

OCTOBER REVENUE ESTIMATING CONFERENCE

REC Meeting



The Revenue Estimating Conference (REC) met on October 10 and decreased estimated net General Fund receipts by \$142.2 million for FY 2004. The estimated reduction includes, but is not limited to:

- Increased tax refunds estimate (\$-64.4 million).
- Reduced economic assumptions concerning income, corporate, sales, and use tax revenues (\$-55.9 million).
- Reduced insurance tax revenues due to assumptions associated with 2002 legislation that reduced Iowa's tax on insurance premiums (\$-19.3 million).

Refunds

In FY 2003, Iowa tax refunds totaled \$647.3 million (13.7% of the taxes received during the year). Recent analysis completed by the Department of Revenue projects a larger portion of gross tax receipts will be refunded in FY 2004. In response to the analysis, the REC reduced projected net receipts by \$64.4 million. Corporate tax refunds were increased due to a large backlog of refund requests anticipated to be resolved in FY 2004. Personal income tax refunds are also projected to increase.

Income Tax

Income tax receipts represent approximately 47.1% of all General Fund receipts prior to tax refunds. Therefore, minor changes in the percentage increase from the previous year result in large dollar changes in annual receipts. The previous REC estimate called for 4.0% growth in income tax receipts. The latest estimate is based on 3.0% growth, which reduced the revenue estimate by \$26.1 million.

IN THIS ISSUE:

October Revenue Estimating Conference, pg. 1
Governor's Across-the-Board Reduction, pg. 4
Charter Agency Agreements, pg. 4
FY 2005 Budget Requests:
Dept. of Agric./Land Stewardship, pg. 5
Dept. of Natural Resources, pg. 6
Dept. for the Blind, pg. 8
Board of Regents, pg. 9
College Student Aid Commission, pg. 9
Dept. of Cultural Affairs, pg. 9
Dept. of Education, pg. 10
Iowa Public Television, pg. 11
Dept. of HR/Ethics/Auditor/Treasurer, pg. 12
Elder Affairs, pg. 13
Veterans Affairs Commission, pg. 13
Veterans Home, pg. 13
Board of Parole, pg. 14
Civil Rights Commission, pg. 14

FY 2005 Budget Requests (continued):
Iowa Communications Network, pg. 15
Dept. of Corrections, pg. 15
Dept. of Justice, pg. 17
Iowa Law Enforcement Academy, pg. 17
Public Defender Office, pg. 17
Dept. of Public Defense, pg. 18
Dept. of Public Safety, pg. 18
Status of Women Meeting, pg. 18
Child Welfare Redesign/Monitoring Comm., pg. 19
Child Welfare/Juvenile Justice Redesign, pg. 20
Medical Assistance Advisory Council, pg. 21
Council on Human Services Meeting, pg. 21
Public Broadcasting Board Meeting, pg. 23
Clerk of Court Public Office Hours, pg. 24
Lottery Revenue/Expenditures, pg. 24
Child Passenger Protection Education Grant, pg. 26
Soil Conservation Committee Meeting, pg. 26

Sales/Use Tax

Sales and use tax receipts represent approximately 33.2% of all General Fund receipts prior to tax refunds. The previous REC estimate called for 2.0% growth in use tax and no growth in sales tax. The latest estimate is based on no growth from both sources, which reduced the revenue estimate by \$4.8 million.

Corporate Income Tax



Corporate income tax receipts represent approximately 4.6% of all General Fund receipts prior to tax refunds. The previous REC estimate called for 4.3% growth in income tax receipts. The latest estimate is based on negative 6.3% growth, which reduced the revenue estimate by \$25.0 million. Since June 1, 2003, corporate tax receipts growth has been significantly negative.

Insurance Premium Tax

Insurance premium tax receipts represent approximately 2.8% of all General Fund receipts prior to tax refunds. The previous REC estimate called for 5.0% growth in insurance tax receipts. The latest estimate is based on negative 8.6% growth, which reduced the revenue estimate by \$19.3 million. The reduction was necessary due to an interpretation by the Department of Revenue and the State Auditor that the budgeting method contemplated in SF 2318 (Insurance Premium Tax Rate Reduction Act of 2002) was not acceptable under Generally Accepted Accounting Principles (GAAP).

Senate File 2318 created a new June 30 prepayment that would offset the revenue lost during the first few years due to the rate reduction. The GAAP ruling allows only 50.0% of a calendar year's tax liability to be credited to the fiscal year in the first half of that calendar year. Since current law already required a June 1 prepayment of 50.0%, the new prepayment must be credited to the second fiscal year. The ruling did not change the amount of tax collected, but modified how the money was to be split between fiscal years. With the ruling, the State will have to recognize the reduced revenue stream several years earlier than originally anticipated.

Other Taxes

Other tax receipts represent approximately 4.6% of all General Fund receipts prior to tax refunds. Other taxes include inheritance, tobacco, beer, franchise, and miscellaneous taxes. The REC did not change estimates for these taxes.

Table Summary

The following table outlines the changes made in the REC estimate for FY 2004.

Revenue Estimating Conference Projection				
(\$ in millions)				
	Actual FY 2003	August FY 2004 Estimate	October FY 2004 Estimate	Estimate Increase (Decrease)
Income Tax	\$2,417.6	\$2,515.1	\$2,489.0	\$-26.1
Sales Tax	1,450.3	1,450.0	1,450.3	0.3
Use Tax	254.2	259.3	254.2	-5.1
Corporate Tax	237.0	247.1	222.1	-25.0
Insurance Tax	142.2	149.3	130.0	-19.3
Other Taxes	233.9	219.2	219.2	0.0
Total Taxes	\$4,735.2	\$4,840.0	\$4,764.8	\$-75.2
Other Receipts	\$311.5	\$344.7	\$343.1	\$-1.6
Transfers	129.0	87.7	88.0	0.3
Accruals (Net)	-44.9	22.9	21.6	-1.3
Refunds	-647.3	-655.6	-720.0	-64.4
Other Receipts & Adjustments	\$-251.7	\$-200.3	\$-267.3	\$-67.0
Net General Fund Receipts	\$4,483.5	\$4,639.7	\$4,497.5	\$-142.2

Receipts

In addition, the REC developed the first estimate for FY 2005 receipts. That estimate projects net revenues will be \$10.4 million below the level projected for FY 2004. Generally, the estimate assumes an improving economy that will generate additional tax revenues; however, the economy is not projected to improve enough to replace \$69.3 million in previously enacted tax reductions and \$40.0 to \$50.0 million in one-time revenue sources built into FY 2004 revenue. The following table provides a summary of the FY 2005 estimate and the changes compared to estimated FY 2004.

