

FISCAL UPDATE

January 27, 2003

Legislative Fiscal Bureau

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<http://staffweb.legis.state.ia.us/lfb>

UPDATE ON THE RACING ASSOCIATION OF CENTRAL IOWA (RACI) CASE

RACI Case



The Racing Association of Central Iowa (RACI), Dubuque Greyhound Association, Dubuque Racing Association, and Iowa West Racing Association sued the State regarding tax rates applicable to adjusted gross receipts from gambling games at both racetracks and riverboats. Gaming revenues generated from slot machines and table games were taxed at different rates for riverboats and racetrack establishments. On June 12, 2002, the Iowa Supreme Court issued a ruling stating it was unconstitutional for the State to collect taxes at a higher rate for racetrack gaming than for riverboat gaming. The case was remanded to the district court for further action. As a result, the State began collecting taxes from racetrack establishments at the lower rate, which resulted in an estimated \$40.4 million reduction in tax revenues for FY 2003. Additionally, the State could be held liable for overpayment of gaming taxes in the amount of \$112.0 million.

U.S. Supreme Ct. to Rule

The Office of the Attorney General appealed the Iowa Supreme Court ruling to the U.S. Supreme Court. On January 17, 2003, the U.S. Supreme Court agreed to hear the case expeditiously. Oral arguments will be presented in April and a decision is expected in June.

STAFF CONTACT: Beth Lenstra (Ext. 16301) Douglas Wulf (Ext. 13250)

BOARD OF REGENTS MEETING - JANUARY 2003

Regents Board Meeting

The Board of Regents met on January 15 and 16 at the University of Iowa in Iowa City. Significant agenda items included:

Governance Report

Governance Report on Economic Development and Technology Transfer. Highlights of the Report included:



- During FY 2002, the Regents universities competed for and received \$587.1 million in gifts, grants, and contracts from federal agencies, corporations, and foundations for designated research and development endeavors. This was a record increase of \$72.1 million (14.0%) compared to FY 2001.

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- The universities reported a total of 619 corporate-sponsored research contracts, compared to 791 in FY 2001.
- The universities reported 189 disclosures of intellectual property, compared to 181 in FY 2001.
- In FY 2002, 126 patent applications were filed, compared to 134 in FY 2001. The number of patents issued was 66, compared to 77 in FY 2001.
- The universities also executed 344 license and option agreements during FY 2002.

Strategic Plans

Each of the universities and the special schools gave presentations of the strategic plans at the Board meeting in October 2002. The Board gave final approval to the plans.

Performance Indicators



Annual Report on Performance Indicators. This Report provided a comprehensive list of performance indicators and common data sets and included five years of statistics. Following is a summary of trends in the six categories of measures:

- **Instructional Environment.** This includes measures of courses offered, class size, and instructional technology. The use of instructional technology is increasing. Class sizes are increasing. There is an increase in the percent of tenured and tenure-track faculty teaching undergraduates.
- **Student Profiles and Performance.** This includes measures of enrollment, graduation and retention rates, licensure examination pass rates, and career placement. Undergraduate enrollment increased 1.1%, professional student enrollment increased 0.4%, and graduate enrollment increased 1.9%. The six-year graduation rate improved at ISU and UNI. Pass rates on professional examinations remain high. The percentage of students employed after graduation decreased somewhat, which the Regents attribute to the State and national economy.
- **Educational Outreach and Service.** This includes measures of distance education offerings, extension clients, and service to patients. Credit and non-credit enrollments increased, as did the number of extension clients served.
- **Faculty Profile and Performance.** This includes measures of resignations, retirements, new hires, and sponsored research. For the fifth year in a row, the number of faculty resignations increased at ISU. Sponsored research funding increased.
- **Institutional Diversity.** This includes measures of minority faculty, staff, and students. Employment of racial/ethnic minorities remained stable but enrollment of racial/ethnic students increased.
- **Expenditures, Financing, and Funding.** This includes measures of cost per student, deferred maintenance, appropriations, and contributions. The unit cost of instruction increased, tuition increased, and deferred maintenance backlogs increased.

