

# FISCAL UPDATE

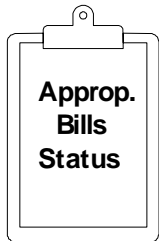
January 31, 2006

Legislative Services Agency

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

## STATUS OF APPROPRIATIONS BILLS



Other Appropriations Bills		
Health Care Transformation Account Bill	SF 2051	Passed Senate Appropriations Committee on January 18.
Honey Creek Destination Park Bond Program Bill	SF 2056	Passed Senate Appropriations Committee on January 18.
Senior Living Trust Fund Repayment Bill	HF 2002	Passed House on January 30.
FY 2006 Veterans Supplemental Appropriations Bill	HF 2080	Final passage by Senate and House on January 18.
FY 2008 School Foundation Allowable Growth Rate Bill	HF 2095	Passed House on January 26.

## HOUSE PASSES FY 2008 SCHOOL FOUNDATION ALLOWABLE GROWTH RATE BILL - HF 2095

### FY 2008 Allowable Growth



The House passed HF 2095 (FY 2008 School Foundation Allowable Growth Rate Bill) on January 26. The Bill sets the allowable growth rate at 4.0% for FY 2008, which is the same rate as for FY 2006 and FY 2007.

The following table provides the breakdown for FY 2006 - FY 2008 by funding source, the budget components of the total School Foundation Formula (or combined district cost), and the budget enrollments.

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**Total Foundation Budget Funding Components: FY 2006 to FY 2008**  
(Dollars in Millions)



<u>Statewide Total Information</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2006 vs FY 2007</u>	<u>FY 2007 vs FY 2008</u>
Budget Enrollment:	483,335.2	483,104.8	482,255.8	-230.4	-849.0
<b>Foundation Funding Sources:</b>					
State Foundation Aid	\$ 1,963.9	\$ 2,048.6	\$ 2,151.9	\$ 84.7	\$ 103.2
Property Taxes	1,049.6	1,090.1	1,111.6	40.4	21.5
<b>Total Foundation Budget</b>	<b>\$ 3,013.6</b>	<b>\$ 3,138.7</b>	<b>\$ 3,263.5</b>	<b>\$ 125.2</b>	<b>\$ 124.8</b>
<b>Budget Components:</b>					
Regular Program District Cost	\$ 2,395.2	\$ 2,489.1	\$ 2,583.5	\$ 93.9	\$ 94.4
Regular Program Budget Adj. (Budget Guarantee)	19.5	13.9	8.7	-5.6	-5.2
Total Supplemental Weighting	33.6	36.7	40.8	3.1	4.1
District Special Education	347.8	360.9	382.8	13.2	21.9
AEA Special Education with Adj.	120.9	125.4	130.3	4.5	4.9
AEA Media Services	21.0	21.8	22.6	0.8	0.8
AEA Education Services	23.2	24.1	25.0	0.9	0.9
AEA Reduction	-19.3	-7.5	-7.5	11.8	0.0
Dropout and Dropout Prevention	72.1	75.0	78.0	2.9	3.0
Enrollment Audit Adjustment	-0.2	-0.6	-0.6	-0.3	0.0
<b>Total Foundation Budget</b>	<b>\$ 3,013.6</b>	<b>\$ 3,138.7</b>	<b>\$ 3,263.5</b>	<b>\$ 125.2</b>	<b>\$ 124.8</b>

Note: Totals may not add due to rounding.

**NOBA**

The NOBA (Notes on Bills and Amendments) for HF 2095 is available on the Legislative Services Agency (LSA) web site at:  
<http://www3.legis.state.ia.us/noba/index.jsp>.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

**SENATE APPROPRIATIONS COMMITTEE PASSES HONEY CREEK DESTINATION PARK BOND PROGRAM BILL - SF 2056**

**Destination Park**



The Senate Appropriations Committee passed SF 2056 (Honey Creek Destination Park Bond Program Bill) on January 18. House File 875 (FY 2005 Infrastructure Appropriations Act) created the Honey Creek Premier Destination Park Authority and the Honey Creek Premier Destination Park Bond Fund. The Authority was authorized to issue up to \$28.0 million in bonds for the development and expansion of the Honey Creek Destination Park located near Lake Rathbun. The bonds will be repaid from the revenue generated by operations at the Destination Park.