Revenue Estimating Conference Projection					
(\$ in millions)					
	Actual FY 2002	Actual FY 2003	Estimate FY 2004	Estimate FY 2005	FY 2005 Increase (Decrease)
Income Tax	\$2,372.1	\$2,417.6	\$2,489.0	\$2,580.3	\$91.3
Sales Tax	1,453.0	1,450.3	1,450.3	1,447.4	-2.9
Use Tax	238.5	254.2	254.2	264.5	10.3
Corporate Tax	221.2	237.0	222.1	207.4	-14.7
Insurance Tax	135.4	142.2	130.0	112.3	-17.7
Other Taxes	241.7	233.9	219.2	214.2	-5.0
Total Taxes	\$4,661.9	\$4,735.2	\$4,764.8	\$4,826.1	\$61.3
Other Receipts	\$345.6	\$311.5	\$343.1	\$292.8	\$-50.3
Transfers	305.8	129.0	88.0	67.2	-20.8
Accruals (Net)	30.6	-44.9	21.6	5.4	-16.2
Refunds	-663.1	-647.3	-720.0	-704.4	15.6
Other Receipts & Adjustments	\$18.9	\$-251.7	\$-267.3	\$-339.0	\$-71.7
Net General Fund Receipts	\$4,680.8	\$4,483.5	\$4,497.5	\$4,487.1	\$-10.4

Estimates by Source A more detailed spreadsheet of the FY 2004 and FY 2005 estimates is available at <http://staffweb.legis.state.ia.us/lfb/gre/gre.htm>.

More Information Additional information is available from the Legislative Services Agency (LSA) upon request.

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GOVERNOR ANNOUNCES ACROSS-THE-BOARD REDUCTION

2.5% Reduction On October 10, following the Revenue Estimating Conference (REC) meeting, Governor Vilsack signed Executive Order #31 ordering a 2.5% across the board reduction in State budgets for Executive Branch agencies for FY 2004. The reduction will reduce State expenditures by approximately \$82.6 million. Agencies designated as Charter Agencies are exempt from the reduction. These include the Departments of Corrections, Human Services, Natural Resources, Revenue, the Alcoholic Beverages Division, and the Iowa Veterans Home.

Decline in State Revenues The Governor stated the Executive Order was necessary due to the national economic situation resulting in lower employment levels and a continued decline in State revenues. He noted the REC reduced its projection of FY 2004 General Fund revenue for FY 2004 by \$142.2 million (see previous article), which would leave the State in a deficit situation if no action were taken.

More Information More information about the across-the-board reduction may be obtained from the Fiscal Division of the LSA.

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CHARTER AGENCY AGREEMENTS

Charter Agencies



Designated Agencies

One of the efforts the Public Strategies Group (PSG) is working on with the Department of Management (DOM) is the creation of Charter Agencies. Charter Agencies agree to a General Fund reduction or to increase General Fund receipts in exchange for certain operational benefits and flexibilities.

Six agencies signed Charter Agency agreements with the Governor on September 12, 2003, including the Departments of Corrections, Human Services, Natural Resources, Revenue, the Alcoholic Beverages Division, and the Iowa Veterans Home.

General Fund Changes

Each agency is committed to reducing General Fund expenditures, increasing General Fund revenues, or a combination of both. The agencies will receive certain benefits and flexibilities in operations to assist in maintaining quality services at reduced costs or for generating new receipts. The table below outlines the General Fund reductions as specified in the agreements.

Department	Reduced Expenditures	Increased Revenue	Total
Human Services	\$1,000,000	\$ 0	\$1,000,000
Corrections	500,000	0	500,000
Natural Resources	50,000	150,000	200,000
Revenue	0	1,000,000	1,000,000
Veterans Home	0	1,300,000	1,300,000
Alcoholic Beverages	0	1,250,000	1,250,000
Uncommitted Grant Funds*	1,550,000	0	1,550,000
Lottery	0	8,000,000	8,000,000
Total**	\$3,100,000	\$11,700,000	\$14,800,000

* A total of \$1.2 million in grant funds have been awarded to five of the agencies (see list below).

** The Department of Public Safety (DPS) may choose to become a Charter Agency depending on the level of federal funding received. If this occurs, the DPS General Fund expenditures will be reduced by \$200,000, bringing the total amount of savings and revenue to \$15.0 million.

Grant Funding

All Charter Agencies are eligible to apply for grant funds. Grant funds that will be received include:

- Department of Commerce, Alcoholic Beverages Division – \$300,000.
- Iowa Veterans Home – \$100,000.
- Department of Human Services – \$450,000.
- Department of Natural Resources – \$100,000.
- Department of Revenue – \$270,000.

More Information



Additional information is available from the LSA upon request. The six Charter Agency Agreements and other information related to the implementation of the reinvention of government efforts are posted at: <http://www.legis.state.ia.us/reinvent.html>. Additionally, the Public Strategies Group has created a web site with information on past and planned activities at: http://iowa.regov.org/local_content.jsp?top=2780.

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FY 2005 DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP BUDGET REQUEST

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.

Budget Request

The Department of Agriculture and Land Stewardship is requesting \$19.4 million from the General Fund and 414.6 FTE positions for FY 2005. This is an increase of \$1.4 million (7.8%) and 4.0 FTE positions (1.0%) compared to the estimated FY 2004 appropriation. Major requests include:



- An increase of \$220,000 to purchase two large-capacity scale trucks to replace worn vehicles. The trucks are used to lift and weigh large scales.
- An increase of \$277,000 and 4.0 FTE positions to implement a Chronic Wasting Disease Program and to continue the inspection of farm deer as specified in HF 624 (Regulating Farm Deer Act).
- An increase of \$869,000 to support increased costs for travel related to programs that impact the safety, security, and economic welfare of the State.
- An increase of \$32,000 for the Dairy Products Control Program to fund the increased costs of travel associated with the Program.

Environment First Fund

The Department of Agriculture and Land Stewardship is requesting \$24.8 million from the Environment First Fund. This is an increase of \$10.9 million (77.8%) compared to the estimated FY 2004 appropriation. Major requests include:



- \$2.5 million for the Agricultural Drainage Wells Program. This is an increase of \$2.0 million compared to the estimated FY 2004 appropriation.
- \$1.5 million for the Farm Demonstration Program. This is an increase of \$650,000 compared to the estimated FY 2004 appropriation.
- \$8.5 million for the Soil Conservation Cost Share Program. This is an increase of \$3.0 million compared to the estimated FY 2004 appropriation.
- \$5.4 million for the Watershed Protection Program. This is an increase of \$2.7 million compared to the estimated FY 2004 appropriation.
- \$3.0 million for the Conservation Reserve Program (CRP). This is an increase of \$1.0 million compared to the estimated FY 2004 appropriation.
- \$3.0 million for the Conservation Reserve Enhancement and Protection (CREP) Fund. This is an increase of \$1.5 million compared to the estimated FY 2004 appropriation.