Organizational Review

The Board received a follow-up report on the recommendation related to total facility space needs, utilization, and criteria for design of new and renovated buildings. The Board agreed to retain the current procedures for assessing needs rather than develop a new model.

Professional Development Report

Report on Professional Development Assignments for FY 2002. During professional development assignments, faculty members are excused from classroom and other obligations, usually for one semester. Following the assignments, the faculty members are responsible for reporting the results of their assignments. A total of 135 faculty members undertook professional development assignments during FY 2002, a decrease of 10.6% compared to FY 2001. Total new costs for these assignments during FY 2002 was \$647,000.

Professional Development Requests

Requests for Professional Development Assignments for FY 2004. The universities requested the Board approve professional development assignments for 147 faculty members during FY 2004, an increase of 7.3% compared to FY 2003. The new cost of these assignments for FY 2004 is estimated at \$544,000. This represents 0.1% of the total faculty salary budget for FY 2003. The breakdown by institution includes:

- 88 for the University of Iowa (6.8% of eligible faculty).
- 39 for Iowa State University (2.7% of eligible faculty).
- 20 for the University of Northern Iowa (4.7% of eligible faculty).

Faculty Tenure

Annual Governance Report on Faculty Tenure. Tenure is a contractual employment status by which faculty appointments are continued indefinitely. Tenure is typically awarded after a faculty member serves a probationary period that usually lasts up to seven years. At most institutions, tenured faculty members are subject to dismissal only for adequate cause or budget concerns. Faculty positions are grouped in three categories: tenured (those that have attained tenure); tenure-eligible (probationary faculty on a tenure-track); and non-tenure-track (faculty not eligible for tenure). For FY 2003, the universities have a total of 6,594 faculty members. Of this total:

- 2,738 (41.5%) are tenured faculty members, a decrease of 75 (2.7%) compared to FY 2002.
- 897 (13.6%) are tenure-eligible faculty members, a decrease of 5 (0.6%) compared to FY 2002.
- 2,959 (44.9%) are faculty members not eligible for tenure, an increase of 124 (4.4%) compared to FY 2002.

National Comparison

According to the American Association of University Professors (AAUP) Faculty Compensation Survey for 2001-2002, Regents institution tenure percentages compare with peer institutions nationally as follows:

- 76.6% at the University of Iowa (SUI). Nationally, peer institutions range from 56.5% to 79.3%.
- 64.5% at Iowa State University (ISU). Nationally, peer institutions range from 58.3% to 79.3%.
- 70.6% at the University of Northern Iowa (UNI). Nationally, peer institutions range from 61.9% to 70.0%.

Faculty Resignations

Annual Report on Faculty Resignations. Resignations of university faculty totaled 164 in FY 2002, an increase of six (3.8%) compared to FY 2001. These include:

- 73 at SUI, an increase of 6 (9.0%).
- 58 at ISU, an increase of 3 (5.5%).
- 33 at UNI, a decrease of 3 (8.3%).

Diversity Programs

Annual Governance Report on Diversity Programs. Total minority employment for FY 2002 was 8.4%, an increase of 0.2% compared to FY 2001.

UNI Salary Report



Annual Salary Report for UNI. The salary report for the other Regents institutions was presented in October 2002. The Report for UNI was delayed because the faculty at UNI voted to delay the pay increase until November 2002. The UNI collective bargaining agreement provided for average increases of 5.6% for organized faculty. The University provided similar increases for nonorganized faculty, institutional administrators, and professional and scientific staff. The overall average faculty salary for FY 2002 was \$58,941. The average professional and scientific salary was \$47,483.

