor item vetoed a law change in [HF 2473](#) (Standing Appropriations Act) that shifted the funding for payment of State Appeal Board Claims (estimated at \$3.0 million) from the General Fund to the Economic Emergency Fund beginning in FY 2015.

**Summary of Vetoes.** A summary of the veto action for each appropriations act is included on pages 2-6 of this document with a weblink and contact information for each.

State of Iowa			
Projected Condition of the General Fund Budget			
(Dollars in Millions)			
	Actual FY 2013	Estimated FY 2014	Enacted FY 2015
<b>Funds Available:</b>			
Receipts	\$ 7,888.4	\$ 7,759.4	\$ 8,161.4
Refunds (Accrual Basis)	- 830.5	- 900.0	- 934.0
School Infrs. Refunds (Accrual Basis)	- 419.2	- 425.5	- 451.9
Accruals (Net)	13.1	37.9	22.0
Transfers	116.9	210.4	185.7
Net Receipts	6,768.7	6,682.2	6,983.2
Legislative Revenue Adjustments	0.0	- 2.4	- 19.6
Subtotal Receipts	6,768.7	6,679.8	6,963.6
Surplus Carryforward (Econ. Emer. Fund)	572.1	679.1	745.7
<b>Total Funds Available</b>	<b>\$ 7,340.8</b>	<b>\$ 7,358.9</b>	<b>\$ 7,709.3</b>
<b>Expenditure Limitation</b>			<b>\$ 7,639.4</b>
<b>Estimated Appropriations and Expenditures:</b>			
Appropriations	\$ 6,227.5	\$ 6,492.2	\$ 6,958.9
Supplemental/Deappropriations	204.2	79.8	
Governor's Item Vetoes		- 79.8	20.5
<b>Total Appropriations</b>	<b>\$ 6,431.7</b>	<b>\$ 6,492.2</b>	<b>\$ 6,979.4</b>
Reversions	- 18.6	- 14.4	- 5.0
<b>Net Appropriations</b>	<b>\$ 6,413.1</b>	<b>\$ 6,477.8</b>	<b>\$ 6,974.4</b>
<b>Ending Balance - Surplus</b>	<b>\$ 927.7</b>	<b>\$ 881.1</b>	<b>\$ 734.9</b>
<b>Under (Over) Expenditure Limitation</b>			<b>\$ 660.0</b>

**Acts Not Vetoed.** Some appropriation acts were signed by the Governor without item veto. These include:

- [SF 2342 – Administration and Regulation Appropriations Act](#)
- [SF 2347 – Education Appropriations Act](#)
- [HF 2449 – Judicial Branch Appropriations Act](#)
- [SF 2130 – Transportation Appropriations Act](#)

**Item Veto Summaries.** Following is a summary of the Governor's item vetoes of appropriation acts.

**[HF 2458 – Agriculture and Natural Resources Appropriations Act.](#)** The Governor signed HF 2458 on May 30, 2014, and item vetoed language that would have allowed the Department of Natural Resources (DNR) to spend money from the balance of the Fish and Game Protection Fund for salary adjustment. The Governor stated this item is unnecessary as the purpose of this Fund is to support fish and wildlife activities.

STAFF CONTACT: Deb Kozel (515-281-6767) [deb.kozel@legis.iowa.gov](mailto:deb.kozel@legis.iowa.gov)

**[HF 2460 – Economic Development Appropriations Act.](#)** The Governor signed HF 2460 on May 27, 2014, at the Facebook Data Center in Altoona, and item vetoed language that:

- Directs the first \$250,000 remaining in the Workforce Development Fund allocated for the Business Network Training Program to be allocated for the Apprenticeship Training Program. Section 39 of the Act will still divide all unexpended and unobligated funds evenly between the Job Training Fund and the Apprenticeship Training Program Fund.
- Makes numerous changes to the Jobs Training Program in Iowa Code chapter 260F including moving administration to the Department of Education, revising definitions, changing administrative costs formulas, eliminating programs and funds, and creating funds. The Governor stated that it was his preference to keep the 260F Program at the IEDA due to the program infrastructure already in place. The Governor also stated it is important to keep the 260F Program consistent and stable for the business community. As a result, the Workforce Development Fund, Business Network Training Program, and High Technology Apprenticeship Program will all remain in Code, but there will be no funding mechanism in place.
- Requires all High Technology Apprenticeship recipients in FY 2014 to receive the same amount of funding from the new Financial Assistance for Apprenticeship Training Program in FY 2015. The Governor stated that all Apprenticeship Programs applying for funds should comply with the same statutory funding formula.
- Creates an Apprenticeship Training Program Advisory Board within the Iowa Economic Development Authority (IEDA) to advise the IEDA on issues related to Apprenticeship Programs, promote the development and expansion of Apprenticeship Programs, and collaborate with the Department of Education to educate and promote apprenticeships training opportunities and careers to students in middle school and high school. The Governor vetoed this Section citing that the Board would not administer the financial assistance for the Apprenticeship Program because the awards are decided by a statutory formula, and that another advisory board would make government larger.

STAFF CONTACT: Kent Ohms (515)725-2200 [kenneth.ohms@legis.iowa.gov](mailto:kenneth.ohms@legis.iowa.gov)

**[HF 2463 – Health and Human Services Appropriations Act.](#)** The Governor signed HF 2463 on May 30, 2014, and vetoed the following:

- Section 3.4(p)(2) directing the Department of Human Services (DHS), the Iowa Collaborative Safety Net Provider Network, and the Iowa Primary Care Association to develop a long-term sustainability plan for the statewide regionally based network to provide an integrated health care delivery approach. The Governor stated it was duplicative of the DHS's continued efforts to work with stakeholders and study methods to modernize the Medicaid system.
- Section 6 requiring the Veterans Home report expenditures monthly to the Legislative Services Agency (LSA) and stated that the requirement was redundant and overly burdensome.
- Section 17 requiring the DHS to report on Medicaid cost containment strategies annually and stated that the LSA, the DHS, and the Department of Management (DOM) meet monthly and cost

containment information is shared at these meetings and this information is available in the State's accounting and budgeting systems.