More Information

Additional information is available from the LSA upon request.

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**FY 2005 DEPARTMENT OF NATURAL RESOURCES
BUDGET REQUEST**

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. The Department of Natural Resources (DNR) is not impacted by the across-the-board reduction since it has been designated as a Charter Agency.

Budget Request

The DNR is requesting \$16.6 million from the General Fund and 1,080.1 FTE positions for FY 2005. This is an increase of \$398,000 (2.5%) and no change in FTE positions compared to the estimated FY 2004 appropriation and includes the \$50,000 Charter Agency reduction. The increase is for salary adjustment funding from the General Fund. For FY 2004, salary adjustment funding was provided from Medicaid funds.

Tobacco Funds



The DNR is requesting the following from the Healthy Iowans Tobacco Trust Fund:

- A request of \$3.0 million for the Destination Park located near Lake Rathbun. This is no change compared to the estimated FY 2004 appropriation. Funds will be used to begin the development of campgrounds, picnic shelters, and trails at the Park.
- A request of \$2.5 million for funding to the Restore the Outdoors Program. This is no change compared to the estimated FY 2004 appropriation.
- A request of \$2.5 million as a pass-through to the Lewis and Clark Rural Water Project. This is an increase of \$950,000 compared to the estimated FY 2004 appropriation.

Environment First Fund



The DNR is requesting \$28.6 million from the Environment First Fund. This is an increase of \$8.0 million (38.9%) compared to the estimated FY 2004 appropriation. Major requests include:

- A request of \$15.0 million for the Resource Enhancement and Protection (REAP) Fund. This is an increase of \$4.0 million compared to the estimated FY 2004 appropriation.
- A request of \$5.0 million for the Lake Restoration Program. This is an increase of \$4.0 million compared to the estimated FY 2004 appropriation.
- A request of \$2.3 million for Marine Fuel Tax Capital projects, such as boat ramps. This is no change compared to the estimated FY 2004 appropriation.
- A request of \$3.0 million for the Water Quality Monitoring Program. This is no change compared to the estimated FY 2004 appropriation.
- A request of \$2.0 million for State Park Operations. This is no change compared to the estimated FY 2004 appropriation.
- A request of \$500,000 for air quality equipment. This is no change compared to the estimated FY 2004 appropriation.
- A request of \$500,000 for the Water Supply Program. This is no change compared to the estimated FY 2004 appropriation.

Fish & Wildlife Trust Fund

The DNR is requesting \$30.7 million from the Fish and Wildlife Trust Fund to be used for operations in the Fish and Game Bureau. This is no change compared to the estimated FY 2004 appropriation.

Snowmobile Fees

The DNR is also requesting \$100,000 from snowmobile registration fees be transferred to the Fish and Wildlife Trust Fund. This is no change in funding compared to the FY 2004 appropriation.

Boat Fees

In addition, the DNR is requesting \$1.4 million from boat registration fees be transferred to the Fish and Wildlife Trust Fund. This is no change in funding compared to the FY 2004 appropriation.

Underground Tank Fund



The DNR is requesting \$800,000 from the Underground Storage Tank Fund, an increase of \$600,000 compared to the estimated FY 2004 appropriation. The increase will replace federal funding that will be depleted during FY 2004. Funds will be used to continue the regulation of underground storage tanks in Iowa.

Oil Overcharge Funds The federal funding from the Oil Overcharge Account has been eliminated, and the DNR has submitted a budget decrease of \$125,000.

More Information Additional information is available from the LSA upon request.

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FY 2005 DEPARTMENT FOR THE BLIND FY 2005 BUDGET REQUEST

Governor's Reduction *This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.*

Budget Request



More Information

The Department for the Blind is requesting \$1.6 million from the General Fund and 109.5 FTE positions for FY 2005. This is no change compared to the estimated FY 2004 appropriation. The Department is also requesting capitals funding of \$67,000 for remodeling of the Orientation Center.

Additional information is available from the LSA upon request.

STAFF CONTACT: Robin Madison (Ext. 15270)

FY 2005 BOARD OF REGENTS BUDGET REQUEST

Governor's Reduction *This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.*

Board of Regents



The Board of Regents is requesting \$628.3 million from the General Fund and 25,386.0 FTE positions for FY 2005, including 7,796.0 FTE positions not appropriated by the General Assembly. This is an increase of \$11.4 million (1.3%) and a decrease of 69.6 FTE positions (0.3%) compared to the estimated FY 2004 appropriation. The increase includes:

- An increase of \$12.0 million to restore faculty positions that have been eliminated through retirement or attrition as a result of budget reductions at each of the institutions as follows:
 - \$5.5 million for the University of Iowa.
 - \$4.3 million for Iowa State University.
 - \$2.0 million for the University of Northern Iowa.
 - \$200,000 at the Special Schools.
- A decrease of \$600,000 to the Board Office due to reduced need in the tuition replacement appropriation. The tuition replacement appropriation is allocated among the institutions to pay interest and principle on academic revenue (building) bonds. The General Assembly historically appropriates funds for repayment of the bonds so the costs are not passed on to students in the form of tuition increases. As borrowing has been limited since FY 1995, the amount needed for principal and interest payments is declining.

More Information

Additional information is available from the LSA upon request.

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FY 2005 COLLEGE STUDENT AID COMMISSION BUDGET REQUEST

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.

Budget Request



Funding Change

The College Student Aid Commission is requesting \$52.8 million from the General Fund and 42.0 FTE positions for FY 2005, including 37.8 FTE positions not appropriated by the General Assembly. This is no change in funding or FTE positions compared to the estimated FY 2004 appropriation.

While no additional funds were requested for FY 2005, the Commission is recommending a shift in funding of \$225,000 from the Accelerated Career Education (ACE) Grants to the Vocational-Technical Grant Program.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Mary Shipman (Ext. 14617)

FY 2005 DEPARTMENT OF CULTURAL AFFAIRS BUDGET REQUEST

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.

Budget Request



The Department of Cultural Affairs is requesting \$5.2 million from the General Fund and 72.3 FTE positions for FY 2005, including a 0.75 FTE position not appropriated by the General Assembly. This is no change in funding and a decrease of 1.0 FTE position compared to the estimated FY 2004 appropriation. The request includes:

- \$2.9 million for the State Historical Society.
- \$1.2 million for the Iowa Arts Council.
- \$540,000 for Historic Sites.
- \$300,000 for Cultural Grants.
- \$220,000 for administration.