**Technical Change**

The Bill makes a technical correction that allows the Authority to issue bonds that have net proceeds of \$28.0 million. The original legislation allowed the

issuance of bonds with gross proceeds of \$28.0 million. The Department of Natural Resources estimates \$36.7 million will be issued to obtain the net proceeds of \$28.0 million.

**NOBA**

The NOBA (Notes on Bills and Amendments) for HF 2056 is available on the Legislative Services Agency (LSA) web site at:  
<http://www3.legis.state.ia.us/noba/index.jsp>

STAFF CONTACT: Debra Kozel (Ext. 16767)

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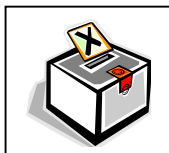
## ADMINISTRATION AND REGULATION APPROPRIATIONS SUBCOMMITTEE MEETINGS

**Subcommittee Meetings**

The Administration and Regulation Appropriations Subcommittee met the week of January 23.

**Department of Revenue**

On January 24, Director Mark Schuling, Department of Revenue, presented updates on the Tax Credits Tracking and Analysis System, a proposal for a new Enterprise Collection Unit, and new budget requests.

**Secretary of State**

On January 25, Charles Krogmeier, Office of Secretary of State, presented an update on the Help America Vote Act (HAVA). Mr. Krogmeier presented an update on the expenditure of \$31.4 million available to develop a statewide voter registration system, assist counties with purchasing new voting machines that meet national standards, and pay related expenses. By the end of March, all counties are expected to have new voting machines.

Mr. Krogmeier also provided copies of the report, "The Status of the Help America Vote Act (HAVA) in Iowa," which is available on the LSA web site.

**Ethics Disclosure Board**

On January 26, Director Charles Smithson, Ethics and Campaign Disclosure Board, presented new budget requests, as well as information on the Department of Administrative Services (DAS) Customer Councils.

**Dept. of Adm. Services**

On January 26, Director Mollie Anderson, DAS, presented updates on the new billing system called eDAS, the I/3 system, Customer Councils, Entrepreneurial Management, and new budget requests.

**Tentative Schedule**

The tentative schedule for the week of January 30 is as follows:

- Tuesday, January 31 - Overview of all Department requests and Governor's recommendations by the LSA; presentation on the Governor's Office budget request by Governor's Office Staff.
- Wednesday, February 1 - Iowa Public Employees Retirement System (IPERS).
- Thursday, February 2 - Department of Human Rights budget request presentation.

**More Information**

Copies of agendas, minutes, and selected handouts distributed to Subcommittee members are available on the General Assembly web site at:  
<http://www3.legis.state.ia.us/ga/committee.do?id=32>.

STAFF CONTACT: Jess Benson (Ext. 14613) Doug Wulf (Ext. 13250)  
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## AGRICULTURE AND NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE MEETINGS

### Subcommittee Meetings

The Agriculture and Natural Resources Appropriations Subcommittee met the week of January 23.

### Animal Health Update

On January 24, Dr. John Schiltz, State Veterinarian, provided an update on animal diseases, farm deer herds, and animal identification systems.

### Energy Programs

On January 25, Kelley Myers, Department of Natural Resources (DNR), provided an update on energy programs.

### LiDAR Technology



On January 26, Chris Ensminger, DNR, discussed Light Detection and Ranging (LiDAR), which is a new technology for developing land and water uses. Micah Cutler, Harrison County, also provided information on how Iowa counties use Geographic Information System (GIS) equipment.

### More Information

Copies of agendas, minutes, and selected handouts distributed to Subcommittee members are available on the General Assembly web site at: <http://www3.legis.state.ia.us/ga/committee.do?id=33>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

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## ECONOMIC DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE MEETINGS

### Subcommittee Meetings

The Economic Development Appropriations Subcommittee met the week of January 23.

### Department Overviews



On January 24, Director Bret Mills, Iowa Finance Authority (IFA), provided an overview of operations, as well as the status and content of HF 880 (Title Transfer for Housing Trust Funds Bill). Director Richard Running, Iowa Workforce Development, provided an overview of operations for the Department.

