

# FISCAL UPDATE

## Legislative Services Agency

December 16, 2003

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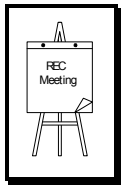
<http://staffweb.legis.state.ia.us/lfb>

### DECEMBER REVENUE ESTIMATING CONFERENCE

#### REC Meeting

The Revenue Estimating Conference (REC) met on December 8, and decreased the FY 2004 estimated net General Fund receipts \$14.9 million and increased the FY 2005 estimated net General Fund receipts \$63.2 million.

#### FY 2004 Estimate



The FY 2004 REC estimate for net General Fund receipts is now \$4,482.6 million, a decrease of \$0.9 million compared to actual FY 2003. The revised estimate is \$14.9 million below the October REC projection. Major changes compared to the October estimate include:

- A \$38.2 million increase in income tax receipts. The projected income tax revenue increase for FY 2004 is now \$109.6 million. Income tax revenues increased \$42.5 million through December 5.
- A \$42.0 million decrease in corporate tax receipts. The projected corporate tax revenue decrease for FY 2004 is now \$56.9 million. Corporate tax revenue decreased \$26.8 million through December 5.
- A \$16.0 million increase in estimated tax refunds. The projected increase in FY 2004 tax refunds is now \$72.7 million. Tax refunds increased \$49.6 million (cash basis) through December 5.

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<b>FY 2004 Revenue Estimating Conference Projection</b>				
(Dollars in Millions)				
	Actual FY 2003	October FY 2004 Estimate	December FY 2004 Estimate	Estimate Increase (Decrease)
Income Tax	\$2,417.6	\$2,489.0	\$2,527.2	\$38.2
Sales/Use Tax	1,704.5	1,704.5	1,703.3	-1.2
Corporate Tax	237.0	222.1	180.1	-42.0
Insurance Tax	142.2	130.0	130.0	0.0
Other Taxes	233.9	219.2	225.2	6.0
<b>Total Taxes</b>	<u>\$4,735.2</u>	<u>\$4,764.8</u>	<u>\$4,765.8</u>	<u>\$1.0</u>
Other Receipts	\$311.5	\$343.1	\$341.2	\$-1.9
Transfers	129.0	88.0	88.0	0.0
Accruals (Net)	-44.9	21.6	23.6	2.0
Refunds	-647.3	-720.0	-736.0	-16.0
Other Receipts & Adjustments	<u>-\$251.7</u>	<u>-\$267.3</u>	<u>-\$283.2</u>	<u>-\$15.9</u>
<b>Net General Fund Receipts</b>	<u><u>\$4,483.5</u></u>	<u><u>\$4,497.5</u></u>	<u><u>\$4,482.6</u></u>	<u><u>-\$14.9</u></u>

**FY 2005**



The FY 2005 REC estimate for net General Fund receipts is now \$4,550.3 million, an increase of \$67.7 million compared to the REC December estimate for FY 2004. The revised estimate is \$63.2 million higher than the October REC projection. Major changes compared to the October estimate include:

- A \$64.3 million increase due to the reinstatement of Iowa's 5.0% sales tax on residential utility bills, which would have become effective July 1, 2004. The reinstatement was the result of a Governor's line-item veto in HF 683 (2003 Grow Iowa Values Fund Appropriations Act). The Governor's veto message stated it was not the Governor's intent to eliminate the utility tax phase-out and recommended that the 2004 General Assembly reenact the phase-out language.
- A \$39.7 million increase in projected personal income tax receipts.
- A \$22.3 million decrease in projected corporate tax receipts.
- A \$7.8 million increase in estimated tax refunds