Other Funds

The Department is also requesting the following funding from non-General Fund sources:

- \$100,000 for the Battle Flags Preservation Project, which is no change compared to the estimated FY 2004 appropriation, when the money was appropriated from the Rebuild Iowa Infrastructure Fund (RIIF).
- \$800,000 for Historical Preservation, which is no change compared to the estimated FY 2004 appropriation, when the money was appropriated from the RIIF.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Robin Madison (Ext. 15270)

FY 2005 DEPARTMENT OF EDUCATION BUDGET REQUEST

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.

Budget Request



The Department of Education is requesting \$212.7 million from the General Fund and 828.0 FTE positions for FY 2005, including 314.8 FTE positions not appropriated by the General Assembly. This is no change in funding and a decrease of 2.4 FTE positions compared to the estimated FY 2004 appropriation. Highlights of the request include:

- \$139.3 million for general aid to community colleges.
- \$44.3 million for the Student Achievement and Teacher Quality Program.
- \$13.7 million to the Community Empowerment Program for School Ready Grants.

Other Funds



The Department is also requesting appropriations from non-General Fund sources as follows:

- \$303,000 for the Division of Vocational Rehabilitation to remodel the Jesse Parker Building.
- \$600,000 for Enrich Iowa Libraries, which is no change compared to the estimated FY 2004 appropriation, when the money was appropriated from the Rebuild Iowa Infrastructure Fund (RIIF).
- \$2.2 million for the Community Empowerment Program's School Ready Grants. This is no change compared to the estimated FY 2004 appropriation, when the money was appropriated from the Healthy Iowans Tobacco Trust.
- \$2.7 million for the Iowa Communications Network (ICN) for ongoing maintenance and lease costs of fiber optic cable for the Part III educational sites. This is no change compared to the estimated FY 2004 appropriation, when the money was appropriated from the RIIF. This is the first year the appropriation has been included in the Department of Education's budget request.
- \$18.3 million for Iowa Public Television (IPTV) to complete the conversion to digital transmission. The IPTV received a RIIF appropriation of \$10.0 million in FY 2004 for this purpose.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Robin Madison (Ext. 15270)

FY 2005 IOWA PUBLIC TELEVISION BUDGET REQUEST

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.

Budget Request


The Iowa Public Broadcasting Board approved the FY 2005 budget request for Iowa Public Television (IPTV) at the September 23 conference call meeting. The request includes:

- A General Fund appropriation of \$6.9 million for IPTV operations.
- A General Fund appropriation of \$1.6 million for the Regional Telecommunications Councils (RTCs).

Funding Changes

Both requests represent no change compared to the estimated FY 2004 appropriation funding levels.

Capital Projects

The Board also approved requests for funding of capital projects as follows:

- \$18.0 million to continue the conversion of nine transmitter sites and IPTV headquarters to digital transmission. The Federal Communications Commission (FCC) deadline for conversion to digital was May 1, 2003. IPTV has obtained a six-month extension and will seek additional extensions as necessary.
- \$300,000 for the purchase and installation of three ultrahigh frequency (UHF) transmitters over three years to replace three aging analog transmitters. The IPTV is required by the FCC to continue analog transmission for a period of time. It is currently estimated that analog transmission will be required until at least 2010.


Critical Services

In addition to the budget to be submitted to the Department of Management for FY 2005, the Board also identified the following additional funds needed in FY 2005 beyond the FY 2004 level of funding for critical services:

- \$420,000 for digital television operations to cover costs of utilities and maintenance for those channels that have been converted to digital or that will be converted in FY 2005. Once digital transmitters are built, IPTV risks losing both the digital and analog licenses if it does not operate the new transmitters as required by the FCC. The request includes two additional engineers to service the growing number of transmitters during the conversion to digital operations. The IPTV currently has seven engineers on staff, a decrease of five over the past five years.
- \$150,000 for the Iowa History Initiative, a project to develop digital programming on Iowa's history suitable for use by teachers and students. The funds would be used as a match for private funding. The project includes local production, educational and instructional design, educational activities, and equipment for receiving the digital television signal at Iowa schools.
- \$100,000 for the High Definition Iowa Project to create and broadcast high definition television programs about Iowa.
- \$38,000 for the RTCs to help match increases in salaries and benefits.

More Information

Additional information is available from the LSA upon request.

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FY 2005 BUDGET REQUESTS FOR THE DEPARTMENT OF HUMAN RIGHTS, THE IOWA ETHICS AND CAMPAIGN DISCLOSURE BOARD, THE OFFICE OF AUDITOR OF STATE, AND THE TREASURER OF STATE

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.

Budget Requests



The following State Agencies have submitted FY 2005 budget requests:

- The Iowa Department of Human Rights requested \$1.9 million from the General Fund and 31.5 FTE positions for FY 2005. This is no change in funding and a decrease of 1.0 FTE position compared to the estimated FY 2004 appropriation.
- The Iowa Ethics and Campaign Disclosure Board requested \$422,000 from the General Fund and 6.0 FTE positions for FY 2005. This is no change in funding and a decrease of 1.0 FTE position compared to the estimated FY 2004 appropriation.
- The Office of Auditor of State requested \$1.1 million from the General Fund and 106.3 FTE positions for FY 2005. This is a decrease of \$82,000 compared to the estimated FY 2004 appropriation.
- The Treasurer of State requested \$821,000 from the General Fund and 27.0 FTE positions for FY 2005. This is no change compared to the estimated FY 2004 appropriation.

More Information

Additional information is available from the LSA upon request.

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FY 2005 DEPARTMENT OF ELDER AFFAIRS BUDGET REQUEST

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.

Budget Request



The Department of Elder Affairs is requesting \$2.7 million from the General Fund and 26.8 FTE positions for FY 2005. This is no change compared to the estimated FY 2004 appropriation.

The Department is also requesting \$7.5 million from the Senior Living Trust Fund for FY 2005. This is no change compared to the estimated FY 2004 appropriation.

More Information

Additional information is available from the LSA upon request.

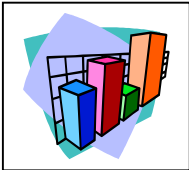
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FY 2005 COMMISSION OF VETERANS AFFAIRS BUDGET REQUEST

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.

Budget Request



The Commission of Veterans Affairs is requesting a General Fund appropriation of \$301,000 for FY 2005, which is no change compared to the estimated FY 2004 appropriation.

Within the request, the Commission is realigning planned expenditures compared to the FY 2004 budgeted expenditures. These include but are not limited to:

- A decrease of \$25,000 for salaries and benefits.
- An increase of \$20,000 for in-state travel.
- An increase of \$3,000 for State vehicle operation.
- An increase of \$2,400 for State aid.

More Information

Additional information is available from the LSA upon request.

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FY 2005 VETERANS HOME BUDGET REQUEST

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. The Veterans Home is not impacted by the across-the-board reduction since it has been designated as a Charter Agency.

