



July 31, 2009

### IOWA'S FEDERAL STIMULUS FUNDING WEBSITE

**Website Established.** Each State is required to ensure that State agencies receiving funding through the American Recovery and Reinvestment Act (ARRA) report quarterly on the receipt and use of funds to the federal government. To facilitate the gathering of reports and to make information available to Iowans the following website has been created. <http://www.iowa.gov/recovery/impact>. The federal government also has established a website for information from all states to allow citizens to review and compare information from the various states. <http://www.recovery.gov/>.

**ARRA Funding Summary.** As shown on Iowa's website, current estimates show that Iowa could receive up to \$2.514 billion in Stimulus Funds. Of this amount, \$1.591 billion is from Formula Allocations, \$895.6 million is from Demand-Based Funding, and \$78.1 million is from Competitive Project Funding. Competitive Project Funding is dependant on successful application by Iowa to the relative federal Agency and as additional funds are applied for or if an application is rejected, the amount of the estimate will be updated to reflect the new amount. The funding estimates are updated as State departments enter additional information in the ARRA database.

**Website Overview.** The Iowa website has information on the following:

- An overview of the ARRA, ARRA Issue areas, ARRA tax incentives, and information about the I-JOBS Program
- Bar and pie charts summarizing the funding estimates by funding area and type. The types of funds that are available to Iowa are defined.
- A summary of the federal requirements on accountability and transparency, information on the Iowa Accountability and Transparency Board (IATB), including members and meeting information.
- Updates from the Governor's Office on ARRA-related issues and funding, a feedback form, information on a Grant Opportunity Workshop, and links to federal, State agency, and national associations, such as:
  - National Conference of State Legislatures <http://www.ncsl.org/?TabId=16779>
  - National Governors Association <http://www.nga.org/>
  - Council of State Governments <http://www.staterecovery.org/>

**Barriers and Issues.** Departments have provided information on barriers and issues related to the early portion of the process of identifying funds available and how to access them and provide adequate reporting. Most of the initial information relates to unclear guidance from the federal agencies, how to provide adequate performance measures, and unavailable criteria and eligibility specification. Most federal agencies have now issued specific guidance for all states that should minimize these particular issues. A survey of all State level recipients of funds will request that departments update the issues and barriers that they now face, among other things. That information will be available sometime in October.

#### **IN THIS ISSUE:**

IA Accountability & Transparency Board Meeting – pg 2  
GAO Report Regarding Use of Federal Funds – pg 2  
Education Fiscal Stabilization Funding – pg 3  
IA Federal Funds Received for Title I & IDEA Part B – pg 4  
IA Federal Funds Received for Byrne JAG Grants – pg 4  
IA Federal Funds Received for Labor – pg 4  
IA Federal Funds Received for Energy – pg 5  
IA Federal Funds Received for the Arts – pg 5  
IA Federal Funds Received for Transportation – pg 6  
Federal Health Care Reform – pg 6  
School Budget Review Committee – pg 7  
Wastewater Infrastructure Loans – pg 7  
Medicaid Forecast – pg 8

Child Care and Adoption Subsidy Forecast – pg 9  
Appropriation Transfers – pg 11  
Allocation Transfer – Public Defender – pg 11  
Office of Consumer Advocate – FY 2009 Budget – pg 11  
Bonding Bills – 2009 Legislative Session – pg 12  
Fifth Judicial District Des Moines Office Closing – pg 12  
Rebuild Iowa Coordinating Council Meeting – pg 13  
Tobacco Commission Meeting – pg 13  
Veterans Affairs Commission Meeting – pg 13  
Administrative Rules Review Committee – pg 14  
Recent Publications – pg 14  
Meetings Monitored – pg 14

**Monitoring.** The LSA has volunteered to assist in the review of the departments with staff from the State Auditor's Office and the DOM. Additionally, staff is monitoring the information provided on the State website, and responding to requests related to availability of funds for specific projects or communities by directly contacting the relevant department.

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## **IOWA ACCOUNTABILITY AND TRANSPARENCY BOARD MEETING - JUNE 23**

**Board Meeting.** The Iowa Accountability and Transparency Board met on June 25, 2009. The Board consists of 13 Members, including eight voting members and five nonvoting members.