On January 25, presentations on economic development efforts were provided on behalf of the Board of Regents as follows:

- University of Northern Iowa (UNI) - Randy Pilkington, Executive Director, Business and Community Services.
- University of Iowa (SUI) - Meredith Hay, Vice President, Research.
- Iowa State University (ISU) - John Brighton, Vice Provost, Research.

### Tourism

Nancy Landess, Manager, Tourism Office, Department of Economic Development (DED), provided an update on tourism in the State. Andy Anderson, Chairperson, Vision Iowa/Community Attractions and Tourism (CAT) Board, provided an overview of the operation of the Community Attractions and Tourism (CAT) Program. Becky Gruening, Director, Tourism and Travel for the Greater Des Moines Convention and Visitors Bureau, provided additional information on tourism.

### Battelle Reports

On January 26, Director Mary Lawyer, DED, presented an overview of the Battelle reports. The following people presented information on the

commercialization of research, Grow Iowa Values Fund expenditures, and how additional funding to support the Battelle recommendations would be used:



- University of Northern Iowa (UNI) - Randy Pilkington, Executive Director, Business and Community Services.
- University of Iowa (SUI) - Meredith Hay, Vice President, Research.
- Iowa State University (ISU) - John Brighton, Vice Provost, Research.

#### More Information

Copies of agendas, minutes, and selected handouts distributed to Subcommittee members are available on the General Assembly web site at: <http://www3.legis.state.ia.us/ga/committee.do?id=34>.

STAFF CONTACT: Ron Robinson (Ext. 16256)

### EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETINGS

#### Subcommittee Meetings

The Education Appropriations Subcommittee met the week of January 24.

#### Purchasing Results

Director Michael Tramontina, Department of Management, presented information regarding the Purchasing Results process.

#### Board of Regents

Michael Gartner, President, Board of Regents, gave an overview of the Board's budget request and addressed questions.

#### College Student Aid Comm.

Karen Misjak, Executive Director, College Student Aid Commission, gave an overview of the Commission's operations and budget request. Keith Greiner, Research Director for the Commission, presented a report on a study regarding the Tuition Grant Program.

#### Tentative Schedule



The tentative schedule for the week of January 30 includes:

- Tuesday, January 31 - Judy Jeffrey, Department of Education.
- Wednesday, February 1 - Shanell Wagler, Community Empowerment.
- Thursday, February 2 – To be determined.

#### More Information

Copies of agendas, minutes, and selected handouts distributed to Subcommittee members are available on the General Assembly web site at: <http://www3.legis.state.ia.us/ga/committee.do?id=35>.

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

### HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE MEETINGS

#### Subcommittee Meetings

The Health and Human Services Appropriations Subcommittee met the week of January 23.

#### MAPAC

On January 24, Committee members attended the Medical Assistance Projections Advisory Council (MAPAC) meeting. The agenda included:



- Premiums and Disenrollment, Child and Family Policy Center
- IowaCare Update
  - University of Iowa Hospitals and Clinics
  - Broadlawns Medical Center
  - Department of Human Services

The scheduled overview of Medicaid projections by Kerri Johannsen, LSA, will take place on January 31.

**January 25**

On January 25, representatives from the Department of Human Services, the Veterans Affairs Commission, and the Iowa Veterans Home reviewed budgets and related issues. The Department of Human Services will continue their presentation at a later date.

**January 26**

On January 26, representatives from the Departments of Public Health and Elder Affairs reviewed budgets, as well as the Governor's budget recommendations.

**Tentative Schedule**

The tentative schedule for the week of January 30 includes:



- Tuesday, January 31 - Continuation of the MAPAC meeting and mental health issues.
- Wednesday, February 1 - Pharmaceutical drug issues with the Pharmaceuticals and Therapeutics Committee.
- Thursday, February 2 - Drug Endangered Children Presentation; Iowa Adoptive and Foster Parents Association; and Workforce Partners.

**More Information**

Copies of agendas, minutes, and selected handouts distributed to Subcommittee members are available on the General Assembly web site at: <http://www3.legis.state.ia.us/ga/committee.do?id=37>.

STAFF CONTACT: Kerri Johannsen (Ext. 14611) Lisa Burk (Ext. 17942)  
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**JUSTICE SYSTEM APPROPRIATIONS SUBCOMMITTEE MEETINGS**

**Subcommittee Meetings**

The Justice System Appropriations Subcommittee met the week of January 23.