Budget Request



The Iowa Veterans Home is requesting a General Fund appropriation of \$16.4 million from the General Fund for FY 2005, which is no change compared to the estimated FY 2004 appropriation. This is after the \$1.3 million reduction in FY 2004 for Charter Agency purposes.

Within the request, the Home is realigning planned expenditures compared to the FY 2004 budgeted expenditures. These include, but are not limited to:

- An increase of \$106,000 for salaries and benefits.
- An increase of \$8,000 for depreciation.
- A decrease of \$6,000 for facility maintenance supplies.
- An increase of \$74,000 for professional and scientific supplies.
- A decrease of \$21,000 for other supplies.
- A decrease of \$20,000 for professional and scientific services.
- An increase of \$61,000 for outside services.
- A decrease of \$37,000 for outside repairs and services.

- A decrease of \$147,000 for equipment.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

FY 2005 BOARD OF PAROLE BUDGET REQUEST

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.

Budget Request

The Board of Parole is requesting \$1.0 million from the General Fund and 16.5 FTE positions for FY 2005. This is no change compared to the estimated FY 2004 appropriation. Both estimated FY 2004 and the Board's request for FY 2005 include \$9,000 transferred from Medicaid funds for salary adjustment costs in FY 2004.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

FY 2005 CIVIL RIGHTS COMMISSION BUDGET REQUEST

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.

Budget Request



The Civil Rights Commission is requesting \$847,000 in General Funds and 28.0 FTE positions for FY 2005. This is no change compared to the estimated FY 2004 appropriation. Both estimated FY 2004 and the Commission's request for FY 2005 include \$13,000 transferred from Medicaid funds for salary adjustment costs in FY 2004.

Federal Funds

The Civil Rights Commission is estimating a decrease of \$59,000 (5.2%) in federal receipts due to a potential reduction in Housing and Urban Development (HUD) contracts. The Commission is submitting an application for a competitive grant from HUD, but the grant award is not guaranteed.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

FY 2005 IOWA COMMUNICATIONS NETWORK BUDGET REQUEST

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.

FY 2005 Budget Request



The Iowa Communications Network (ICN) is requesting no funding from the General Fund and 107.0 FTE positions for FY 2005. The ICN will be receiving reimbursement from the Universal Service Fund; therefore, no General Fund appropriation is needed. There is an increase of 2.0 FTE positions (1.9%) compared to the estimated FY 2004 appropriation for two

Iowa Public Television schedulers. Both estimated FY 2004 and the Department request for FY 2005 include \$16,000 transferred from Medicaid funds for salary adjustment costs in FY 2004.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

FY 2005 DEPARTMENT OF CORRECTIONS BUDGET REQUESTS

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. The Department of Corrections (DOC) is not impacted by the across-the-board reduction since it has been designated as a Charter Agency.

Budget Request

The DOC is requesting \$265.0 million from the General Fund and 4,163.0 FTE positions for FY 2005. This is a decrease of \$278,000 (0.1%) and 18.3 FTE positions (0.4%) compared to the estimated FY 2004 appropriation. The reduction eliminates the FY 2004 one-time costs for opening the new, minimum-security Lodge at the Clarinda Correctional Facility and eliminates unfunded FTE positions.

Clarinda Facility

The FY 2005 request does not include an additional \$2.5 million to operate the new minimum-security beds at the Clarinda Correctional Facility. The FY 2004 budget provides two months of operating costs. Additional funding of approximately \$2.5 million is needed to operate the Lodge for a full 12 months.

Medicaid Transfer

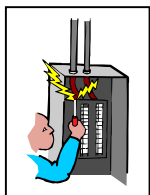
Both estimated FY 2004 and the DOC's request for FY 2005 include \$4.3 million transferred from Medicaid funds for salary adjustment costs in FY 2004. Both FY 2004 and FY 2005 reflect the \$500,000 reduction associated with the DOC's Charter Agency status.

Pooled Technology

The DOC is requesting \$750,000 from the Pooled Technology Fund for the Iowa Corrections Offender Network (ICON) in FY 2005. The funding would permit the DOC to continue the Institutions' programming, so that eventually, data may be transferred on offenders between the Institutions and Community-Based Corrections (CBC) District Departments.

Tobacco Funds

The DOC is also requesting \$1.8 million from the Healthy Iowans Tobacco Trust for FY 2005. This is a decrease of \$310,000 that eliminates funds for a values-based treatment program at the Newton Correctional Facility. This was a new appropriation in FY 2004.

Capital Projects

In addition, the DOC is requesting \$30.5 million for FY 2005 for capital projects and \$52.6 million for major maintenance needs. The first two of the following items are currently in process:

- \$333,000 for the lease-purchase payment for the primary electrical system upgrade at the Iowa State Penitentiary at Fort Madison. This request funds the fourth year of a seven-year annual cost.
- \$11.7 million for the continued construction of a 170-bed Special Needs Unit at the Iowa Classification Center at Oakdale.

- \$10.5 million to construct a 120-bed CBC residential facility in Davenport. The request replaces a currently rented, 81-bed facility.
- \$3.9 million to construct a 50-bed CBC residential facility in Fort Dodge. The request replaces a currently rented, 34-bed facility.
- \$636,000 to pay the State's share of the City of Mitchellville's cost to upgrade the water system. The current municipal water system has been cited for noncompliance by the Iowa Department of Natural Resources.
- \$3.4 million for a kitchen renovation at the Anamosa State Penitentiary.
- \$52.6 million for major maintenance needs at the Institutions and the CBC District Departments.



More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

FY 2005 DEPARTMENT OF JUSTICE BUDGET REQUEST

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.

Budget Request



The Department of Justice is requesting \$10.6 million from the General Fund and 255.5 FTE positions for FY 2005. This is no change compared to the estimated FY 2004 appropriation. Both estimated FY 2004 and the Department request for FY 2005 include \$205,000 transferred from Medicaid funds for salary adjustment costs in FY 2004. The funding request includes the operating budgets for the Office of the Attorney General and the Office of the Consumer Advocate.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

FY 2005 IOWA LAW ENFORCEMENT ACADEMY BUDGET REQUEST

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.

FY 2005 Budget Request



The Iowa Law Enforcement Academy (ILEA) is requesting \$1.1 million from the General Fund and 27.0 FTE positions for FY 2005. This is no change in funding and a decrease of 3.1 FTE positions (11.3%) compared to the estimated FY 2004 appropriation. Both estimated FY 2004 and the Department request for FY 2005 include \$16,000 transferred from Medicaid funds for salary adjustment costs in FY 2004.

More Information

Additional information is available from the LSA upon request.