<b>FY 2005 Revenue Estimating Conference Projection</b>				
<b>(Dollars in Millions)</b>				
	<b>Estimate</b>	<b>October</b>	<b>December</b>	<b>Estimate</b>
	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2005</b>	<b>Increase</b>
		<b>Estimate</b>	<b>Estimate</b>	<b>(Decrease)</b>
Income Tax	\$2,527.2	\$2,580.3	\$2,620.0	\$39.7
Sales/Use Tax	1,703.3	1,711.9	1,767.4	55.5
Corporate Tax	180.1	207.4	185.1	-22.3
Insurance Tax	130.0	112.3	106.5	-5.8
Other Taxes	225.2	214.2	220.1	5.9
<b>Total Taxes</b>	<b>\$4,765.8</b>	<b>\$4,826.1</b>	<b>\$4,899.1</b>	<b>\$73.0</b>
Other Receipts	\$341.2	\$292.8	\$290.8	\$-2.0
Transfers	88.0	67.2	67.2	0.0
Accruals (Net)	23.6	5.4	5.4	0.0
Refunds	-736.0	-704.4	-712.2	-7.8
Other Receipts & Adjustments	-\$283.2	-\$339.0	-\$348.8	\$-9.8
<b>Net General Fund Receipts</b>	<b>\$4,482.6</b>	<b>\$4,487.1</b>	<b>\$4,550.3</b>	<b>\$63.2</b>

**Summary Table**

The following table provides a summary of actual revenues for FY 2002 and FY 2003 and the REC estimates for FY 2004 and FY 2005. A more detailed spreadsheet of the FY 2004 and FY 2005 estimates is available on the Legislative Services Agency (LSA) web site at: <http://staffweb.legis.state.ia.us/lfb/qre/qre.htm>.

<b>Revenue Estimating Conference Projection</b>				
<b>(Dollars in Millions)</b>				
	<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Income Tax	\$2,372.1	\$2,417.6	\$2,527.2	\$2,620.0
Sales/Use Tax	1,691.5	1,704.5	1,703.3	1,767.4
Corporate Tax	221.2	237.0	180.1	185.1
Insurance Tax	135.4	142.2	130.0	106.5
Other Taxes	241.7	233.9	225.2	220.1
<b>Total Taxes</b>	<b>\$4,661.9</b>	<b>\$4,735.2</b>	<b>\$4,765.8</b>	<b>\$4,899.1</b>
Other Receipts	\$345.6	\$311.5	\$341.2	\$290.8
Transfers	305.8	129.0	88.0	67.2
Accruals (Net)	30.6	-44.9	23.6	5.4
Refunds	-663.1	-647.3	-736.0	-712.2
Other Receipts & Adjustments	\$18.9	-\$251.7	-\$283.2	-\$348.8
<b>Net General Fund Receipts</b>	<b>\$4,680.8</b>	<b>\$4,483.5</b>	<b>\$4,482.6</b>	<b>\$4,550.3</b>
<b>Year-over-year Incr./Decr.</b>	<b>\$33.8</b>	<b>\$-197.3</b>	<b>\$-0.9</b>	<b>\$67.7</b>

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

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**FY 2005 DEPARTMENT OF TRANSPORTATION BUDGET REQUEST**

**Budget Request**



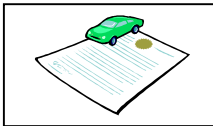
**Non-General Funds**

The Department of Transportation (DOT) is requesting \$276.9 million and 3,424.0 FTE positions from the Road Use Tax Fund and Primary Road Fund to fund Operations, Special Purpose projects, and Capital appropriations for FY 2005. This is a decrease of \$4.7 million (1.7%) and a decrease of 18.0 FTE positions (0.5%) compared to the estimated net FY 2004 appropriation.

The FY 2005 request includes:

- \$276.2 million for Operations and Special Purpose projects, a decrease of \$3.0 million (1.1%) compared to the estimated net FY 2004 appropriation.
- \$650,000 for Capital projects, a decrease of \$1.7 million (71.7%) compared to the estimated net FY 2004 appropriation.