**DOM Overview.** Staff of the Department of Management (DOM) presented an overview of the estimated funds that may be available to Iowa from the federal government if sufficient State match is available and if Iowa is successful in its applications for competitive funding opportunities related to the Federal Stimulus Program. Funding is available in three forms:

- Formula allocations – funding that comes to Iowa through current funding formula increases or supplements and often has requirements such as not decreasing the level of services or increasing the requirements to receive services, e.g. Medicaid. Funding is provided to the State or directly to localities, depending on the program.
- Demand-based allocations – this type of funding would increase as demand for it increases. An example of this would be increased unemployment and the extension of the number of weeks benefits can be provided or increasing the amount of the benefit.
- Competitive Projects funding – various federal agencies have stimulus funds available for states to compete for through a grant process.

A summary of the funding by can be view by visiting the following link. <http://www.iowa.gov/recovery/impact>

**Reporting.** The DOM discussed efforts being made to ensure that all primary recipients of funds at the State level provide accurate and timely reporting to meet the federal reporting requirements. The first required quarterly report is due October 10, 2009. These reports will be posted on the site above so that Iowans can see where the moneys are going, how much has been allocated, and how much has been actually expended.

**GAO Report.** In addition to the DOM efforts, the U.S. Government Accountability Office (GAO) has been involved in monitoring the utilization of stimulus funds. Iowa is one of 16 states selected for in-depth review by the GAO. (See summary of the first GAO report in below.)

**Next Meeting.** The DOM discussed and the Board took action on adopting a set of guiding principles and instructed the DOM to conduct a Risk Assessment Profile of the State entities receiving Stimulus Funding. The responses from the Departments on the Risk Assessment will be reviewed and a report will be provided to the Board at its next meeting scheduled for September 10. Staff from the State Auditor's Office, the DOM, and possibly the Legislative Services Agency will be doing the review and assisting in developing the report.

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## **GAO REPORT REGARDING USE OF FEDERAL STIMULUS FUNDS**

**GAO Report Released.** The federal Government and Accounting Office (GAO) released a report dated July 8, 2009, titled "States and Localities Planned Uses of Funds While Facing Financial Stresses." This is the GAO's second report in response to a mandate of the American Recovery and Reinvestment Act (ARRA) of 2009, also known as the federal stimulus act, to evaluate and report on the following:

- Use of ARRA funds
- Approaches to ensure accountability of ARRA funds.
- Plans to evaluate the impact of ARRA funds.

**States Included in the Report.** The Report focuses on 16 states and the District of Columbia. These states (and certain localities) represent approximately 65.0% of the U.S. population and two-thirds of the intergovernmental federal assistance available. In addition to Iowa and the District of Columbia, the report includes information for Arizona, California, Colorado, Florida, Georgia, Illinois, Massachusetts, Michigan, Mississippi, New Jersey, New York, North Carolina, Ohio, Pennsylvania, and Texas.

**Funding Summary.** As of June 19, 2009, approximately \$29.0 billion of the estimated \$49.0 billion of ARRA funds for use in states had been distributed. More than 90.0% of the \$29.0 billion of federal ARRA funds was provided through the increased Federal Medical Assistance Percentage (FMAP) for Medicaid and the State Fiscal Stabilization Fund administered by the U.S. Department of Education.

**Recommendations.** The GAO makes several recommendations for Congressional consideration and Executive action. Most of these relate to providing additional resources to offset audit costs and providing additional guidance regarding information to be collected.

**Quarterly Reports.** The ARRA requires states to report quarterly on a number of measures, including the use of funds and estimates of the number of jobs created and retained. The first of the quarterly reports is due in October 2009.

**Links.** Click the following links for more information:

- Summary and recommendations: <http://www.gao.gov/products/GAO-09-829>
- Full Report (167 pages): <http://www.gao.gov/new.items/d09829.pdf>

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## EDUCATION FISCAL STABILIZATION FUNDING

**Federal Education Funding.** The U.S. Department of Education approved Iowa's application for the American Recovery and Reinvestment Act (ARRA) State Fiscal Stabilization Funding (includes the Education Fiscal Stabilization Funds of \$386.4 million and the Government Fiscal Stabilization Funds of \$86.0 million) in June. The amount approved totaled approximately \$367.0 million. This represents 67.0% of the total ARRA State Fiscal Stabilization Funding available to Iowa. The State will be eligible to apply for the remaining \$156.0 million in the fall.