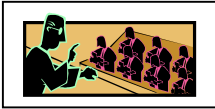
STAFF CONTACT: Jennifer Acton (Ext. 17846)

FY 2005 OFFICE OF THE STATE PUBLIC DEFENDER BUDGET REQUEST

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.

Budget Request



The Office of the State Public Defender is requesting \$36.9 million from the General Fund and 202.0 FTE positions for FY 2005 for the Office and the Indigent Defense Program. This is no change compared to the estimated FY 2004 appropriation. Both estimated FY 2004 and the Office's request for FY 2005 include \$254,000 transferred from Medicaid funds for salary adjustment costs in FY 2004. The FY 2005 request is \$1.2 million less than the actual amount spent in FY 2003. The Department of Inspections and Appeals transferred \$499,000 to the Indigent Defense Program from various operating budgets in FY 2003.

More Information

Additional information is available from the LSA upon request.

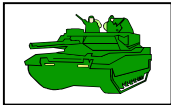
STAFF CONTACT: Beth Lenstra (Ext. 16301)

FY 2005 DEPARTMENT OF PUBLIC DEFENSE BUDGET REQUEST

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.

FY 2005 Budget Request



The Department of Public Defense is requesting \$6.4 million from the General Fund and 362.8 FTE positions for FY 2005. This is no change compared to the estimated FY 2004. Both estimated FY 2004 and the Department request for FY 2005 include \$75,000 transferred from Medicaid funds for salary adjustment costs in FY 2004.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

FY 2005 DEPARTMENT OF PUBLIC SAFETY BUDGET REQUEST

Governor's Reduction

This article was written prior to the Governor's recent announcement of the 2.5% across-the-board reduction. All comparisons to FY 2004 are before the reduction is applied.

FY 2005 Budget Request

The Department of Public Safety (DPS) is requesting \$63.5 million from the General Fund and 894.5 FTE positions for FY 2005. This is no change compared to the estimated FY 2004 appropriation. Both estimated FY 2004 and the Department request for FY 2005 include \$944,000 transferred from Medicaid funds for salary adjustment costs in FY 2004.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

IOWA COMMISSION ON THE STATUS OF WOMEN MEETING

Status of Women

The Iowa Commission on the Status of Women met October 8 and conducted the following business:

Finance Report



Vicki Brown discussed the following:

- The Commission was provided with a year-to-date budget versus actual expenditures for FY 2004 through September 30, 2003.
- The FY 2005 budget request was presented as a status quo budget.

Chairperson's Report

Kim Painter discussed the following:

- The site for next Commission meeting.
- A meeting with Legislators planned for February 3, 2004, in the Capitol.

Legislative Report

Matt Wissing provided an update on FY 2003 legislation that related to the Commission and set a meeting of November 6 for the Committee to review and forward new legislative proposals to the Commission for the FY 2004 Legislative Session.

Planning Committee

Frank Giunta reported on the "Write Women Back Into History Essay Contest" for middle school students throughout Iowa and a "Lunch and Learn" program for early January 2004 for State employees and legislative staff.

Public Information

Shawn Mullen discussed the following:

- A publication update for small businesses regarding referral information on programs to assist women and minorities in establishing and expanding small business.
- Provided information regarding the printing of the Iowa Women in History Calendar for FY 2004.
- The status of the Iowa Women Report.

Director's Report



Charlotte Nelson reviewed activities since the last meeting of the Commission and a notice from the Coalition for an Inclusive Community inviting the Commission to join the Coalition. The Commission decided not to join the Coalition based on advice given to the Iowa Civil Rights Commission by the Office of Attorney General.

Public Hearing

The Commission heard testimony from several presenters regarding possible legislative proposals for the FY 2004 Legislative Session. The topics of the testimony included: aging issues and long-term care, economics, equality, family leave, health, insurance, justice, violence against women, voting rights, and welfare.

Next Meeting

The next meeting of the Commission is scheduled for December 2.

More Information

Additional information is available from the LSA upon request. For additional information, access the Iowa Commission on the Status of Women web site at: www.state.ia.us/dhr/sw.

STAFF CONTACT: Sam Leto (Ext. 16764)

LEGISLATIVE MONITORING COMMITTEE ON CHILD WELFARE REDESIGN HOLDS MEETING

Monitoring Committee

The Legislative Monitoring Committee appointed to oversee the project to redesign Iowa's Child Welfare and Juvenile Justice System met on September 24 and conducted the following business:



- Reviewed the services purchased with funds appropriated to the Department of Human Services (DHS) for Child and Family Services with Jan Clausen, DHS.
- Discussed the second draft of the redesign with Director Kevin Concannon, Mary Nelson, and Wendy Rickman, DHS.
- Discussed the Wisconsin wraparound approach to child welfare with Eric Sage, Department of Human Rights, Division of Criminal Juvenile Justice Planning, legislators, and others that traveled to Wisconsin to study the Program.
- Heard observations regarding Iowa's Child Welfare System, the current redesign project, and lessons learned from other states from Marno Batterson, Center for the Study of Social Policy.

Next Meeting

The next meeting is scheduled for October 22.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

CHILD WELFARE AND JUVENILE JUSTICE SYSTEM REDESIGN - BETTER RESULTS FOR KIDS IN THE 21ST CENTURY UPDATE

Meeting Schedule

The Department of Human Services (DHS) issued an updated schedule of meetings associated with the project to redesign the State's Child Welfare and Juvenile Justice Systems.

Redesign Report

On October 17, the third and final draft of the proposed redesign of the child welfare and juvenile justice systems will be distributed and posted on the DHS web site at: <http://www.dhs.state.ia.us/BetterResultsforKids/default.asp>. Written comments on the draft will be due October 23.

Stakeholder Panel

On October 23, the next Stakeholder Panel will be held in conjunction with a provider interface panel in order to review and discuss the final draft of the redesign.

Steering Committee

On October 27, the Steering Committee, appointed by Director Kevin Concannon, DHS, will meet to provide final input on the redesign project. Director Concannon is expected to issue recommendations regarding the redesign the week of November 3.

Project Manager In September, Director Concannon named Wendy Rickman, DHS Service Area Manager, Davenport, to be the Project Manager for the redesign.

More Information Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

MEDICAL ASSISTANCE ADVISORY COUNCIL MEETING

MAAC Meeting



The Medical Assistance Advisory Council (MAAC) met on October 1. Staff from the Department of Human Services (DHS) provided an update on Medicaid enrollment and expenditures for FY 2003, including:

- The Medical Assistance (Medicaid) Program had a \$28.0 million surplus for FY 2003. Of this amount, \$14.9 million was due to the increased federal matching rate for Medicaid provided by Congress for FY 2003 and FY 2004. The Federal Fiscal Relief legislation had not been enacted when the FY 2003 appropriation was finalized.
- Pursuant to HF 667 (Health and Human Services Appropriations Act), this amount will revert to the Senior Living Trust Fund.