Banking Committee



Report of the Banking Committee. The Committee and the Board approved the following bond sales and resolutions:

- \$6.2 million sale of Indoor Multipurpose Use and Training Facility Revenue Bonds for ISU.
- \$9.2 million sale of Dormitory Revenue Bonds for UNI.
- \$6.2 million resolution for Utility System Revenue Refunding Bonds for the SUI.
- \$22.0 million resolution for Dormitory Revenue Bonds for ISU.

Next Meeting

The next regular meeting of the Board is scheduled for March 11-12 at Iowa State University in Ames. A telephone conference meeting is scheduled for February 19.

More Information

Additional information, including all Board docket information can be obtained at the Board's web site at: <http://www2.state.ia.us/regents/Meetings/meetings.html>

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IOWA EMPOWERMENT BOARD JANUARY MEETING

Empowerment Board Mtg.

The Iowa Empowerment Board met on January 10 in Des Moines. The Board approved changes to its by-laws to address conflicts of interest among board members, and it approved the redesignation of 34 Community Empowerment Areas that have completed three years of operation. The Board discussed the redesignation process and results of the interviews conducted with the 34 areas.

Child Care in Iowa



There were several presentations to the Board, including Sue Hegland of Iowa State University, who presented the results of an evaluation of the quality of child care in Iowa. The evaluation involved randomly selected infant child care centers, family care homes, and preschools. Shared Visions and Head Start programs were not included because they are generally part-day programs. The Report compared Iowa's results with those of Missouri, Nebraska, and Kansas. In general, Iowa scored much lower than the other states, especially in infant centers and family care homes.

More Information

For further information, please contact the LFB.

STAFF CONTACT: Robin Madison (Ext. 15270) Lisa Burk (Ext. 17942)

**IOWA CENTRAL COMMUNITY COLLEGE REPORT
COMPLETED BY DEPARTMENT OF EDUCATION****Focus Evaluation**

The Department of Education has completed a focus evaluation of Iowa Central Community College, and the State Board of Education will consider the Report at its January 16-17 meeting. The focus evaluation was conducted to address concerns stemming from criminal charges of falsification of student records in 2000 and issues raised by the Department of Criminal Investigation, which concluded its investigation in March 2002. The evaluation focused on the current integrity of student transcripts and the student record system, rather than the criminal investigation or its outcomes.

Recommendations

The focus evaluation resulted in three recommendations:

- The Instructional System and Process Improvement Team, appointed by the College President in January 2001, identified 17 initial areas for improvement in regard to student records and transcripts. As a result, procedures were approved by the Board of Trustees and implemented in all 17 areas to bring about change. The focus evaluation recommends that the Board review the procedures and adopt policy on the security of student records and transcripts.
- It is recommended that the Division of Computer Services develop a standard operating procedure manual to include procedures related to security, access, and historical data support. The Report suggests the College consult a third party with expertise in student record systems and student data to evaluate the College's technology. Specific suggestions related to the student record system include:
 - An additional level of security for individuals approved to enter grades.
 - Computer logout procedures for computers that are not in constant use.
 - An historical tracking process for all grades entered into the system, not just for grade changes.
 - A cross-training plan for technology staff.
- It is recommended that staff, in conjunction with the Board, conduct ongoing data-based research to determine the effectiveness of policies and procedures related to student records and transcripts.

Accreditation Evaluation

Iowa Central Community College is scheduled for a comprehensive accreditation evaluation in the spring of 2003, at which time the evaluation team will follow up on the results of the focus evaluation. The College must submit documentation of activities related to the three recommendations prior to that time.

More Information

Following approval by the State Board of Education, copies of the focus evaluation report will be distributed to members of the Government Oversight Committee. For further information, please contact the LFB.

STAFF CONTACT: Robin Madison (Ext. 15270)

IOWA COURT APPOINTED SPECIAL ADVOCATE PROGRAM ANNUAL REPORT

Report Issued



The Iowa Court Appointed Special Advocate (CASA) Program has issued its Annual Report for FY 2002. During that year, the CASA Program was transferred from the Judicial Branch to the Legislative Branch under the Citizen's Aide Ombudsman. Effective July 1, 2002, the CASA Program was placed under the Department of Inspections and Appeals as part of the Child Advocacy Board.