**School District Funding.** School districts received a total of \$40.0 million in ARRA Education Fiscal Stabilization Funding in June. These funds were in lieu of a portion of the final FY 2009 State aid payment. Prior to receiving ARRA Education Fiscal Stabilization Funding, school districts were required to agree to certain assurances including education enhancements, reporting and transparency requirements, and other ARRA requirements. School districts will be required to submit quarterly reports regarding the use of the ARRA Education Fiscal Stabilization Funds to the State. The first State level report is due to the Office of Management and Budget (OMB) by October 10, 2009. School districts will begin receiving monthly payments of FY 2010 ARRA Education Fiscal Stabilization Funds in September 2009.

**Funding Summary.** During the 2009 Legislative Session, HF 820 (FY 2010 Federal Funds Appropriations Act) appropriated the following ARRA Education Fiscal Stabilization Funds:

- FY 2009 State School Aid - \$40.0 million
- FY 2010 State School Aid - \$202.5 million
- FY 2010 Regents - \$80.3 million
- FY 2010 Community Colleges - \$23.1 million (community colleges also received an appropriation of \$2.5 million from ARRA Government Stabilization Funds)
- FY 2010 Teacher Professional Development for Core Curriculum - \$2.0 million
- FY 2010 Instructional Support Program - \$13.1 million

Currently, approximately \$25.4 million of the ARRA Education Fiscal Stabilization Funding remains from the initial allocation of \$386.4 million.

**More Information.** Additional information regarding ARRA Education Fiscal Stabilization Funds, including allocations to school districts, is available at:

[http://www.iowa.gov/educate/index.php?option=com\\_content&task=view&id=1731&Itemid=1](http://www.iowa.gov/educate/index.php?option=com_content&task=view&id=1731&Itemid=1)

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## IOWA FEDERAL FUNDS RECEIVED FOR TITLE I AND IDEA PART B

**Federal Funding.** In addition to annual federal funding appropriations for the Title I Part A Program and IDEA Part B Program, one-time appropriations were made for these Programs through the American Recovery and Reinvestment Act (ARRA). In general, the additional funding for the Programs is an effort to help stimulate the economy and include goals to save and create jobs, improve student performance, and ensure transparency, reporting, and accountability.

**Title I.** Total ARRA Title I funding is \$51.5 million. School districts receiving ARRA Title I funds can expend those moneys for appropriate Title I costs between February 17, 2009 and September 30, 2011. These funds must be used in accordance with current Title I statutory and regulatory requirements.

**IDEA Part B.** Total ARRA IDEA Part B funding is \$122.1 million. School districts will receive 60.0% of the total and area education agencies (AEAs) will receive 40.0%. School districts and AEAs receiving ARRA IDEA Part B funds can expend those moneys for appropriate IDEA Part B costs between February 17, 2009, and September 30, 2011.

**Distribution of Funds.** The Government Accountability Office (GAO) has reported that as of June 30, 2009, the State of Iowa has distributed approximately \$8.0 million of ARRA Title I Part A funds to school districts and \$25.0 million of ARRA IDEA Part B funds to school districts and AEAs.

**More Information.** Additional information regarding ARRA Title I and IDEA Part B funding including allocations to school districts and AEAs is located at:

[http://www.iowa.gov/educate/index.php?option=com\\_content&view=article&id=1731&Itemid=2552](http://www.iowa.gov/educate/index.php?option=com_content&view=article&id=1731&Itemid=2552)

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## IOWA FEDERAL STIMULUS FUNDS RECEIVED FOR BYRNE JAG GRANTS

**Byrne Jag Grants.** The Office of Drug Control Policy received an ARRA grant award from the Edward Byrne Memorial Justice Assistance Grant Program of \$11.8 million on July 9, 2009. A competitive grant application was released and awards were mailed to 38 successful applicants totaling \$4.9 million. The ARRA grant award ends in February 2013. A second competitive application process is planned for later this year.