- Section 18.23 requiring the DHS to perform an analysis of the Medicaid pharmacy benefit in the managed care organization plan for Medicaid members under the MEDIPASS Program and the Iowa Health and Wellness Plan (I-HAWP) and stated that it was unnecessary and duplicative of the efforts by DHS because they are continually evaluating new methods to better serve Medicaid patients in the most cost-effective way for taxpayers.
- Section 19.8 requiring the DHS to submit a progress report on the implementation of a uniform cost report and stated it was redundant and duplicative because the DHS already works with stakeholders and the information is available on request.
- Section 23.1 requiring the positions authorized at the Iowa Juvenile Home to be filled by the staff occupying the positions when the Home was closed in January 2014 and stated it was no longer necessary since the facility was no longer in service and is being maintained by the DHS in coordination with the Department of Administrative Services.
- Section 24.2 requiring the DHS to submit a report to the Governor and the LSA by January 1, 2015, concerning the status of juvenile delinquent girls in out-of-home placements between the dates of December 1, 2013, and December 1, 2014, and stated the DHS already tracks youth served and the outcomes the youth experience.
- Section 24.3 permitting the Director of the DHS to transfer funds between appropriations in this section and other DHS appropriations as necessary and stated the DHS currently has transfer authority and there is already a mechanism in place to notify the Legislature.
- Section 25.28 directing the DHS review of the feasibility of and benefits associated with expanding foster care, kinship guardianships, and subsidized adoptions to young adults involved in the child welfare system and stated there was a taskforce that conducted a review in 2009 and the DHS will proceed to update that study if any changes are needed.
- Section 32.1A specifying that it is the intent of the General Assembly that the DHS makes every possible effort to fill vacant authorized Field Operations positions, that the Department is not subject to any external Department approval within the number of FTE equivalent positions authorized for Field Operations, and that the Department must report to the Chairpersons and Ranking Members of the Appropriations Committees on the first of each month. The Governor stated that management must have the ability and flexibility to allocate resources where they are needed and the information in the monthly report is available in the State's accounting and budgeting systems.
- Section 58 permitting the DHS Field Operations to carryforward any unspent funding to FY 2015 and stated that carryforward language does not return predictability and sustainability back to government budgeting.
- Section 91 requiring the DHS to notify the Chairpersons and Ranking Members of the Health and Human Services Appropriations Subcommittee, the Chairpersons and Ranking Members of the Human Resources Committee of the Senate and House, the LSA, and the legislative caucus staffs prior to submission of any Medicaid or hawk-i Program State Plan Amendment or Waiver to the Centers for Medicare and Medicaid Services (CMS) and stated the LSA, the DHS, and the DOM meet on a monthly and quarterly basis to determine projections for these services and this information is already provided to the Legislature and can be available on request.
- Division XIII establishing an electronic asset, income, and identity eligibility verification system for individuals that apply for Medicaid on the basis of being aged, blind, or disabled and stated that it depends on one-time funding from SF 2363 (FY 2014 Bond Defeasance and Supplemental Appropriations Bill) and the Bill was vetoed in its entirety.
- Section 98.7 specifying that if a health carrier or pharmacy benefits manager fails to use or accept the prior authorization form within 72 hours of the health care provider's submission then the form is to be considered approved and stated this requirement creates inconsistencies between State and federal insurance regulations and these requirements are best implemented through administrative rules.
- Division XIX establishing an initiative within the Department of Public Health (DPH) to develop and implement a plan for Iowa children to become the healthiest children in the nation by January 1, 2020, and stated the current Healthiest State Initiative has and will continue to assist children and the creation of a new program is duplicative.
- Division XX requiring the DHS to engage with stakeholders to review the potential for development and submission of a Medicaid State Plan Amendment to cover Home and Community Based

Services (HCBS) for eligible individuals 65 years of age or older and stated this effort is already being conducted on a regular basis and there is no need to duplicate government services.

STAFF CONTACT: Jess Benson (515-281-4611) [jess.benson@legis.iowa.gov](mailto:jess.benson@legis.iowa.gov)

**HF 2450 – Justice System Appropriations Act.** The Governor signed HF 2450 on May 30, 2014, and vetoed Section 6.1(c). The language prohibits the Department of Corrections (DOC) from entering into new contracts in excess of \$100,000 for privatized services during FY 2015, without prior notification of the Chairpersons and Ranking Members of the Justice System Appropriations Subcommittee, and without any prior consultation with any affected employee organization.

**Rationale.** The Governor stated the language prevents the DOC from obtaining services in an effective and efficient manner, and the notification requirement impedes the DOC's management authority.

STAFF CONTACTS: Beth Lenstra (515-281-6301) [beth.lenstra@legis.iowa.gov](mailto:beth.lenstra@legis.iowa.gov)  
Jennifer Acton (515-281-7846) [jennifer.acton@legis.iowa.gov](mailto:jennifer.acton@legis.iowa.gov)

**SF 2349 – Infrastructure Appropriations Act.** The Governor signed SF 2349 on May 30, 2014, and item vetoed the following:

- Section 1.1 – An appropriation of \$4.0 million from the Rebuild Iowa Infrastructure Fund (RIIF) to the Department of Administrative Services (DAS) for routine maintenance of State buildings.
- Section 1.7 (paragraphs b-d) appropriating \$6.0 million from the RIIF for FY 2014 to the Board of Regents for capital projects at the University of Iowa, Iowa State University and the University of Northern Iowa. The Governor's action left intact \$145.2 million in RIIF appropriations for the projects in FY 2016, FY 2017, and FY 2018.
- Section 7 – Deappropriating \$28.5 million in previously enacted RIIF appropriations to the Board of Regents for capital projects already in progress. With the veto of SF 2363 (Bond Defeasance and Supplemental Bill), that included replacement funding for the RIIF appropriations, there would have been no funding available for the completion of these projects.
- Section 10 – An increase of \$10.0 million in the previously enacted RIIF appropriation of \$14.0 million for major maintenance of state infrastructure. With this item veto, the appropriation will remain at \$14.0 million.
- Sections 17 and 18 – Section 17 delayed a General Fund standing appropriation to the Technology Reinvestment Fund (TRF) of \$17.5 million. Section 18 appropriated \$17.3 million from the RIIF to the TRF. The Governor stated that the funding for the TRF should come from the General Fund as required by statute. The effect of these vetoes is to increase appropriations from the General Fund and reduce appropriations from the RIIF.
- Section 19 – An appropriation of \$4.0 million from the RIIF to the Resources Enhancement and Protection Fund (REAP). The veto of SF 2363 also eliminated a \$5.0 million General Fund appropriation for the REAP. Prior to the vetoes, total funding for the REAP Fund from all sources (RIIF, General Fund, and standing appropriation from the Environment First Fund (EFF), total funding would have been \$25.0 million. With the vetoes, the REAP Fund will remain at the FY 2014 funding level of \$16.0 million.
- Section 20 – Required the DAS, when leasing space in downtown Des Moines, to solicit bids that agree to substantially the same terms and conditions as were secured in a response to a request for proposal conducted as required by [Iowa Code section 8A.321](#) on or after January 1, 2012.