Volunteers

During FY 2002, the Program had 574 volunteers that provided 40,143 hours of their time serving 983 Iowa children. The volunteers represent the best interests of abused and neglected children in juvenile court proceedings.

Copies Available

Copies of the Program Report are available by calling 281-7621.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

FY 2003 GAMING REVENUE APPROPRIATIONS

Gaming Revenue

An estimated \$199.1 million of gambling revenue would be needed to fund the Rebuild Iowa Infrastructure Fund (RIIF) appropriations made for FY 2003, if all expenditures and other revenue remain the same.

Allocations



There are State allocations totaling \$155.0 million from gaming revenue before the remaining gaming revenue is transferred to the RIIF. The allocations include:

- \$60.0 million for the General Fund.
- \$15.0 million for Vision Iowa.
- \$5.0 million for the School Infrastructure Fund.
- \$75.0 million for the Endowment for Iowa's Health Account of the Tobacco Settlement Trust Fund.

Revenue Adjustments



There is a total of \$61.7 million of RIIF revenue adjustments and RIIF appropriations. They include:

- \$15.5 million appropriation to the General Fund from RIIF revenues.
- \$35.0 million appropriation to the Environment First Fund, of which \$18.4 million goes to the General Fund.
- \$11.2 million in RIIF projects appropriations.

Other Revenue



The RIIF has an estimated \$17.6 million available from other revenue for FY 2003. The other revenue includes:

- \$1.5 million in estimated RIIF interest.
- \$2.3 million in estimated FY 2003 Marine Fuel Tax revenue. If the Fuel Tax revenue does not reach \$2.3 million, an appropriation is to be made from the General Fund to reach the \$2.3 million funding for the RIIF.
- \$13.8 million from the balance brought forward from FY 2002 into FY 2003.

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NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (NOAA) TRANSMITTERS

Project Goal



The National Oceanic and Atmospheric Administration (NOAA) Weather Radio Expansion Project's basic goal is to provide the citizens of Iowa with a statewide, multi-hazard warning system. The first transmitter was installed at Fort Dodge in December 1999. One transmitter has the range of 40 miles. Each year, more transmitters are installed across Iowa.

Transmitters Installed

For the period of July 1, 2001, through June 30, 2002, transmitters were installed in Marshalltown, Maquoketa, Montezuma, Rathbun, Carroll, Lenox, Essex, Hancock, Sanborn, and Milford. Transmitters located in St. Ansgar, Burlington, and Fairfield had been installed the previous year. Four transmitters were added in FY 2001 and ten transmitters were added in FY 2002.

Future Installations

Seven additional towers are to be added in FY 2003. The transmitter at Van Wert was installed and activated December 19, 2002. The transmitter at Storm Lake should be installed by January 12, 2003. Decorah should be installed in either January or February of 2003. The proposed transmitter for Charter Oak may be moved to Denison and then an additional transmitter would be added in the Ringsted area. Transmitters will also be added in FY 2003 at Iowa Falls and in Hancock County.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

UNIVERSITY OF IOWA HOSPITALS AND CLINICS FINANCIAL REPORT FOR FY 2002

Report Issued



The University of Iowa Hospitals and Clinics recently reported financial information for FY 2002, as required by statute. This information indicated the following:

- Receipts of \$563.0 million exceeded disbursements of \$522.4 million for a net receipt total of \$40.6 million.
- Receipts include appropriations from the State General Fund totaling \$30.0 million. State appropriations accounted for 5.3% of the total receipts.
- The Fund balance on June 30, 2001, was \$385.5 million. The Fund balance on June 30, 2002, was \$426.1 million.

Copy Available

A copy of the entire report is on file with the Secretary of the Senate and the Chief Clerk of the House.