**Fort Madison**

On January 24, Director Gary Maynard, Department of Corrections (DOC), provided testimony regarding the escapes from the Iowa State Penitentiary at Fort Madison and answered questions regarding preventative measures taken by the Department since the escapes.

**January 25**

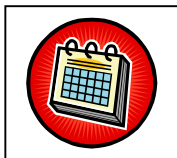
On January 25, Director Maynard reviewed the budget, as well as the Governor's budget recommendations and related issues.

**January 26**

On January 26, representatives from the Departments of Public Defense, Military Division, and Homeland Security and Emergency Management

Division, reviewed budgets, as well as the Governor's budget recommendations and related issues.

### Tentative Schedule



The tentative schedule for the week of January 30 includes:

- Tuesday, January 31 - Mitchellville Therapeutic Community, Board of Parole, and Pathways, Inc.
- Wednesday, February 1 - Iowa Law Enforcement Academy, State Public Defender's Office, and the Iowa Bar Association.
- Thursday, February 2 - Attorney General's Office and Iowa Civil Rights Commission.

### More Information

Copies of agendas, minutes, and selected handouts distributed to Subcommittee members are available on the General Assembly web site at: <http://www3.legis.state.ia.us/ga/committee.do?id=38>.

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

## TRANSPORTATION, INFRASTRUCTURE, AND CAPITALS APPROPRIATIONS SUBCOMMITTEE

### Subcommittee Meetings

The Transportation, Infrastructure, and Capitals Appropriations Subcommittee met on January 24 and 26.

### Federal Highway Funding



On January 24, Department of Transportation staff reviewed federal highway funding. There are two pieces of federal legislation that allocate federal highway money: the multi-year authorization act and the annual appropriations act. The multi-year act, known as the Safe, Accountable, Flexible, Efficient, Transportation Equity Act – A Legacy for Users (SAFETEA-LU) appropriates a total of \$453.0 million for Iowa projects for FFY 2005 - FFY 2009.

The FFY 2005 Transportation Appropriations Bill is pending in Congress. For FFY 2005, the DOT estimates Iowa will receive \$327.9 million in obligation limitation or "spending money" from the Bill to fund highway projects. This is based on an estimated obligation limitation of 85.5%, a decrease from the DOT's original estimate of 90.0%.

### Iowa Public Television

A representative from Iowa Public Television (IPTV) presented the Governor's FY 2007 recommendations. The Governor is recommending \$1.4 million to replace the remaining three UHF analog transmitters at the following three sites, at a cost of \$475,000 per site: KHIN – Red Oak, KTIN – Fort Dodge, and KYIN – Mason City. The Governor is also recommending \$315,000 for IPTV for the purchase and installation of uninterruptible power to supply filtered electricity and synchronous switching between service during power outages and restoration.

### Rebuild Iowa Coalition



On January 26, the Rebuild Iowa Coalition reviewed the history of the Rebuild Iowa Infrastructure Fund (RIIF) and the effect of previous diversions on the State's maintenance projects. The Coalition stated that the Governor's FY 2007 recommendations invest \$32.0 million and \$10.3 million from the RIIF and Vertical Infrastructure Fund (VIF), respectively, and divert

\$42.0 million and \$4.6 million from the RIIF and VIF, respectively, for non-vertical infrastructure needs.

**Department of Corrections** Staff from the Department of Corrections (DOC) presented the Governor's FY 2007 recommendations. The Governor is recommending a total of \$11.2 million for the DOC from the RIIF, Restricted Capitals Fund (RCF), and the Endowment for Iowa's Health-Restricted Capitals Fund (RC2).

**Department of Public Safety** Staff from the Department of Public Safety (DPS) presented the Governor's FY 2007 recommendations. The Governor is recommending a total of \$6.9 million for the DPS from the RIIF, Restricted Capitals Fund (RCF), and the Endowment for Iowa's Health-Restricted Capitals Fund (RC2).

**More Information** Copies of agendas, minutes, and selected handouts distributed to Subcommittee members are available on the General Assembly web site at: <http://www3.legis.state.ia.us/ga/committee.do?id=40>.