STAFF CONTACT: David Heuton (515-725-0509) [david.heuton@legis.iowa.gov](mailto:david.heuton@legis.iowa.gov)

**HF 2473 – Standing Appropriations Act.** The Governor signed HF 2473 on May 30, 2014, and item vetoed the following provisions of the Act:

- Division II requiring payment of State Appeal Board claims be appropriated from the Economic Emergency Fund beginning in FY 2015 instead of the General Fund. The Governor stated that this change undermines best financial practices that require an economic emergency fund be used for emergencies.
- Section 12 that requires the Office of Grants Enterprise Management to submit a report to the LSA by December 1 of each year that lists all federal grants received during the most recently completed federal fiscal year with a value over \$1,000. The Governor stated that the requirement is unnecessary because the Iowa Code currently requires that all grant information be reported to the office of Grant Enterprise Management and that a report be submitted to the Legislature by January 31 of each year.

- Section 14 that extends the sunset for the one-month bona fide retirement period through the Iowa Public Employees' Retirement System (IPERS) for the Licensed Health Care Professionals from July 2014 to July 2016. The Governor stated that the IPERS Benefits Advisory Committee opposes an extension of this exemption and that the current four-month waiting period is reasonable.
- Division XII expands the types of government entities that can participate in the Flood Mitigation Program. The Governor stated that he agrees with the concept of this law change, but the changes could conflict with proposed reinvestment districts enacted last year. The Governor further stated that this item veto will allow the General Assembly time to work through this issue to ensure that flood mitigation and reinvestment districts receive the funding needed.

STAFF CONTACT: David Reynolds (515-281-6934) [dave.reynolds@legis.iowa.gov](mailto:dave.reynolds@legis.iowa.gov)

**SF 2363 – Bond Defeasance and Supplemental Appropriations Bill.** The Governor vetoed SF 2363 in its entirety on May 30, 2014. The Bill provided General Fund supplemental appropriations totaling \$79.8 million for various one-time projects for FY 2014. The Bill also transferred \$60.0 million from the Economic Emergency Fund excess (FY 2014 surplus carryforward) to the Iowa Bond Repayment Fund for defeasance of the Vision Iowa Bonds. The Governor stated that it was necessary to veto the legislation due to declining revenues and future obligations related to previously enacted spending priorities on commercial property taxes and education reform. The Governor also stated that while there are items in the Bill that he supports, the veto was necessary to maintain long-term stability and predictability in the state's budget.

STAFF CONTACT: David Reynolds (515-281-6934) [dave.reynolds@legis.iowa.gov](mailto:dave.reynolds@legis.iowa.gov)

**Other Action.** The Governor also took action on the following legislation that will have a fiscal impact.

**Sales Tax Legislation.** This past session, the Governor signed four Acts that had an impact on the State sales and use tax. These include:

- [SF 2341](#) (Iowa Speedway Sales Tax Rebate Extension Act) – This Act modifies and extends the sales tax rebates for the Iowa Speedway. The sales tax rebate cap remains at \$12.5 million, but the repeal date was extended an additional 10 years (until June 30, 2026). The fiscal impact is estimated to be a reduction of General Fund revenues of at least \$400,000 annually, beginning in FY 2015. This Act was approved by the General Assembly on March 26, 2014, and signed by the Governor on April 2, 2014.
- [HF 2464](#) (Knoxville Raceway Sales Tax Rebate Act) – This Act provides a sales tax rebate to the Knoxville Raceway. The total rebated amount is not to exceed 25.0% of eligible Raceway project costs or \$2.0 million, whichever is less. Additionally, the rebate will expire June 30, 2025, or 30 days after fulfillment of the sales tax rebate amount, whichever occurs first. This rebate will result in an estimated \$79,000 reduction to General Fund revenue in FY 2015 (this item is rounded and shows as a reduction of \$100,000 on the attached General Fund balance sheet). This Act was approved by the General Assembly on April 23, 2014, and signed by the Governor on May 13, 2014.
- [HF 2446](#) (Fuel Trailers/Seed Tenders Sales Tax Exemption Act) – This Act provides a sales tax exemption for the sales of diesel fuel trailers and seed tenders when used primarily in agricultural production. Total state sales tax will be reduced by an estimated \$470,000 beginning in FY 2015, with a reduction in General Fund revenues of \$392,000 and \$78,000 in Secure an Advanced Vision for Education (SAVE) Fund revenues. This Act was approved by the General Assembly on April 23, 2014, and signed by the Governor on May 30, 2014.
- [SF 2364](#) (Environmental Testing Services Sales Tax Exemption Act) – This Act provides a sales tax exemption for certain environmental testing services. The revised fiscal estimate notes that beginning in FY 2016, the total state sales tax revenue is estimated to be reduced by \$1.2 million annually, including a reduction of \$1.0 million to the General Fund and \$200,000 to the SAVE Fund. This Act was approved by the General Assembly on April 30, 2014, and signed by the Governor on May 30, 2014. In addition to the sales tax exemption, Division II of the Act establishes a new Motorsports Recreational Vehicle (MRV) classification for purposes of motor vehicle regulation and driver licensing. This Division establishes an annual registration fee of \$400 for MRVs. The fiscal impact of Division II is currently unknown and any impact will occur to the Road Use Tax Fund.

STAFF CONTACT: Shawn Snyder (515-281-7799) [shawn.snyder@legis.iowa.gov](mailto:shawn.snyder@legis.iowa.gov)

---

**HF 2456 – Extension of Community College Levies.** On May 30, 2014, the Governor vetoed HF 2456. The bill authorizes the boards of trustees of the community colleges to extend the Facility Levy and the Equipment Levy for 10 years without voter approval. The bill gives the authorization to boards only if the levy had been voter-approved in two previous cycles and had been in place for 20 consecutive years. This legislation includes a provision for a “reverse referendum,” allowing voters to place the levy extension on the ballot by petition.