STAFF CONTACT: Mary Shipman (Ext. 14617)

ADMINISTRATION AND REGULATION APPROPRIATIONS SUBCOMMITTEE MEETINGS

Admin./Regulation



The Administration and Regulation Appropriations Subcommittee met on January 21, 22, and 23. The following agencies presented an overview of their agency, discussed potential issues, and responded to Subcommittee questions:

- The Department of Commerce, Tom Gronstal, Director.

- Department of Management, Cynthia Eisenhauer, Director. She also presented information on the new budget system, Integrated Information for Iowa (I/3).
- The Information Technology Department, Debbie O'Leary, Acting Director.
- Auditor's Office, David Vaudt, Auditor of State.
- Ethics and Campaign Disclosure Board, Charlie Smithson, Director.
- Treasurer's Office, Michael Fitzgerald, Treasurer of State.
- Department of Human Rights, Kathryn Baumann-Reese, Acting Director. The following division administrators provided an overview and potential issues for their divisions:
 - Administration – Kathryn Baumann-Reese
 - Latino Affairs – Liz Salinas Newby
 - Persons with Disabilities – Jill Avery
 - Status of Women – Charlotte Nelson
 - Status of African-Americans – Ruth White
 - Deaf Services – Kathryn Baumann Reese
 - Criminal and Juvenile Justice – Dick Moore
 - Community Action Agencies – Bill Brand

The Subcommittee expressed concern about the request to the Division of Latino Affairs from the Iowa Lottery. Liz Salinas Newby stated that the Iowa Lottery had asked her Division to help market Lottery products to the people that her Division serves.

More Information

More information, including handouts from each of the meetings is available on the Administration and Regulation Appropriations Subcommittee portion of the LFB web site located at:

http://staffweb.legis.state.ia.us/lfb/subcom/admin_reg/admin_reg.htm

STAFF CONTACT: Ron Robinson (Ext. 16256) Sam Leto (Ext. 16764)

AGRICULTURE AND NATURAL RESOURCES SUBCOMMITTEE MEETING

Ag & Natural Resources



The Agriculture and Natural Resources Appropriations Subcommittee met on January 22. The following was discussed:

- Chairperson Senator Gaskill called the meeting to order. Subcommittee members and staff introduced themselves.
- Members were asked to read the Subcommittee Rules that were handed out and the members voted to approve the rules.
- Deb Kozel, Legislative Fiscal Bureau, provided a brief overview of the budget reductions to the General Fund budgets for the Department of Agriculture and Land Stewardship and the Department of Natural Resources for FY 2002 and FY 2003.
- The Subcommittee agreed not to meet until the Governor's budget is released.

More Information

Copies of agendas, minutes, and selected materials that were distributed to Subcommittee members are available on the LFB web site at http://staffweb.legis.state.ia.us/lfb/subcom/ag_dnr/ag_dnr.htm

STAFF CONTACT: Debra Kozel (Ext. 16767)

ECONOMIC DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE MEETING

Economic Development

The Economic Development Appropriations Subcommittee met January 21 and 22. On January 21, an organizational meeting was held where the members introduced themselves, and Subcommittee rules were distributed for consideration.

On January 22, Jim Riordan, Public Employment Relations Board (PERB), met with the Subcommittee to discuss the role of, and services provided by the Board.

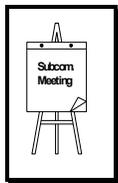
The Subcommittee will meet January 28 through January 30 to hear presentations from the Department of Economic Development, Iowa Workforce Development, and the Board of Regents (economic development programs) regarding the programs and services each provides.

More Information

Handouts, minutes, and agendas from each meeting are on the LFB web site at: http://staffweb.legis.state.ia.us/lfb/subcom/econ_dev/econ_dev.htm.