**More Information.** The Byrne Jag Grant allows state and local governments to support a broad range of activities to prevent and control crime and to improve the criminal justice system. Awards were sent to Drug Task Forces around the State. For a complete list of awards visit:

[http://www.governor.iowa.gov/news/2009/07/17\\_1.php](http://www.governor.iowa.gov/news/2009/07/17_1.php)

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## IOWA FEDERAL STIMULUS FUNDS RECEIVED FOR LABOR

**Federal Labor Funding.** The Iowa Department of Workforce Development, Iowa Department on Aging, and the Department of Economic Development have been awarded the following by the United States Department of Labor:

### Iowa Department of Workforce Development

- **\$232,241,700** – *Extension of Emergency Unemployment Insurance (UI) Compensation* – Provides UI benefits to claimants beyond the state benefit entitlement. The extension provides additional unemployment benefits to unemployed individuals after they exhaust their regular state-paid benefits. Instead of winding down between March 22, 2009, and August 29, 2009, the wind-down period is now between December 20, 2009, and June 5, 2010. Iowa has drawn \$159,492,000.
- **\$82,566,000** – *UI Increased Weekly Benefits* – \$25 weekly payment increase for claimants. Payable between weeks ending February 28, 2009, and July 3, 2010. Iowa has drawn \$31,564,000.
- **\$70,800,000** – *Unemployment Benefits/Administration of Unemployment Program* – The funds may be used for Iowa Unemployment Benefits, administration of the Unemployment Program and workforce offices. Iowa has not received any of the funding.
- **\$5,225,689** – *Workforce Investment Act (WIA) Dislocated Worker* – This is additional funding for use in existing programs. Iowa has drawn \$344,789.
- **\$5,172,183** – *WIA Youth* – This is additional funding for use in existing programs. Iowa has drawn \$1,020,683.

- **\$5,058,000** – *UI Modernization/Improvements and Reemployment Services*. – 1) Expenses incurred to implement UI modernization; 2) Improved outreach to individuals that may now be eligible for UI due to UI modernization regulations. 3) Improvement of UI benefit and tax operations. 4) Staff-assisted reemployment services for UI claimants. Iowa has drawn \$60,000.
- **\$3,726,404** – *Re-Employment Services (RES) – State Employment Services* – Matches unemployed individuals to job openings through the Workforce Centers. Iowa has drawn \$14,702.
- **\$1,554,835** – *WIA Adult Worker* – Additional funding for use in existing programs. Iowa has drawn \$83,233.
- **\$1,068,000** – *YouthBuild* – This is an educational program for disadvantaged and at-risk youth ages 16-21 that incorporates alternative secondary education (GED) and live construction experience of single-family housing units. Iowa has not received any of the funding.

#### Iowa Department on Aging

- **\$304,003** – *Senior Internship Program* – The Program provides employment opportunities for persons with income at or less than 125.0% of the federal poverty level. Iowa has drawn \$36,460.

#### Department of Economic Development

- **\$1,161,222** – *AmeriCorps Expansion* – The purpose of these funds is to engage AmeriCorps members and community volunteers in efforts to stimulate the economy through expansion of current programming or the addition of new program components. Iowa has awarded all funds to sub-recipients and is starting to draw down the funding from the federal government.
- **\$321,609** – *AmeriCorps Volunteers* – The purpose of these funds is to engage AmeriCorps members and community volunteers in efforts to stimulate the economy through expansion of current programming or the addition of a new program component. Potential activities include, but are not limited to, providing job counseling and skills training, constructing or rehabilitating housing, assisting nonprofit organizations, recruiting volunteers, providing housing referrals, providing legal services to those experiencing foreclosure, connecting individuals to healthcare, or keeping after-school programs operating. Iowa has awarded all funds to sub-recipients and is starting to draw down the funding from the federal government.