**Rationale.** The Governor expressed concern that the legislation took away decision-making power from the voters for property tax increases.

STAFF CONTACT: Robin Madison (515-281-5270) [robin.madison@legis.iowa.gov](mailto:robin.madison@legis.iowa.gov)

---

## **SCHOOL AID LAW CHANGES**

**Legislation.** This past session, the Governor signed three Acts that had an impact on school finance funding. These include:

- Early Retirement Incentive Payments from the Management Levy Act ([SF 220](#)).
- Shared Operational Functions Supplementary Weighting Update Act ([HF 2271](#)).
- Whole Grade Sharing and Reorganization Incentives Extension Act ([SF 2056](#)).

**Information.** The LSA has updated the document that tracks school finance law changes to reflect legislative action that occurred during the 2014 Legislative Session. The [document](#) provides a brief summary of the provisions from 1971 to present and is available on the LSA website at:

[https://www.legis.iowa.gov/docs/LSAReports/k12Education/PublicSchlFunding\\_LawChanges\\_1971\\_to\\_Present.pdf](https://www.legis.iowa.gov/docs/LSAReports/k12Education/PublicSchlFunding_LawChanges_1971_to_Present.pdf)

STAFF CONTACT: Shawn Snyder (515-281-7799) [shawn.snyder@legis.iowa.gov](mailto:shawn.snyder@legis.iowa.gov)

---

## **IOWA CORE FUNDING**

**Funding Eliminated.** [Senate File 2347](#) (FY 2015 Education Appropriations Act) eliminated the General Fund appropriation to the Department of Education for the Iowa Core. The Iowa Core received a \$2.0 million and \$1.0 million appropriation in FY 2013 and FY 2014, respectively. Legislation required the full implementation of the Iowa Core in high schools by the 2012-2013 school year and in grades K-8 by the 2014-2015 school year. For more information relating to the Iowa Core, click [here](#).

STAFF CONTACT: John Parker (515-725-2249) [john.parker@legis.iowa.gov](mailto:john.parker@legis.iowa.gov)

---

## **IOWA ECONOMIC DEVELOPMENT AUTHORITY (IEDA) BOARD**

**Due Diligence Committee Reinvestment District Meeting.** The Due Diligence Committee met on May 15, 2014, in Room 116 of the State Capitol to review the three [Reinvestment District](#) Proposals that qualified for the Program after the Reviewing Committee scored all applications. The cities of Des Moines, Waterloo, and Muscatine all presented and answered questions posed by the Board. The Due Diligence Committee will review these applications again and make recommendations to the IEDA Board in June. The June Board meeting will establish the “preliminary award” which can be revised by the board before it makes a “final award” later in the year.

**May Board Meeting.** The IEDA Board held its monthly meeting on May 16, 2014, in Des Moines. Financial assistance awards were made to nine businesses from the major incentives programs. Additionally, the Board took action on six projects from the Technology Commercialization Committee recommendations related to the Demonstration Fund. Adjustments to tax credit awards to the Redevelopment Tax Credit (Brownfields and Grayfields) contracts were made.

**Service Contract.** Finally, the Board authorized the IEDA to enter into a service contract with ISED Ventures for administration of the Targeted Small Business (TSB) Program. The TSB Program will provide loans of between \$5,000 and \$50,000 to business owners that are female, minority, or persons with disabilities. ISED Ventures will also provide Technical Assistance and mentoring to Program Participants. The contract will be for 24 months, possibly with an extension. There is currently

\$1.6 million available for program administration costs and loans. There is a report on the TSB Program due to the Governor and General Assembly at the conclusion of the contract.

**Tax Credit Information.** At this point in the fiscal year, the High Quality Jobs Program Fund and the Tax Credit Cap utilization are presented in the following tables.

<b>Tax Credit Cap Utilization</b>		
(in millions)		
<b>Fiscal Year</b>	<b>Statutory Cap*</b>	<b>Awards</b>
FY 2010	\$ 185.0	\$ 104.4
FY 2011	120.0	68.6
FY 2012	120.0	119.4
FY 2013	160.6	174.7
FY 2014 YTD	155.9	124.1

\*Excludes previous year awards counted against cap.

<b>Tax Credit Obligations</b>					
<b>Award Month</b>	<b>Business Awards (HQJC and EZ)</b>	<b>Housing Enterprise Zones</b>	<b>Brownfield Redevelopment Program</b>	<b>Innovation Investment Tax Credit</b>	<b>Total Available Balance</b>
Fiscal Year 2014 Allocations	\$ 123,300,000	\$ 26,700,000	\$ 10,000,000	\$ 10,000,000	\$ 170,000,000
Awards Made in FY 2013	-11,842,741	-2,225,078	0	0	
Available Cap in FY 2014	<u>\$ 111,457,259</u>	<u>\$ 24,474,922</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 155,932,181</u>
<b>Awards</b>					
July Awards	\$ 26,859,645	\$ 2,534,725	\$ 0	\$ 0	126,537,811
August Awards	0	2,212,955	9,230,071	0	115,094,785
September Awards	447,220	906,517	0	0	113,741,048
October Awards	12,078,120	3,931,541	0	0	97,731,387
November Awards	6,558,850	6,829,070	0	0	84,343,467
December Awards	937,956	2,585,143	0	0	80,820,368
January Awards	5,779,575	2,349,683	0	0	72,691,110
February Awards	2,004,125	5,079,421	0	0	65,607,564
March Awards	1,557,001	394,050	0	0	63,656,513
April Awards	24,858,554	1,347,200	0	0	37,450,759
May Awards*	4,897,868		769,929	0	31,782,962
FY 2014 Awards Total	<u>\$ 85,978,914</u>	<u>\$ 28,170,305</u>	<u>\$ 10,000,000</u>	<u>\$ 0</u>	
<b>Unobligated Balance Remaining</b>	<u><b>\$ 25,478,345</b></u>	<u><b>\$ -3,695,383</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ 10,000,000</b></u>	