STAFF CONTACT: Russell Trimble (Ext. 14613)

EDUCATION APPROPRIATIONS SUBCOMMITTEE

Education

The Education Appropriations Subcommittee met on three days during the week of January 20. Significant agenda items included:

- Brief review of the budget by LFB staff.
- Budget presentations by the following:
 - Board of Educational Examiners
 - Iowa Public Television
 - College Student Aid Commission

More Information

More information, including handouts from each of the meetings are available on the Education Appropriations Subcommittee portion of the LFB web site located at; http://staffweb.legis.state.ia.us/lfb/subcom/ed_sub/educat.htm

STAFF CONTACT: Mary Shipman (Ext. 14617) Robin Madison (Ext. 15270)

HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE MEETINGS

Health and Human Services



The Health and Human Services Appropriations Subcommittee met the week of January 20 and conducted the following business:

January 21: Approved the rules of the Subcommittee and discussed initial plans. Members shared their ideas for review during the 2003 Session by the Subcommittee.

January 22: Received program information from staff of the Department of Elder Affairs, Department of Public Health, the Veterans Home, and the Commission of Veterans Affairs.

January 23: Reviewed a power point presentation of the Medical Assistance Program (Medicaid) from staff of the Legislative Fiscal Bureau.

More Information

Agendas and handouts for each meeting are on the web site at www.staffweb.legis.state.ia.us/lfb/subcom/human_serv/human_serv.htm

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JUSTICE SYSTEM APPROPRIATIONS SUBCOMMITTEE MEETINGS

Justice System



The Justice System Appropriations Subcommittee met January 21 and 22. The Legislative Fiscal Bureau (LFB) distributed:

- Subcommittee membership picture handout.
- List of agency contacts for the agencies that are funded by the Subcommittee Bill.
- LFB web site access.
- Notes On Bills and Amendments (NOBA) for the Justice System and Judicial Branch Sections of HF 2627 (FY 2003 Second Omnibus Appropriations Bill).

Judicial Branch

David Boyd, Deputy State Court Administrator, presented the Judicial Branch Budget. His presentation concentrated on:

- Overview of the Judicial Branch.
- Technology Initiatives, including the Iowa Court Information System, Electronic Public Access (EPA), and the move to a paperless courthouse.
- Budget Recommendations.



Mr. Boyd presented the Supreme Court's recommendation of \$119.6 million from the General Fund for the FY 2004 operating budget. This is an increase of \$10.5 million (9.6%) compared to FY 2003. Highlights include:

- \$4.0 million to replace the FY 2003 salary adjustment from the General Fund in FY 2004. Salary adjustment was funded from other funds in FY 2003. Therefore, it is not included in the General Fund operating budget in FY 2004.

- \$706,000 for building operations and maintenance costs of the new Judicial Building.
- \$1.4 million to fully fund all currently authorized FTE positions.
- \$265,000 to restore judicial education programs.
- \$815,000 to restore the equipment budget.
- \$3.1 million to fund operating costs of the ICIS system from the General Fund.
- \$160,000 to restore travel reductions.

The Supreme Court also recommends:

- An increase of \$2.8 million (58.2%) for the employer's contribution to the Judicial Retirement System to restore the employer contribution for Judicial Retirement to 23.7%.
- Increasing the revenue cap from \$4.0 million to \$6.0 million for the Enhanced Court Collections Fund, and eliminating the Court Technology Fund (\$1.0 million).

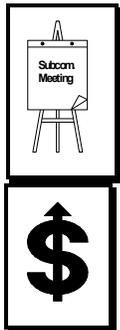
More Information

Further information is available on the LFB web site at:
<http://staffweb.legis.state.ia.us/lfb/subcom/justice/justice.htm>.