**Operations Budget**



The following summarizes the request for the Operations budget:

- Operations Division – A decrease of \$280,000 and an increase of 1.0 FTE position. This includes a decrease of \$725,000 to the Road Use Tax Fund and an increase of \$445,000 to the Primary Road Fund. The request includes:
  - An increase of \$73,000 to fund inflationary increases on existing leases.
  - A decrease of \$418,000 to transfer funds to the County Treasurer Support Appropriation Request.
  - An increase of \$65,000 and 1.0 FTE position to transfer the position from the Motor Vehicle Division to the Information Technology Division, which is under the Operations Division.
- Highway Division – A decrease of \$1.4 million and 18.0 FTE positions from the Primary Road Fund.

**Special Purpose Projects**

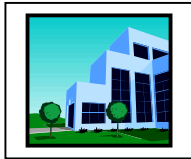


The following summarizes the request for the Special Purpose projects:

- Workers' Compensation – An increase of \$403,000. This includes an increase of \$18,000 from the Road Use Tax Fund and an increase of \$385,000 from the Primary Road Fund. The increase is due to an adjustment in premium calculations.
- Vehicle Registration System Rewrite – A decrease of \$5.0 million from the Road Use Tax Fund.
- County Treasurer Support – An increase of \$1.1 million from the Road Use Tax Fund for resources to issue driver's licenses, vehicle registrations, and titles at County Treasurer Offices throughout the State. This is a new request for FY 2005, which includes:
  - \$30,000 in a separate appropriation for the county issuance of driver's licenses.

- \$418,000 for existing automation and telecommunications costs at counties that issue driver's licenses, vehicle registrations, and titles. This amount will be transferred from the Operations Division base budget.
- \$648,000 for costs associated with improving data transmission between counties and the DOT.
- I/3 Budget System Implementation – An increase of \$2.5 million from the Primary Road Fund to upgrade the Department's current budget system in order to comply with the new I/3 (Integrated Information for Iowa) State budget system. This is a new funding request for FY 2005.

**Capital Projects**



The following summarizes the request for Capital projects:

- DOT Complex Improvements – An increase of \$650,000 from the Primary Road Fund to fund infrastructure improvements to various buildings at the DOT complex. This is a new funding request for FY 2005.
- Miscellaneous Capital Projects – A decrease of \$2.5 million from the Primary Road Fund for the following appropriations made in FY 2004 that are not being requested in FY 2005 due to project completion:
  - Garage Replacements – A decrease of \$2.0 million.
  - Garage Roofing Projects – A decrease of \$300,000.
  - Missouri Valley Scale Overlay – A decrease of \$200,000.

**More Information**

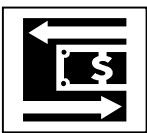
Additional information is available from the LSA upon request.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

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**STATE PUBLIC DEFENDER'S OFFICE REALLOCATES FY 2004 FUNDS**

**Fund Reallocation**



The State Public Defender's Office transferred \$1.1 million from the Indigent Defense Program to the Office of the State Public Defender in November 2003. The transfer will permit all vacant public defender FTE positions to be filled, and will cover the increased costs associated with fully staffing caseloads and related expenses. It is more cost effective to have public defenders, rather than private attorneys, provide counsel to indigent defendants. The FY 2003 average cost per case was \$224 for a Public Defender, while the FY 2003 average cost per claim for a private attorney was \$420.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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**FY 2004 ESTIMATES FOR MEDICAL ASSISTANCE (MEDICAID) PROGRAM**

**Medicaid Estimates**



Staff from the Department of Management, Department of Human Services (DHS) and the Fiscal Division of the Legislative Services Agency met on November 21, to discuss estimated expenditures for the Medical Assistance (Medicaid) Program for FY 2004. The staffs meet monthly to discuss

estimated expenditures for the current fiscal year and to agree on a range for expenditures.

**Surplus**

The three staffs agreed to an estimated range of a surplus of \$12.2 million to a deficit of \$8.0 million for FY 2004. The estimate accounts for the increased funding due to the Federal Fiscal Relief for Medicaid.