\*Estimated from Project Award documents at that month's Board Meeting.  
Source: Iowa Economic Development Authority Board Documents

<b>High Quality Job Creation Cash Incentives</b>	
<u>Award Month</u>	<u>Amount</u>
<b>Revenue</b>	
Fiscal Year 2014 Appropriation	\$ 16,900,000
Balance Brought Forward	8,968,387
Principal Repayments	50,092
Interest Repayments	14,851
Other Revenue	38,525
<b>Total Revenue</b>	<b><u>\$ 25,971,855</u></b>
<b>Allocated Amounts</b>	
Administration	\$ 1,500,000
Laborshed Studies	275,000
Technical Assistance and Information Technology	650,000
Regional Financial Assistance	200,000
Innovation and Commercialization Transfer	5,000,000
Entrepreneur Investment Awards Program Transfer	200,000
Balance Brought Forward Obligations	5,996,000
Mainstreet Program Allocation	1,000,000
<b>Awards Obligated</b>	
July Awards	\$ 200,000
August Awards	0
September Awards	460,000
October Awards	3,370,000
November Awards	240,000
December Awards	75,000
January Awards	250,000
February Awards	486,000
March Awards	120,000
April Awards	240,000
May Awards*	287,500
<b>Total Allocations and Awards</b>	<b><u>\$ 20,549,500</u></b>
<b>Balance Remaining</b>	<b><u>\$ 5,422,355</u></b>
*Estimated from Project Award documents	
Source: Iowa Economic Development Authority Board Documents	
NOTE: The IEDA Board awarded \$1.0 million to Webfilings that is being counted on the FY 2016 obligation log.	

**Special Board Meeting.** The IEDA Board held a special board meeting on May 28, 2014, to review the Rule Waiver Petition received from the City of Davenport related to its Reinvestment District Program Application. Davenport’s proposal scored a 67, and the [Administrative Rules](#) for the Program establish a score of 70 and above as the necessary score for eligibility. Discussion by the board members focused around consistency for all program applicants at this point in the process, and the necessity for a waiver to meet all of the provisions set out in [the general rule chapter of waivers](#). The possibility for revising the application timelines in the future was discussed and will be considered further by the Board.

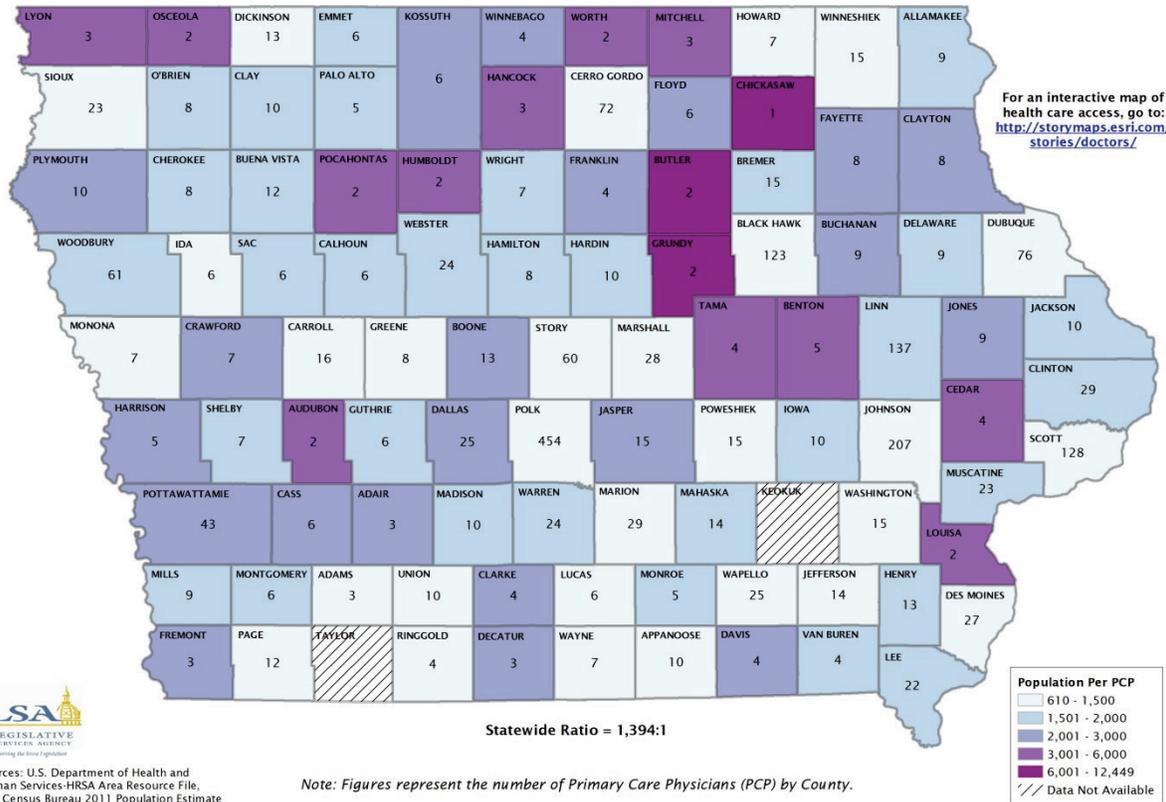
**Next Meeting.** The next meeting of the IEDA Board is scheduled for June 20, 2014, in Des Moines.

STAFF CONTACT: Kenneth Ohms (515-725-2200) [kenneth.ohms@legis.iowa.gov](mailto:kenneth.ohms@legis.iowa.gov)

**MAP – PRIMARY CARE PHYSICIANS**

**Map.** The following map shows the ratio of primary care physicians to total county population across Iowa, based on the 2011 population estimate of the U.S. Census Bureau. The figures for each county shows the number of actual primary care physicians. An interactive map of health care access across the United States is available at <http://storymaps.esri.com/stories/doctors>.

**Ratio of Primary Care Physicians to Total Population by County**  
2011-2012



This map and others are available online at <https://www.legis.iowa.gov/resources/mappingResources/mapOfTheWeek>.