STAFF CONTACT: Beth Lenstra (Ext. 16301) Jennifer Dean (Ext. 17846)

TRANSPORTATION, INFRASTRUCTURE, AND CAPITALS APPROPRIATIONS SUBCOMMITTEE MEETINGS

DOT Overview



The Transportation, Infrastructure, and Capitals Appropriations Subcommittee met January 21 and 22. The Subcommittee heard the following presentations:

- The Legislative Fiscal Bureau presented an overview of the bills that will be considered by the Subcommittee and the funding sources from which the Subcommittee will likely be appropriating money for programs and projects.
- The Department of Transportation (DOT) presented an overview of the Road Use Tax Fund and the portion of the Fund that is under the purview of the Department and the DOT Commission. In FY 2003, the Road Use Tax Fund is estimated to receive \$1.046 billion. This is an increase of \$2.1 million (0.7%) compared to the estimated FY 2003. The request includes funding for the Department operations; special purpose appropriations; rail, aviation, and trail programs; and capital projects. The request does not include funding for the State Highway Program. Funds for the Highway Program are appropriated by statute to the Primary Road Fund and programmed by the Transportation Commission for highway projects.

More Information

Copies of minutes and handouts can be obtained from the LFB or by visiting the web site at: <http://staffweb.legis.state.is.us/lfb/>.

STAFF CONTACT: David Reynolds (Ext. 16934) Mary Beth Mellick (Ext. 18223)

GOVERNMENT OVERSIGHT COMMITTEE MEETINGS

Government Oversight

The Government Oversight Committee met January 21 and 22.



On January 21, the Committee held its organizational meeting and discussed the following:

- The departments selected for review during 2003.
- Security at the Capitol and equipment the Departments of Public Safety, General Services, and Information Technology (ITD) have been purchasing. The equipment includes:
 - Proximity identification cards – 7,000 have been purchased.
 - Smart cards – 1,000 identification cards that can hold additional information about individuals.
 - Card readers for entrance doors.
 - Cameras – 28 have been purchased and installed.

On January 22, the Committee heard presentations on, and discussed the following:

- Update on Executive Branch progress on goals of the Accountable Government Act and discussion of legislative input into the process.
- Continuation of security discussion, specifically “smart cards” from January 21 meeting, with a representative from the Information Technology Department.

More Information

Copies of minutes and handouts can be obtained from the LFB or by visiting the web site at: <http://staffweb.legis.state.is.us/lfb/>

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COLLEGE STUDENT AID COMMISSION MEETING

Commission Mtg.



The College Student Aid Commission met on January 21 at the Commission office in Des Moines. Significant agenda items included:

- Approved proposed new and amended administrative rules on a variety of topics. The majority of the rule changes are corrective.
- Approved a contract to provide marketing and public relations assistance.
- Reviewed a petition by Grace University for a restricted waiver to allow one additional cohort (small group of students) to begin in January 2003. Grace University currently serves four students in a program at First Federated Church in Des Moines.
- Received an update of the proposed 28E Agreement with the Iowa Student Loan Service Corporation to create a Des Moines-based guaranty agency serving center.

The next meeting of the Commission is scheduled for March 18.

STAFF CONTACT: Mary Shipman (Ext. 14617)

MEDICAL ASSISTANCE STAFF MEETING

Medical Assist. Projection

Staff from the Department of Human Services, Department of Management, and the Legislative Fiscal Bureau met January 24 to review enrollment and expenditure data for the Medical Assistance program (Medicaid). The staffs met

to develop a range of projected State expenditures for FY 2003 using recent data on enrollment, expenditures, and utilization of services. The FY 2003 appropriation is \$500.9 million in State funds.

FY 2003 Estimate

The rate of enrollment growth for the first six months of FY 2003 is not as high as FY 2002, although it continues to increase. From July to December 2002, enrollment grew by 3.9%. Based on this experience, the staffs agreed to lower the range of projected shortfall for FY 2003 to between \$55.0 million and \$67.0 million. The previous range was \$56.0 million to \$77.0 million. The Governor has recommended a supplemental appropriation of \$57.1 million from a combination of State funding sources.

FY 2004 Estimate

The staffs also discussed projected State expenditures for FY 2004. Enrollment growth is expected to slow to more average levels by FY 2004. Based on several "average growth" scenarios, the projected State increase for FY 2004 ranges from \$78.0 million to \$110.0 million above the original FY 2003 State appropriation.