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## GOVERNMENT OVERSIGHT COMMITTEE MEETINGS

**Committee Meetings** The Government Oversight Committee met on January 24, 25, and 26.

**Soil and Water Conservation** On January 24, the Committee discussed a complaint referred from the Ethics and Campaign Disclosure Board regarding a possible conflict of interest by counties providing services and products that compete with private businesses. The Board made the referral after it determined it had no jurisdiction in the matter. Staffs from the Board, the Office of Citizens Aide Ombudsman, the County Soil and Water Districts, the Department of Agriculture and Land Stewardship, the Office of Attorney General, and the complainants were present.



**Permanently Moored Vessels** On January 25, the Committee discussed the Permanently Moored Vessel Inspection Program at the Department of Natural Resources.

**Gov. Noncompetition** On January 26, the Committee reviewed Chapter 23A, Code of Iowa, regarding noncompetition by government as it applies to cities, counties, school corporations, and State agencies with the Citizens Aide Ombudsman and the Executive Director of the Ethics and Campaign Disclosure Board.

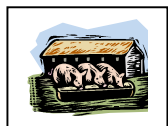
**More Information** Copies of agendas, minutes, and selected handouts distributed to Subcommittee members are available on the General Assembly web site at: <http://www3.legis.state.ia.us/ga/committee.do?id=41>.

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## SWINE HEALTH CONCERNS MEETING

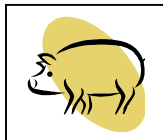
**Informal Discussion**



An informal meeting between legislators and swine producers was held on January 25 to discuss concerns regarding swine health. Producers in attendance included Linus Solberg, Chuck Wirtz, David Kirsh, and Doug Weaver. Dr. Pat Halbur and Dr. Jim McKean from Iowa State University were also in attendance. The following is a brief summary of the discussion:



- Iowa used to farrow approximately 25.0 million sows each year, but that number has declined to approximately 9.0 million. One reason for the decline is the increased number of outbreaks of Porcine Reproductive and Respiratory (PRRS) Disease in sow operations. The Disease creates significant loss to a producer as the herd may have to be depopulated or there is a significant increase in costs for vaccines and veterinarian services.
- Iowa imports 17.0 million pigs for finishing units each year with the majority from Canada, Missouri, Illinois, Oklahoma, and Nebraska. The imported pigs or the trucks transferring them can carry disease that is then spread through Iowa farrowing operations.
- As the cost of fertilizer continues to increase, more farmers are adding a pig finishing unit to their farming operation. The producer can make money from the finishing operation and can use the hog manure instead of fertilizer for crop production.
- It has been estimated that the cost of the PRRS Disease to the State is approximately \$140.0 million per year. There is a need for funding to provide additional research and for the development of a PRRS vaccine.



#### More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Debra Kozel (Ext. 16767)

### AGING SERVICES CABINET MEETING

#### Aging Cabinet Mtg.

The Aging Services Cabinet met on January 20.

#### Budget Process

Josh Mandelbaum, Governor's Office, discussed the budget offer process used by the Governor, the Department of Management, and the departments to develop the FY 2007 budget recommendations.

#### Medicaid

Jennifer Vermeer, Department of Human Services (DHS), reported on the progress of the implementation of various Medicaid waivers and reforms that are the result of HF 841 (IowaCare Medicaid Reform Act), including:

- The IowaCare Program has approximately 13,000 enrollees.
- The federal Centers for Medicare and Medicaid (CMS) has informally told the DHS that the amendment to the Elderly Waiver that adds Case Management as a Medicaid-covered service will not be approved in its current form, which permits the local Area Agencies on Aging to provide Case Management under a sole source contract.

In order to have a sole source contract, the Department would have to submit a 1915(b) waiver to the CMS, which could be a costly and lengthy process (up to two years), with no guarantee of approval.

The other option is to open the provision of Case Management under the Elderly Waiver to any interested and qualified provider. A formal Request for Proposal (RFP) could be issued; however, it would not be required.



#### Depend. Adult Abuse

Jean Davis, Department of Inspections and Appeals, discussed statutory provisions for dependent adult abuse.

#### Care Assessment

Dr. Brian Kaskie, University of Iowa, provided an update on research involving long-term care assessment tools that are or could be used in Iowa.

**More Information**

The next meeting is scheduled for March 31. Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

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