**Fiscal Impact**

The Federal Fiscal Relief is projected to provide an additional \$47.0 million in funding for the Medicaid Program in FY 2004. The increase in federal funding is offset, however, by the following changes that have occurred over the past three months:

- The FY 2004 appropriations transfer of \$15.2 million from Medicaid for salary funding.
- A decrease of \$1.0 million for the Department of Human Services' (DHS) Charter Agency payment.
- A reduction of \$17.8 million in the estimated savings projected to result due to the enactment of HF 619 (Medicaid Cost Containment Act). Changes in the federal Center for Medicare and Medicaid Services interpretation of federal regulations make approval of the Physician Intergovernmental Transfer proposal (estimated to save \$13.5 million in FY 2004) and the Hospital Crossover Claims proposal (estimated to save \$4.3 million in FY 2004) unlikely.
- A decrease from \$7.0 to \$2.7 million in the estimated savings resulting from the delayed implementation of a Preferred Drug List.
- These items equal \$38.3 million in costs offsetting the \$47.0 million in increased funding from the Federal Fiscal Relief.



**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Vermeer (Ext. 14611)

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**PREFERRED DRUG LIST UPDATE**

**Preferred Drug List**



House File 619 (Medicaid Cost Containment Act) required the Department of Human Services (DHS) to implement a Preferred Drug List in the Medical Assistance (Medicaid) Program in FY 2004. The estimated State savings at the time the Bill was enacted was \$7.0 million in FY 2004, assuming implementation would be on July 1, 2003. The current estimated savings is \$2.7 million for FY 2004, due to a later implementation date of January 1, 2004. The annual estimated savings is \$7.0 million for FY 2005.

**Requirements**

The Act further required a Pharmaceutical and Therapeutics (P&T) Committee to make recommendations to the DHS regarding which drugs should be included on the Preferred Drug List. The Committee met on November 18 and 19 to review the first 10 drug classes for the List, and will review a total of approximately 50 drug classes. The Committee made recommendations regarding nine of the drug classes and tabled discussion on the Lipotropics drug class. The Preferred Drug List may be accessed on the web site at: [www.iowapdl.com](http://www.iowapdl.com).

**Next Meeting**

The next Committee meeting is scheduled for the first week of January 2004; however, the date has not been set.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Vermeer (Ext. 14611)

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**COLLEGE STUDENT AID COMMISSION MEETING**

**Student Aid Commission**



The College Student Aid Commission met on November 18 at the Commission Office in Des Moines. Significant agenda items included:

- Collection Vendor Request for Proposal (RFP) Recommendation. The Commission authorized staff to negotiate collection contracts with Diversified Credit Service, Inc., Risk Management Alternatives, Inc., National Asset Management Enterprises, Inc., and The CBE Group. The Commission also authorized staff to negotiate Letters of Understanding with Account Control Technology, Inc., and Premiere Credit to designate these vendors as alternates.
- Amendment to Legislative Program. The Commission directed staff to work in consultation with the Iowa Department of Education and the Iowa Board of Educational Examiners to advance legislation that would allow the two State agencies to approve or accredit out-of-state institutions.
- Scholarship and Grant Reserve Fund Transfer. The Commission authorized staff to request transfers from the Fund of \$150,000 for the Iowa Tuition Grant Program and \$50,000 to the Iowa Vocational-Technical Tuition Grant Program. The transfers will be used to partially offset reductions resulting from the Governor's 2.5% across-the-board reduction. The current balance of the Fund is \$317,000.
- Proposed Administrative Rule Change for the Osteopathic Physician Recruitment Program.
- Iowa Coordinating Council for Post High School Education. The Commission was provided with a copy of the Council's 2002-2003 Annual Report. The Report and other Council information are available at [www.state.ia.us/educate/regents/highered.html](http://www.state.ia.us/educate/regents/highered.html).