STAFF CONTACT: Robin Madison (515-281-5270) [robin.madison@legis.iowa.gov](mailto:robin.madison@legis.iowa.gov)

**DATA USERS CONFERENCE**

**Conference Presentation.** The LSA was asked to make a presentation at the inaugural [American Community Survey \(ACS\) Data Users Conference](#), held May 29-30 in Washington, D.C. The intent of the conference was to facilitate information sharing among data users about key ACS data issues and applications. The LSA presented in the session: “Using ACS in GIS and Data Visualization Applications.” The objective of the presentation was to give an example of how the LSA displayed ACS Data by Legislative District, and demonstrate how those in attendance could replicate the same display of information. The application displaying the ACS Data by Legislative District can be found by clicking [here](#).

STAFF CONTACT: John Parker (515-725-2249) [john.parker@legis.iowa.gov](mailto:john.parker@legis.iowa.gov)

## COLLEGE STUDENT AID COMMISSION FUNDING CONSIDERATIONS

**Meeting.** The College Student Aid Commission met in Des Moines on May 16, 2014. Among the items discussed were several issues related to funding of the agency and its programs.

**Iowa Financial Literacy Program.** The Board approved a one-year extension of its contract with Ever-Fi to provide the Iowa Financial Literacy Program. It was noted that this is the last extension and Ever-Fi has been notified that the contract will not be renewed next year. The Commission has funded the contract through its Default Prevention Fund, and the cost of the final contract extension will deplete the Fund. Commission staff noted that some local banks and businesses fund the program for schools in their communities, and those programs have proven more successful than programs funded by the State. Participating schools are being notified that this will be the last year for State support of the Ever-Fi contract, and the Commission hopes to help find local support for those that wish to continue the program.

**FFELP Guaranty Agency Revenue Reduced.** Effective July 1, 2014, changes to federal law regarding rehabilitated loans issued under the discontinued Federal Family Educational Loan Program (FFELP) have the potential to reduce by half the Commission's revenue from Great Lakes Higher Education Corporation. In 2012, the Commission sold its FFELP portfolio to Great Lakes under a 10-year contract that provided for a portion of the revenue from managing the loans to be paid to the Commission. Recalculated revenue projections are being developed. The Commission is participating in an effort to have Congress take action to minimize the financial impact to guaranty agencies.

**Commission Administrative Costs.** The Commission discussed ongoing concerns about administrative funding for State-funded aid programs. While available funds for administrative costs are not being depleted as quickly as originally projected, it is estimated that they will run out within 10 years. New projections will be presented at the September meeting. Executive Director Karen Misjak noted that the Commission's office rent for its current space will increase in FY 2016 from \$51,000 to \$160,000. Currently, the rent is subsidized by the Department of Administrative Services (DAS) under an agreement reached when the Commission was required to move out of the Iowa Building in preparation for its demolition. The subsidization by DAS will cease at the end of FY 2015. It was also noted that the new Teacher Iowa Scholars Program, to be implemented in FY 2015, will be more costly to administer than the Commission's other aid programs because the payments must be made directly to individual teachers, rather than making lump sum payments to colleges.

**Annual Report.** The Commission received a presentation on the 2014 Annual Report that can be found at [www.iowacollegeaid.gov/sites/files/college\\_aid/2014ConditionReport.pdf](http://www.iowacollegeaid.gov/sites/files/college_aid/2014ConditionReport.pdf).

STAFF CONTACT: Robin Madison (515-281-5270) [robin.madison@legis.iowa.gov](mailto:robin.madison@legis.iowa.gov)

## MOTOR FUEL TAX RATES EXTENDED

**Fuel Tax Rates Extended.** [HF 2444](#) extends the motor fuel tax schedule that determines fuel tax rates for ethanol blended gasoline and unblended gasoline through FY 2015. The tax rate for ethanol-blended gasoline is 19.0 cents per gallon. The tax rate for unblended gasoline is 21.0 cents per gallon. Without this Act, tax rates for ethanol-blended and unblended gasoline would have been 20.0 cents. The Department of Revenue determines the gasoline tax rate based on the market share percentage of ethanol blended gasoline sold during the previous calendar year (Iowa Code section [452A.3](#)). During calendar year 2013 the percentage remained between 70.0 – 75.0%. The current fuel tax schedule, displayed to the right, expires on June 30, 2015.

Fuel Tax Schedule (Expires June 30, 2015)		
Ethanol-Blended Market Share Percentage	Ethanol- Blended Tax	Unblended Gasoline Tax
0% - 50%	19.0	20.0
50% - 55%	19.0	20.1
55% - 60%	19.0	20.3
60% - 65%	19.0	20.5
65% - 70%	19.0	20.7
70% - 75%	19.0	21.0
75% - 80%	19.3	20.8
80% - 85%	19.5	20.7
85% - 90%	19.7	20.4
90% - 95%	19.9	20.1
95% - 100%	20.0	20.0

---

**Revenue Impact.** This change is estimated to reduce revenue to the Road Use Tax Fund by \$6.3 million for FY 2015 compared to current law. Since the start of FY 2008, fuel tax rates have remained unchanged. At the end of FY 2015, when the current tax schedule sunsets, the tax rate for unblended and ethanol-blended gasoline will be 20.0 cents per gallon. However, the General Assembly has extended the fuel tax schedule by an additional year each of the last three Legislative Sessions.

STAFF CONTACT: Adam Broich (515) 281-8223 [adam.broich@legis.iowa.gov](mailto:adam.broich@legis.iowa.gov)

---

### VETERANS TRUST FUND UPDATE

**Fund Balance.** As of May 31, 2014, the Veterans Trust Fund Balance is \$19.8 million. The total principal balance is \$19.5 million. The Trust Fund's total remaining amount for expenditure (including the interest income and the lottery transfer) is approximately \$165,000. Expenditures to date for FY 2014 total approximately \$254,000.

STAFF CONTACT: Jennifer Acton (515-281-7846) [jennifer.acton@legis.iowa.gov](mailto:jennifer.acton@legis.iowa.gov)

---

### E911 TEXT DELIVERY

**Background.** Currently, the only location in Iowa that can receive text to 911 is Black Hawk County through the wireless service provider, iWireless. There are currently four wireless carriers that have indicated they are ready to deliver text to 911 messages to the Public Safety Answering Points (PSAPs) including: AT&T, Verizon, Sprint, and T-Mobile.