Marketing Materials

The Council also approved marketing materials provided to clients by the Health Maintenance Organization (HMO) Health Plans, as required by federal law. It was noted that one of the HMO contractors, John Deere Health, had reduced the number of counties in which it provides Medicaid coverage from 26 counties to six. The remaining six counties are in eastern Iowa.

Program Update



HIPAA Update

Staff from the DHS also provided an update on the Healthy and Well Kids in Iowa (*hawk-i*) Program. Iowa received a \$600,000 bonus from the Federal Temporary Assistance to Needy Families (TANF) Program for being the fifth highest state in the nation for moving clients off cash assistance, but retaining clients' Medicaid enrollment.

The Council also received an update on the Health Insurance Portability and Accountability Act (HIPAA) and discussed meeting in December to review budget issues.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Vermeer (Ext. 14611)

OCTOBER COUNCIL ON HUMAN SERVICES MEETING

Human Services

The Council on Human Services met on October 8 and conducted the following business:

Admin. Rules



The Council approved the following administrative rules:

- Restricting eligibility for rent subsidy to individuals at risk of nursing facility care. The fiscal impact indicates a decrease in the growth of eligible persons from 11 to nine per month, for a total of 108 persons per month. This would provide an annual savings of \$49,000 in General Funds.
- Changing adult abuse and dependent adult abuse reporting. The fiscal impact indicates no additional cost as a result of these changes.

- Extending the length of voluntary foster care placement. The fiscal impact indicates no change in cost as a result of this change.
- Increasing the premium for those receiving Medicaid for employed people with disabilities. The fiscal impact would increase annual State revenues by \$25,000.
- Updating rules for medical education and disproportionate share payments within the Medicaid Program. The fiscal impact indicates no change in cost as a result of this change.
- Changing eligibility and payments for certain children within the Adoption Subsidy Program. With all of the various changes together, the fiscal impact indicates an annual State savings of \$750,000.
- Changing various policies due to the federal Health Insurance Portability and Accountability Act (HIPAA) requirements. For FY 2004, the cost of \$450,000 is available from federal funds and a carry forward balance from a FY 2003 Healthy Iowans Tobacco Trust (HITT) Fund appropriation. For FY 2005 and FY 2006, the fiscal impact indicates that the \$193,000 and \$325,000 costs respectively would be from the General Administration appropriation, if other funds were not made available.
- Extending Medicaid benefits for certain low-income Medicare beneficiaries based upon a federal mandate. The fiscal impact indicates the cost is entirely federal.

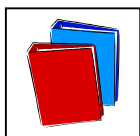
Director's Notice



The following administrative rules were approved on Director's Notice, for approval at a future meeting:

- Implementing a preferred drug list for Medicaid, based upon recommendations from a Pharmaceutical and Therapeutics Committee. The fiscal impact indicates a net State savings of \$2.7 million for FY 2004 and \$6.7 million for FY 2005.
- Expanding a Family Investment Program (FIP) diversion pilot project to a Statewide program. The fiscal impact indicates a federal funds savings of \$250,000 for FY 2004 and \$3.3 million for FY 2005.
- Reducing reimbursement rates for residential care facilities and in-home health-related care. The fiscal impact indicates a State savings of \$900,000 for FY 2004 and \$2.1 million for FY 2005 in order to not deficit spend the appropriation provided.
- Simplifying reporting requirements for food stamps (which will be referred to as food assistance in the future). The fiscal impact indicates savings are entirely in federal funds.

Presentations



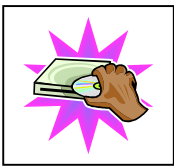
The Council heard comments from members of the Council, including:

- The recent federal announcement of a \$6.0 million bonus in Temporary Assistance to Needy Families (TANF) funds.
- Concern that the cost of the FY 2005 budget request received more media attention than needed.
- Child Welfare Redesign progress, with possible increases in federal Title IV-E funds offsetting some of the reduction in other budget areas to meet the \$10.0 million appropriation reduction. The Department's FY 2005 request does not include continuation of the \$10.0 million appropriation reduction.

Director's Remarks

Director Kevin Concannon, Department of Human Services (DHS), commented on the following:

- The contract with a third party, Maximus, to review all health-related expenditures in the DHS, as well as other State departments to determine whether additional federal funds are available from matching expenditures. A preliminary report is expected by the end of November, which will be used to determine further pursuit of the claiming.
- The Executive Council approval to contract with a Washington, D.C., law firm to appeal the recent federal decision to decertify approximately 20 clients residing at the Woodward State Resource Center, resulting in the loss of federal matching reimbursement for cost of the care. The annual impact of the action is a loss of \$700,000. The estimated cost of the legal action is \$250,000. The cost of the legal action is to be incurred by the Woodward State Resource Center.
- Software challenges from private vendors regarding the electronic benefit transfer (EBT) for food assistance (previously referred to as food stamps).
- Status of the Mental Health Redesign to be released in October. Additional information included the collection of county expenditures for mental health costs of individuals not eligible for Medicaid to determine whether expansion of eligibles would result in a net savings to county funds.



Governor's Reduction

The DHS is designated as a Charter Agency and the Department is exempt from the 2.5% across-the-board reduction ordered by the Governor for FY 2004.

Next Meeting

The next meeting of the Council is scheduled for November 12.

More Information

Additional information is available from the LSA upon request.

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

PUBLIC BROADCASTING BOARD MEETING

Board Meeting



The Iowa Public Broadcasting Board met on October 8 at the Iowa Public Television (IPTV) offices in Johnston. The Board received FY 2004 plans from the Regional Telecommunications Councils (RTCs) for expenditure of educational telecommunications support and approved lease renewals on land for the Keosauqua and Rock Rapids translators. The Board also approved the assignment of a lease of tower space at the Lansing translator site.

Financial Reports

Annual financial reports for FY 2003 were presented for both IPTV and the IPTV Foundation. The Foundation experienced significant growth in corporate support as a result of a concerted fundraising effort. However, a significant decrease in major gifts and planned giving, as well as other revenue sources, resulted in an overall decrease of 19.5% in revenue for FY 2003 compared to FY 2002. The Foundation contributed \$4.7 million to the IPTV network in FY 2003, an increase of \$105,000 (2.3%) compared to FY 2002.

Strategic Planning

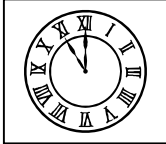
Much of the discussion was devoted to a continuation of the strategic planning process. The Board received an update on the status of planning

and met with a facilitator to discuss a draft proposal of a new mission statement.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Robin Madison (Ext. 15270)

CLERK OF COURT PUBLIC OFFICE HOURS**Clerks of Court Offices**

The Iowa Supreme Court issued a Supervisory Order stating that as of October 1, all Clerks of Court Offices will be resuming regular public hours of 8:00 AM to 4:30 PM, Monday through Friday.