**Next Meeting**

The next Commission meeting is scheduled for January 20, 2004.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Mary Shipman (Ext. 14617)

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**LOTTERY REVENUE AND EXPENDITURES THROUGH SEPTEMBER**

**September Rev./Exp.**



The FY 2004 Lottery game revenues through the month of September increased \$10.4 million compared to the FY 2003 level. Lottery prize expenses increased \$4.6 million, operating expenses increased \$1.4 million, and transfers to State funds increased by \$3.0 million. The following table details revenues, expenditures, and balances of the State Lottery.

**STATE LOTTERY**

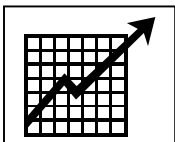
July Through September  
(Dollars in Millions)

	<u>FY 2003</u>	<u>FY 2004</u>	<u>Increase/ Decrease</u>	<u>% Increase</u>
Fiscal Year Beginning Balance	\$ 2.3	\$ 1.8	\$ -0.5	
Game Revenues	\$ 40.5	\$ 50.9	\$ 10.4	25.6%
Interest	0.3	0.2	-0.1	-18.5%
Total Revenue	\$ 40.8	\$ 51.2	\$ 10.3	25.3%
Prize Expense	\$ 23.1	\$ 27.7	\$ 4.6	19.8%
Operating Expense	8.5	9.9	1.4	16.4%
Transfer of Profits	9.8	12.8	3.0	30.9%
Total Expense	\$ 41.4	\$ 50.4	\$ 9.0	21.7%
Sept. Ending Balance	\$ 1.7	\$ 2.6	\$ 0.8	

**Ticket Sales**

The total Lottery sales through September 2003 were \$50.9 million, an increase of \$10.4 million (25.6%) compared to September 2002. Fiscal Year 2004 sales for the Instant Tickets, Pick 3, Powerball, Hot Lotto, and Daily Game are above sales for the same period during FY 2003.

**FY 2003 Comparison**



Fiscal year 2004 sales through September, compared to the same time period in FY 2003, were as follows:

- Instant ticket sales increased \$3.2 million (17.4%).
- Pick 3 sales increased \$165,000 (12.5%).



- Multi-State Powerball sales increased \$5.8 million (49.4%).
- Hot Lotto sales increased \$619,000 (49.4%).
- Freeplay Replay sales decreased \$1,000 (1.0%).
- Daily Game sales increased \$109,000 (10.7%).
- Pull-tab sales decreased \$12,000 (0.2%).

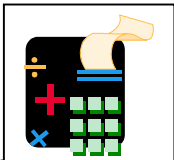
**Vending Machine Sales**

Ticket sales through Monitor Vending Machines began in May 2003, on a trial basis. These sales were \$331,000 through September 2003.

**Pick 4**

Pick 4 sales began in September 2003, replacing Freeplay Replay. These sales were \$126,000 through September 2003.

**Estimated Transfers**



**One-time Funding**

On a fiscal year basis, FY 2004 Lottery profit transfers to the General Fund are estimated at \$54.9 million. Actual profit transfer for FY 2003 was \$47.4 million, including \$9.0 million from sales tax. The FY 2004 transfers payable to the General Fund through September 2003 were \$3.0 million (31.0%) above FY 2003 transfers.

House File 655 (FY 2004 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 the sales tax on lottery sales. The amount that was 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)

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**COUNCIL ON HUMAN SERVICES NOVEMBER MEETING**

**Human Services Council**

The Council on Human Services met on November 19 and conducted the following business:

**Administrative Rules**



The following administrative rules were adopted:

- Expansion of the Family Investment Program (FIP) diversion pilot into a Statewide Program. The fiscal impact is an estimated savings of \$257,000 in federal Temporary Assistance to Needy Families (TANF) funds in FY 2004 and a savings of \$3.3 million in FY 2005. On an annual basis, the expansion is expected to cost \$1.0 million offset with \$4.3 million in savings from the Promise Jobs Program.
- Changing the reporting requirement for Food Assistance Program (previously referred to as Food Stamps). The fiscal impact is estimated savings and

additional federal revenue of \$244,000 in FY 2004 and \$445,000 in federal funds in FY 2005.