**Federal Rules.** According to Federal Communication Commission (FCC) rules, once the wireless carriers receive a request from a PSAP, they have six months to complete the work. The State will decide when the request will be made to the carriers for the PSAP upgrades. Until all the carriers are capable of delivering text to 911, a 911 message via text sender will receive a bounce back message that states text to 911 is not available and to please call 911. Regular 911 phone calls received over mobile or landline can provide location information. Calls received via text message currently cannot provide the location of the call.

**Upgrades.** The Public Safety Answering Points were notified that they have until December 31, 2015, (FY 2016) to upgrade their call taking equipment to Internet Protocol/Session Initiation Protocol enabled (or IP/SIP enabled). The PSAPs must be upgraded before the wireless carriers can deliver the text messages. The rollout will be handled in phases, the same way the Wireless Phase 2 was, and will not occur until the PSAP is capable of handling that technology. Even if the State was able to request text to 911 for all the PSAPs at once, the carriers would have no way to provide this to all of the PSAPs at the same time.

**Funding.** The Department of Homeland Security and Emergency Management does not consider this an unfunded mandate since every PSAP is eligible to apply for funding through the carryover grant program. No more applications are being taken for FY 2014 because there is not enough time to purchase and install the equipment in 30 days. For FY 2015, each PSAP is eligible to apply for up to \$100,000 to be expended by June 2015. If the PSAP call-taking equipment does not have this capability, then that PSAP will not be able to handle text messages. As of May 28, 2014, 10 PSAPs have been upgraded and part of the delay is testing equipment from vendors with the network in Iowa for SIP messaging that required some vendor software to be rewritten.

STAFF CONTACT: Jennifer Acton (515-281-7846) [jennifer.acton@legis.iowa.gov](mailto:jennifer.acton@legis.iowa.gov)

---

### CRIMINAL AND JUVENILE JUSTICE PLANNING ADVISORY COUNCIL MEETING

**Meeting.** The Criminal and Juvenile Justice Planning Advisory Council met May 19, 2014, at Polk County River Place. Dr. Paul Stageberg updated the Council on recent activities of the Criminal and Juvenile Justice Planning Division (CJJPD):

- Working with Georgetown University on the research for the Juvenile Justice Reform and Reinvestment Initiative (JJRRI) that is funded by the Standardized Program Evaluation Protocol (SPEP) grant received from the U.S. Department of Justice (U.S. DOJ).
- Working with the State Court Administrator's Office to enable the juvenile detention scoring tool to be housed online as part of the Iowa Court Information System (ICIS).
- Working on an evaluation of the enhanced drug courts for adult offenders and Family Drug Courts for juveniles.
- Working with the U.S. DOJ on Bureau of Justice Statistics (BJS) funding. The CJJPD receives about \$75,000 annually from the BJS to serve as the State's Statistical Analysis Center.
- Working primarily with the Department of Public Safety on the Criminal Justice Information System (CJIS).
- Completing the analysis of the 2011 data from the Uniform Crime Report (UCR). The CJJPD will start working on the 2012 data soon. The plan is to load the UCR data into the Justice Data Warehouse; that would make compliance with federal reporting requirements much more efficient.
- The CJJPD received additional funding to hire one staff position in FY 2014. Two people have been interviewed and the CJJPD intends to fill the position by the end of FY 2014.

**Five Year Plan.** The Advisory Council discussed several topics for the report, including:

- Special sentences for sex offenders and their effectiveness.
- Batterer's Education Program (BEP). The Iowa Code requires offenders convicted of domestic violence to attend treatment education. The current BEP has proven to be ineffective. The Department of Corrections (DOC) worked with the University of Iowa to create a new curriculum, Achieving Change Through Value based behavior (ACT-V). The program has been implemented in the Community-Based Corrections (CBC) District Departments.
- Human Trafficking. [Senate File 2311](#) was passed by the General Assembly April 8, 2014, and signed by the Governor April 24, 2014.
- Lack of mental health care in the juvenile and adult justice systems.
- It was noted that a public hearing should be held to seek comments and input from citizens.

**Legislative Monitoring Report.** Sarah Rabey, CJJPD staff, distributed a report that showed Bills passed by the General Assembly. The CJJPD is required to submit a Legislative Monitoring Report to the General Assembly. The Advisory Council discussed several topics, including elder abuse, human trafficking, medical cannabidiol, and earned time. The Advisory Board noted the Governor has not signed some of the legislation; it is appropriate to revisit the issue at its next meeting. The earned time issue was referred to the Public Safety Advisory Board.

**Future Meetings.** The Advisory Council plans to meet September 24 and November 19 at the Department of Public Safety building. A public hearing to receive input for the Five Year Plan is tentatively scheduled for October 17.

STAFF CONTACTS: Beth Lenstra (515-281-6301) [beth.lenstra@legis.iowa.gov](mailto:beth.lenstra@legis.iowa.gov)  
Jennifer Acton (515-281-7846) [jennifer.acton@legis.iowa.gov](mailto:jennifer.acton@legis.iowa.gov)

---

## **PUBLIC SAFETY ADVISORY BOARD MEETING**

**Meeting.** The Public Safety Advisory Board met May 19, 2014, at Polk County River Place. The Board reviewed and discussed:

- "Status Report: Juvenile Offenders Serving Life Sentences in Iowa." The Board discussed federal and state Supreme Court rulings regarding juveniles sentenced as adults to lengthy prison terms.
- "Analysis on the Effects of Earned Time for Inmates Charged with Robbery." The Board discussed the public safety implications and impact on sentencing structure if earned time is modified or eliminated. Currently, offenders sentenced to prison earn time off their sentence for certain behaviors, such as participation in programming, education, and work.
- Uniform Crime Report. The Department of Public Safety (DPS) maintains the database of reported crimes. The DPS contracts with the Criminal and Juvenile Justice Planning Division (CJJPD) to analyze the data and file required reports with the federal government. The final report for 2011 is being completed.

- Sex Offender Research Update. The Board discussed this topic in conjunction with the earned time issue. Ten years have passed since the enactment of special sentences for sex offenders. Iowa law requires sex offenders convicted of a Class D felony or lesser offense to serve a 10 year special sentence after the original sentence is served. Sex offenders convicted of a Class C felony or higher offense are sentenced to lifetime supervision. The CJJPD could review data to determine if the enactment of this law in 2005 has made Iowa safer.
- Issues for the December 2014 report. Items include detailed recidivism study of sex offenders and racial disparity in the criminal justice system.