The ranges for FY 2003 and FY 2004 do not include an estimated impact for the implementation of cost saving measures.

STAFF CONTACT: Jennifer Vermeer (Ext. 14611) Sue Lerdal (17794) Lisa Burk (17942)

DEPARTMENT OF REVENUE AND FINANCE LEASE PURCHASE

Lease/Purchase PCs

The Department of Revenue and Finance is entering into a lease purchase agreement for the purchase of 150 desktop computers to replace existing computers that do not meet the Department's performance requirements.

Lease Agreement

The total cost of the lease purchase agreement is estimated at \$145,000. This includes \$139,000 in principal and \$6,000 in interest at an estimated rate of 2.8%. The agreement will be for a period of three years. Annual payments will total approximately \$48,000 and will be paid from the Department's General Fund appropriation.

STAFF CONTACT: David Reynolds (Ext. 16934)

APPOINTMENT OF NEW STATE FIRE MARSHAL

Appoint Fire Marshal

The Department of Public Safety has announced the appointment of James Kenkel as the 12th person to serve as Iowa's State Fire Marshal. Mr. Kenkel has been a member of the Department of Public Safety since July 1987 and Assistant State Fire Marshal since October 2000. The State Fire Marshal's Office was established in 1911 and is the oldest division in the Department of Public Safety. The Fire Marshal's Office is in charge of the enforcement of fire safety regulations, building code provisions, fire and arson investigation, and fire service training.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

ISSUE REVIEW RELEASED - ENDOWMENT FOR IOWA'S HEALTH ACCOUNT, ANALYSIS OF PROJECTED VALUE

Issue Review



The Legislative Fiscal Bureau has recently released an **Issue Review** entitled "Endowment for Iowa's Health Account, Analysis of Projected Value". The **Issue Review** provides an analysis of the long-term earnings potential of the Endowment for Iowa's Health Account as a result of legislative action during the 2002 Legislative Session.

Endowment's Value



The estimated value of the Endowment, based on the original funding structure proposed during the tobacco securitization process, was \$1.425 billion. Under current law, the Endowment is estimated to be valued at \$708.3 million, which is \$716.5 million less than the original estimate. The reduction is largely the result of the loss of interest earnings due to the appropriations and transfers made from the Endowment during the 2002 Legislative Session.

Cash Flow

The **Issue Review** also provides a discussion of potential cash flow issues that may occur due to the timing of revenue deposits into the Endowment during the course of a fiscal year.

More Information

Copies of the **Issue Review** may be obtained from the LFB or by visiting the web site at: <http://staffweb.legis.state.ia.us/lfb/>.

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ISSUE REVIEW RELEASED - STATE OF IOWA FY 2002 THROUGH FY 2004 GENERAL FUND BUDGET

Issue Review



The Legislative Fiscal Bureau has recently released an **Issue Review** entitled "State of Iowa FY 2002 through FY 2004 General Fund Budget". The **Issue Review** examines the actions enacted by the General Assembly and the Governor in addressing the FY 2002 and FY 2003 budgets and provides some insights as to what the General Assembly will be facing for the FY 2004 budget.

General Fund



The **Issue Review** includes:

- Background discussion of the revenue declines that began in FY 2002.
- A discussion of other states that are experiencing similar budget difficulties.
- Revenue and expenditure transfers enacted by the General Assembly in order to balance the FY 2002 and FY 2003 General Fund budgets.
- The FY 2004 projected General Fund budget shortfall, including a discussion of the built-in and anticipated expenditure increases.
- Pending litigation that will affect the State's Budget in FY 2004 and possibly beyond.
- A discussion of the major sources of non-General Fund revenue that have been used to assist in balancing the General Fund budget.

More Information

Copies of the **Issue Review** may be obtained from the LFB or by visiting the web site at: <http://staffweb.legis.state.ia.us/lfb/>.

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This document can be found on the LFB web site:
<http://staffweb.legis.state.ia.us/lfb/fupdate/fupdate.htm>