- Changes to the maximum reimbursement rates for residential care facilities and in-home health related entities due to appropriation limitations while maintaining federal maintenance of effort requirements. The change also decreases the income limits for individuals receiving these services. The change will not impact all facilities and entities since it is a change to the maximum and not an across-the-board for all reimbursement rates for these categories. The estimated State savings for residential care facilities is \$600,000 in FY 2004 and \$1.6 million in FY 2005. The estimated savings for in-home health related entities is \$154,000 in FY 2004 and \$529,000 in FY 2005. The estimates include a January 2004 federal cost of living adjustment (COLA).
- Implementation of a Preferred Drug List. The estimated net State savings is \$2.7 million in FY 2004 and \$6.7 million in FY 2005, which are derived from a combination of additional expenditures for operating the Preferred Drug List, additional pharmaceutical rebate revenue, and a decrease in drug expenditures.
- Implementation of quality assurance assessments for nursing facilities. An annual estimated \$26.6 million would be generated. From those revenues, \$15.0 million in State funds would be returned to facilities via Medicaid reimbursement increases and \$11.6 million in State funds would be deposited into the Senior Living Trust Fund.
- Provisions for the federal cost of living adjustment (COLA) and related adjustments to programs reliant upon the calculation. The annual estimated cost to the General Fund is \$85,000.



**Director's Notice**

The following administrative rules were placed on Director's Notice for adoption at a future meeting:

- Establishment of penalties for child care assistance provider fraud.
- Provisions for on-line application process for the Healthy and Well Kids in Iowa (*hawk-i*) Program.

**Statutory Changes**

Statutory changes that will be requested during the 2004 Legislative Session include:



- Eliminating the Family Investment Program (FIP) truancy tracking requirement, as occurred with notwithstanding language in Appropriations Acts for FY 2003 and FY 2004.
- Increasing the amount of vehicle value from \$3,389 to \$12,000, which is disregarded when determining eligibility for the FIP.
- Permit the PROMISE JOBS Program to provide supportive services under certain conditions to a child over 16 who re-enters school and is not a parent.
- Permit a family to utilize a Family Investment Agreement within the FIP for short-term purposes.
- Limit the impact of a person within a FIP household who chooses a limited benefit plan to only that person and not the entire household.
- Require that persons eligible for the Medicaid for Employed Persons with Disabilities (MEPD) Program qualify with income of 100.0% of the federal poverty level when SSI-related. This would allow additional people to qualify for the Program with a contribution of approximately \$36 per month.



- Establish a single income limit for the single nursing facility care cost, for purposes of establishing Medicaid approval when utilizing Miller Trust provisions.
- Requesting a re-filing of HF 2559 (Child Protection Confidentiality Bill) from the 2002 Legislative Session regarding confidential information disclosure limitations.
- Changing legal guardianship provisions for individuals within facilities.
- Responding to the federal Department of Justice report for the State Resource Centers regarding confidentiality of mortality and peer reviews.
- Changing the notification process for modifying child support.
- Provisions for utilization of electronic documentation for payment of child support.
- Eliminate required dependent adult abuse training for maintenance of social worker and psychologist licenses and permit mandatory reporters to report adult abuse directly.
- Eliminate requirement for chauffeur's license for certain transportation needs within the Institutions.
- Unknown detail regarding the pending Mental Health redesign, which may be adopted by the Mental Health and Developmental Disabilities Commission before the end of Calendar Year 2003.
- Various issues within the Child Welfare redesign.
- Changes to child care quality issues.
- Chapter 812, Code of Iowa, (Mental Health Commitments) revisions.



**Next Meeting**

The next Council meeting is scheduled for December 10.

**More Information**

Additional information is available from the LSA upon request.