**Future Meetings.** The Public Safety Advisory Board plans to meet September 24 and November 19.

STAFF CONTACTS: Beth Lenstra (515-281-6301) [beth.lenstra@legis.iowa.gov](mailto:beth.lenstra@legis.iowa.gov)  
Jennifer Acton (515-281-7846) [jennifer.acton@legis.iowa.gov](mailto:jennifer.acton@legis.iowa.gov)

---

### IOWA FINANCE AUTHORITY BOARD MEETING

**May Meeting.** The Iowa Finance Authority (IFA) Board of Directors met on May 7, 2014, at the IFA Building in Des Moines.

**Military Homeownership Assistance Program Resolution.** The Board unanimously adopted a resolution that would allow the IFA to use its general funds to supplement the Military Homeownership Assistance Program (MHOA) as a stop gap measure until FY 2015 appropriations are available on July 1, 2014, contingent upon the enactment of the FY 2015 appropriation. All the funding made available for this program in FY 2014 was reserved in early April and IFA posted a notice that all new MHOA funding requests are being wait-listed. The IFA estimates that \$80,000 would be utilized to continue to operate the program through June, all of which would be reimbursed to IFA from the FY 2015 General Fund appropriation of \$2.5 million (HF 2463 — FY 2015 Health and Human Services Appropriations Act) once received.

**Emergency Solutions Grant Allocation.** The IFA administers the statewide allocation of funds for the federal Emergency Solutions Grant (ESG) program, which provides assistance to help individuals and families experiencing a housing crisis to be quickly rehoused and stabilized. With funding from the federal Department of Housing and Urban Development (HUD), it provides support for a variety of programs such as emergency shelter operations, street outreach, homelessness prevention, and rapid rehousing.

**Sioux City.** In addition to the statewide allocation of ESG funds, HUD makes direct grants annually to cities designated as ESG entitlement cities. In Iowa, the entitlement cities for ESG include Sioux City and Des Moines. Sioux City has been designated an entitlement city for this purpose since 1987, receiving annual ESG appropriations totaling approximately \$84,000 in recent years. HUD recently transitioned to using the American Community Survey data to determine ESG allocations, and notified Sioux City it will subsequently lose its entitlement status for federal fiscal year 2014, but regain it in federal fiscal year 2015.

**Special Purpose Award.** As a one-time measure to make up this shortfall and prevent interruption of services for individuals and families experiencing or at risk of homelessness in Sioux City, the City of Sioux City has requested a special purpose award of \$79,762 in Iowa Statewide ESG funds, to be used from October 1, 2014 to September 30, 2015. The Board unanimously approved this request.

**Next Meeting.** The next regularly scheduled meeting of the Board of Directors is June 4, 2014.

STAFF CONTACT: Kenneth Ohms 515-725-7700 [kenneth.ohms@legis.iowa.gov](mailto:kenneth.ohms@legis.iowa.gov)

---

### WORKFORCE DEVELOPMENT BOARD MEETING

**May Meeting.** The [Workforce Development Board](#) met May 14, 2014, at the Iowa Association of Community College Trustees Building in Des Moines. The Board received an update on the Skilled Iowa Initiative, a recap on their legislative agenda, and an update on Registered Apprenticeship Programs being offered in the state and funding opportunities.

**Officer Elections.** The current Chairperson (Francis Giunta) and Vice-Chairperson (Sally Falb) were elected to their respective positions in May 2013. Although the Board votes on officers annually, it

generally operates as though these are two year terms. With the board terms of the current officers expiring and not being reappointed, a new election for the interim period was necessary. The Board elected Andy Roberts (Labor Representative) Chair and Dee Vanderhoef (Business Representative) Vice Chair. This maintains the existing Board protocol of the one year remaining for the Labor Chair and Business Vice Chair.

**Unemployment Insurance Fraud Detection.** The Board received a presentation on the Iowa Workforce Development (IWD) contract with Pondera Solutions for Fraud Detection as a Service (FDaaS) on the Unemployment Insurance (UI) Program to stop fraud. Pondera has begun analyzing real time data for the UI Program against other data such as nationally incarcerated inmates, Quarterly Wage & Withholding Reports, or Experian, an information service group. The data is analyzed for indicators of fraud and provided back to IWD. Indicators include an incarcerated person filing for unemployment claims, a social security number that received multiple weeks for quarterly earnings and withholding payments while also filing unemployment claims, or concentrated out-of-state claims. These indicators are flagged and ranked for state investigators to follow-up, allowing them to focus on suspicious claims. In addition to detecting fraudulent claims, FDaaS is also working to identify worker misclassification and SUTA dumping. Funding is coming from a special UI Integrity Grant from the U.S. Department of Labor. Annual ongoing costs and funding sources are still being evaluated. As more is learned about fraud going on in the system, the IWD hopes that it will be able to improve the front-end applications process and procedures to protect against common fraud tactics.

**Next Meeting.** The next regular meeting of the Workforce Development Board is scheduled for September 25, 2014.

STAFF CONTACT: Kenneth Ohms (515-725-2200) [kenneth.ohms@legis.iowa.gov](mailto:kenneth.ohms@legis.iowa.gov)

### **MEETINGS MONITORED**

**Meetings Monitored.** The following meetings were monitored by Fiscal Services staff. Please contact the staff listed for more information.

<b>Meeting</b>	<b>Date</b>	<b>Staff Contact</b>
Iowa Finance Authority Board of Directors	May 7, 2014	Kent Ohms (5-2200)
Workforce Development Board	May 14, 2014	Kent Ohms (5-2200)
Due Diligence Committee	May 15, 2014	Kent Ohms (5-2200)
Iowa Economic Development Authority Board	May 16, 2014 May 28, 2014	Kent Ohms (5-2200)
Public Safety Advisory Board	May 19, 2014	Beth Lenstra (1-6301) and Jennifer Acton (1-7846)
Criminal and Juvenile Justice Advisory Council	May 19, 2014	Beth Lenstra (1-6301) and Jennifer Acton (1-7846)
State Historical Society of Iowa Board of Trustees	June 4, 2014	Kent Ohms (5-2200)
Iowa Arts Council	June 5, 2014	Kent Ohms (5-2200)

This document is available online at: <https://www.legis.iowa.gov/publications/fiscal/fiscalUpdate>