Approximately 62 offices had been operating with reduced public hours since October 2000. In addition, the Legislative Study Committee on the Organization of the Offices of the Clerk of District Court recommended uniform hours for the Clerks' Offices across the State. A copy of the press release is available on the Judicial Branch web site at: http://www.judicial.state.ia.us/news/pressrel/Clerks_office_hours_press_rel.asp.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

LOTTERY REVENUE AND EXPENDITURES THROUGH AUGUST**August Rev./Exp.**

The FY 2004 Lottery game revenues through August increased \$9.7 million compared to the FY 2003 level. Lottery prize expenses increased \$4.5 million, operating expenses increased \$1.1 million, and transfers to State funds increased \$3.0 million. The following table details revenues, expenditures, and balances of the State Lottery. Rows and columns may not add, due to rounding.

STATE LOTTERY

July Through August
(Dollars in millions)

	FY 2003	FY 2004	Increase/ Decrease	% Increase
Fiscal Year Beginning Balance	\$ 2.3	\$ 1.8	\$ -0.5	
Game Revenues	\$ 26.6	\$ 36.2	\$ 9.7	36.3%
Interest	0.2	0.2	0.0	-7.2%
Total Revenue	\$ 26.8	\$ 36.5	\$ 9.6	36.0%
Prize Expense	\$ 15.0	\$ 19.6	\$ 4.5	30.0%
Operating Expense	5.5	6.6	1.1	20.2%
Transfer of Profits	6.8	9.8	3.0	44.6%
Total Expense	\$ 27.3	\$ 35.9	\$ 8.6	31.6%
Aug. Ending Balance	\$ 1.8	\$ 2.3	\$ 0.5	

Comparison to FY 2003

Fiscal year sales through August, compared to the same time period in FY 2003, were as follows:

- Instant ticket sales increased \$2.0 million (15.8%).
- Pick 3 sales increased \$157,000 (17.9%).
- Multi-State Powerball sales increased \$6.9 million (97.1%).
- Hot Lotto sales increased \$411,000 (46.8%).
- Freeplay Replay sales increased \$4,000 (7.4%).
- Daily Game sales increased \$76,000 (11.0%).
- Pull-tab sales decreased \$77,000 (1.7%).



Ticket Sales

Total Lottery sales through August were \$36.2 million, an increase of \$9.7 million (36.3%) compared to August 2002. The FY 2004 sales for the Instant Tickets, Pick 3, Powerball, Hot Lotto, and Daily Game are above sales for the same period in FY 2003.

Vending Machine Sales

Ticket sales through Monitor Vending Machines began in May 2003 on a trial basis. Monitor Vending Machines had sales of \$209,000 through August.

Estimated Transfers



The Revenue Estimating Conference (REC) projected FY 2004 Lottery profit transfers to the General Fund would total \$54.8 million at the October 10 meeting. Actual profit transfer for FY 2003 was \$47.4 million, including \$9.0 million from sales tax. Therefore, the REC is currently estimating that General Fund Lottery transfers will increase by \$7.4 million (15.6%) in FY 2004 compared to FY 2003. The FY 2004 transfers payable to the General Fund through August were \$1.7 million (20.7%) above FY 2003.

House File 655 (Administration and Regulation Appropriations Act) required the Lottery to deduct \$500,000 from calculated retained earnings before making Lottery proceeds transfers to the General Fund during FY 2004. This is a continuation from FY 2003 and the impact was a one-time increased transfer of \$500,000 during FY 2003.

Unclaimed Powerball

The proceeds transfers for FY 2003 included \$1.2 million from the sales amount for Iowa's share of an unclaimed Powerball ticket sold in Indiana.

Sales Tax

In addition to the amount transferred to the State as profits, the Lottery transferred \$9.0 million in sales tax during FY 2003. House File 534 (Department of Administrative Services Act) eliminated sales tax on lottery sales. The amount previously recorded as sales tax will now be reported as part of the Lottery profit transfer.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Ron Robinson (Ext. 16256)

TRAFFIC SAFETY BUREAU RECEIVES CHILD PASSENGER PROTECTION EDUCATION GRANT

Grant Program

The Child Passenger Protection Education Grant Program was authorized under Section 2003b of the federal 1998 Transportation Equity Act.



In FFY 2003, 48 states were awarded grants totaling \$7.5 million. Of that amount, Iowa received \$108,000. The funds may be used for the prevention of deaths and injuries to children, child passenger safety education, or child passenger safety training.

Grant Requirements

To qualify for a Section 2003b grant, states are required to:

- Prevent deaths and injuries to children.
- Educate the public concerning all aspects of the proper installation of child restraints; appropriate child restraint design, selection, and placement; and harness threading and harness adjustment on child restraints.
- Train and retrain child passenger safety professionals, police officers, fire and emergency medical personnel, and other educators concerning all aspects of child restraint use.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

STATE SOIL CONSERVATION COMMITTEE MEETING

Soil Conservation



The State Soil Conservation Committee held a teleconference meeting October 2. The following items were discussed:

- Bill Gillespie, Department of Agriculture and Land Stewardship, reported that the Bureau has entered into agreements totaling \$350,000 with the federal Natural Resources Conservation Service (NRCS) to hire additional technical assistance for the Conservation Reserve Program. The Department will match these funds with money from the Soil Conservation Cost Share Program.
- Bill McGill, Department of Agriculture and Land Stewardship, reported that \$66,000 would be available on October 15 from the Resource Enhancement and Protection (REAP) Fund for Forestry and Native Grasses projects. These are FY 2003 unobligated funds that will be sent to the soil conservation districts to use for FY 2004 projects.
- Dean Lemke, Department of Agriculture and Land Stewardship, discussed the Conservation Reserve Enhancement Program (CREP) that receives funding from the Environment First Fund and federal funds. He stated there are 31 sites in the design or construction phase and 17 sites in the engineering and surveying stages.
- Bill Ehm, Department of Agriculture and Land Stewardship, reminded Committee members to attend the Water Summit Conference that will be held November 24 and 25 in Ames. There have been a number of subcommittee meetings to address impaired waters in Iowa.
- Dennis Pate, NRCS, reported the State received approximately \$13.0 million for the federal Environmental Quality Incentives Program (EQIP) and \$17.5 million for the federal Wetland Reserve Program for FFY 2003.

Next Meeting

The next meeting is scheduled for November 18 in Marshalltown.

More Information



Additional information is available from the LSA upon request. For more information about the State Soil Conservation Committee, refer to the web site at: <http://www.agriculture.state.ia.us/sccommittee.htm>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

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