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Vermeer (Ext. 14611)

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**NOVEMBER MENTAL HEALTH AND DEVELOPMENTAL  
DISABILITIES COMMISSION MEETING**

**Commission Meeting**



The Mental Health and Developmental Disabilities Commission met November 18 and conducted the following business:

- The Commission reviewed the fourth draft of the proposed redesign report and suggested changes. The draft may be accessed on the LSA web site at: [http://staffweb.legis.state.ia.us/lfb/subcom/human\\_serv/interim\\_2003.htm](http://staffweb.legis.state.ia.us/lfb/subcom/human_serv/interim_2003.htm). The fifth draft that resulted from the meeting and the basis for discussion at three public hearings held by the Commission during December is available on the web site at: <http://www.dhs.state.ia.us/publications.asp>. Hearings were scheduled for December 5 in Council Bluffs, December 11 in Davenport, and December 18 in Des Moines. On December 18, the Commission is scheduled to meet to finalize the proposed redesign.
- Michael Flaum, University of Iowa, reported various ideas for a functional assessment tool referred to in the proposed redesign, to use in determining the services needed for an eligible individual.

- Approved several accreditations and delayed action on two facilities pending further information and staff clarifications.
- Formalized the FY 2006 Mental Health Allowed Growth appropriation recommendation at \$35.1 million. This is equal to an increase of \$11.4 million compared to the FY 2004 appropriation in SF 458 (FY 2004 Standings and Miscellaneous Appropriations Act), or a 4.8% increase in the formula calculation.

**Next Meeting**

The next Commission meeting is scheduled for December 18.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

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**IOWA WATER SUMMIT HELD IN AMES**

**Water Summit**



The Iowa Water Summit was held on November 24 in Ames. The goal of the Summit was to develop a plan that will eliminate impaired waters in Iowa. There were over 450 attendees that represented business, environmental groups, and concerned citizens. Prior to the Iowa Water Summit, five workgroups met and developed recommendations for improving water quality.

**Speakers**

The morning session included the following speakers:

- Governor Vilsack provided background information related to the Water Summit and indicated the State goal is to eliminate dirty water by 2010. He also discussed the importance of clean water in making Iowa a vibrant place to live.
- Patty Judge, Secretary of Agriculture, discussed the background and success of the Soil Conservation Cost Share Program in terms of clean water.
- Jeff Vonk, Director of the Department of Natural Resources (DNR), discussed the importance of water quality in terms of health benefits, recreational opportunities, and a sound economy.
- Mary Skopec, DNR, provided an overview of the current status of Iowa waterbodies.
- Jim Gulliford, Environmental Protection Agency (EPA), discussed the importance for states to improve water quality and to develop sustainable watersheds.



**Group Meetings**

In the afternoon, a number of groups discussed recommendations made by workgroups. The following topics were discussed:

- Nutrients and water quality.
- Point source pollution.
- Non-point source pollution.
- Impaired waters and restoration.
- Current programs, resources, and deployment.



**Revisions**

Each workgroup submitted written recommendations regarding discussion topics to the original workgroup. The original workgroups met again on

November 25, to revise recommendations that will be submitted to the Governor.

### More Information

Additional information is available from the LSA upon request. For more information regarding the Water Summit, access the web site at: <http://www.iowadnr.com/other/watersummit/index.html>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

## STATE SOIL CONSERVATION COMMITTEE MEETING

### Conservation Committee



The State Soil Conservation Committee met on December 5 and discussed the following:

John Sellers, Committee Chairperson, discussed the Water Summit held November 24. The goal of the Summit was to make program recommendations that would eliminate impaired waterbodies in Iowa.

### Water Quality Projects

Employees in the Department of Agriculture and Land Stewardship provided the following information on water quality projects in Iowa:

- Funding for water quality projects is provided from the Resource Enhancement and Protection (REAP) Fund, federal Clean Water Act Section 319 Fund, and the Watershed Protection Fund.
- Water quality projects include conservation easements, nutrient and pest management, wetland development and restoration, waste storage structures, conservation tillage, and other conservation practices.
- Since 1990, there have been 98 water quality projects completed for a total cost of \$43.6 million. Project funding for FY 2003 was \$5.2 million and estimated funding for FY 2004 is \$3.7 million.
- Currently, there are 46 projects in progress in 56 counties. Employees from the Department of Agriculture and Land Stewardship or the federal Natural Resource Conservation Service coordinate the projects.



### RIIF Funding



Bill Ehm, Division Administrator, reported that funding has decreased to the Rebuild Iowa Infrastructure Fund (RIIF), which provides funding to the Environment First Fund, for FY 2004. The reason is the Iowa Supreme Court has not settled the legal case regarding taxation of racetrack casinos at a higher rate than riverboat casinos. The Department of Management stated that obligated projects would continue to receive funding; however, future projects are not guaranteed funding.

### Revolving Fund

The Department of Natural Resources is working with the Soil Conservation Division in the Department of Agriculture and Land Stewardship to administer a State Revolving Fund to provide low-interest loans to landowners for water quality projects.

### Next Meeting

The next meeting is scheduled for January 8, 2004, in Des Moines.

### More Information

Additional information is available from the LSA upon request.

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## NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION OWI INCENTIVE FUNDING

### Incentive Grant Funds



On November 26, the Department of Public Safety (DPS) was notified by the federal Department of Transportation that Iowa's proposed use of federal Operating While Intoxicated Incentive Grant funds would not be a violation of the National Highway Traffic Safety Administration's supplanting policy. The State's total award is \$1.4 million for FY 2004. Of this amount, \$641,000 will be passed through to local law enforcement.

### State Trooper Salaries

The DPS will receive \$777,000 in federal grant funds, which will be used to fund State Trooper salaries for 14.0 FTE positions in FY 2004. The original amount estimated to be received by the DPS was \$1.2 million, which would have funded salaries for 20.0 FTE positions for Troopers; however, more states than originally anticipated applied for and received incentive funds.

### Funding Concerns

Since the State will receive these federal grant funds in an amount that is less than originally anticipated, the DPS will be under-funded for Trooper salaries by \$423,000 for FY 2004. In addition, since the funds are for FY 2004 only, the DPS will face a funding shortage of the full amount in FY 2005.

### More Information

Additional information is available from the LSA upon request.

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## ISSUE REVIEW – COMMUNITY COLLEGE MANAGEMENT INFORMATION SYSTEM

### Issue Review

The Fiscal Division of the Legislative Services Agency (LSA) recently published an **Issue Review** that provides information on concerns regarding the Community College Management Information System (MIS).

### MIS Background

The General Assembly appropriated a total of \$270,000 over two years to create the MIS, which began operation in FY 1998. The community colleges annually report data to the Department of Education to be compiled and reported through a series of annual Statewide reports that include information on enrollment, tuition, and certified budgets.

### MIS Concerns



Since implementation of the MIS, a variety of concerns have arisen, and the Department's Community College Division has addressed several of the concerns. Three areas of concern remain to be addressed:

- Currently, publication of MIS reports is tied to the State Board of Education's meeting schedule. Due to budget cuts, the Board does not meet in October or December, creating delays in the publication of data on tuition and enrollment.
- In the past, the Department has indicated a reluctance to develop enrollment projections for the community colleges. An analysis of key trends could produce meaningful projections upon which to base decisions regarding the community college system.
- Currently, the Department requests only limited information from the colleges on restricted revenues and expenditures. Legislators have indicated an interest in reviewing the complete financial positions of the colleges, which requires detailed information on restricted funds.

**More Information**

Additional information is available from the LSA upon request. The ***Issue Review*** is available from the LSA or may be accessed at the LSA web site at: <http://staffweb.legis.state.ia.us/lfb>.

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