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### IOWA FEDERAL STIMULUS FUNDS RECEIVED FOR ENERGY

**Federal Energy Funding.** The Iowa Office of Energy Independence has been awarded the following by the United States Department of Energy:

- **\$40,546,000** – *State Energy Program* – The Program seeks to help reduce per capita energy consumption by at least 25.0% of 1990 per capita energy usage by 2012. Iowa has drawn \$4.1 million.
- **\$9,593,500** – *Energy Efficiency & Conservation Block Grants* – The Program seeks to assist the State and local governments in implementing strategies to reduce fossil fuel emissions, reduce total energy use, and improve energy efficiency. Funds have not yet been drawn on this award.
- **\$826,530** – *State Electricity Regulators Assistance* – The Program seeks to help increase Iowa's capacity to facilitate timely consideration of electricity-related investments under the Recovery Act. Funds have not yet been drawn on this award.
- **\$475,493** – *Enhancing State Government Energy Assurance Capabilities and Planning for Smart Grid Resiliency Initiative* – The Program focuses on developing new, or refining existing, plans to integrate new energy portfolios (renewables, bio-fuels, etc) and new applications, such as Smart Grid technology, into energy assurance and emergency preparedness plans.

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### IOWA FEDERAL STIMULUS FUNDS RECEIVED FOR THE ARTS

**Federal Arts Funding.** The Department of Cultural Affairs has been awarded \$303,000 by the National Endowment for the Arts (NEA) for direct grants to fund arts projects and activities that preserve jobs in the non-profit arts sector threatened by declines in philanthropic and other support during the current economic downturn. The amount that has been drawn is \$300,000. This funding did not require a State match.

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## IOWA FEDERAL STIMULUS FUNDS RECEIVED FOR TRANSPORTATION

**Federal Transportation Funding.** The American Recovery and Reinvestment Act (ARRA) of 2009 allocated an estimated \$405.2 million in transportation funding to Iowa to be expended on state and local highways, trails, public transit, rail, and aviation. A complete list of projects can be found at the following web site: <http://www.iowadot.gov/recovery/projectlists.htm>. The \$405.2 million is allocated as follows:

- \$358.2 million for highway and enhancement (trail) projects, allocated as follows:
  - \$238.2 million for State projects
  - \$120.0 million for local projects
- \$36.5 million for public transit
- \$400,000 for rail
- \$10.1 million for aviation

As of July 13, 2009, a total of \$271.9 million has been allocated for highway and enhancement projects, including \$210.3 million for State projects and \$7.6 million for local projects. Of the total \$271.9 million, \$39.7 million has been expended. A complete list of weekly expenditures for highway and enhancement projects can be found at the following web site: <http://www.iowadot.gov/recovery/arraexpenditures.htm>.

House File 820 (FY 2010 Federal Block Grant Act) also appropriated \$5.5 million in government stabilization funds to the DOT to be allocated to cities and counties for roads. The funds were appropriated from the Federal Recovery and Reinvestment Fund created in HF 820.

**Employment Data.** The DOT is required to report the number of job hours directly related to ARRA. Employment data is reported monthly to the Federal Highway Administration on Form 1587. This form, in addition to employment data, can be found at the following website: <http://www.iowadot.gov/recovery/plans.htm>

**More Information.** Additional ARRA information not mentioned above can be found at the DOT's ARRA website at: <http://www.iowadot.gov/recovery/index.htm>

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## FEDERAL HEALTH CARE REFORM

**Recent Congressional Action.** Over the past month Congress has begun their discussion on federal health care reform with both the House and Senate working on different plans. The House of Representatives has three different committees working on legislation, but have joined together to create House Resolution 3200. The Bill is currently in the Energy and Commerce Committee for markup. The Senate has two different committees working on legislation, with legislation approved by the Health, Education, Labor and Pensions (HELP) Committee, and a series of policy papers having been released by the Senate Finance Committee. There are six members on a bipartisan group from the Senate Finance Committee who are working on a Bill which is expected to be released before the August recess. No action is expected in either chamber until they return after Labor Day.

**Themes.** Between all of the competing plans there are several themes where there is some consensus on moving forward. They are:

- Medicaid expansion for single adults below some percentage of federal poverty level.
- Adoption of insurance reforms to make insurance reforms to make insurance more available and affordable.
- Establishing an insurance premium subsidy for individuals who won't qualify for Medicaid and can't afford to purchase it on the open market.
- Maintain the employer based insurance system.

**Links to Summaries.** We will continue to monitor the changes and work to understand how the legislation will affect the State. Please contact us if you have any questions. Links for Congressional Committee summaries and bills are available here:

National Conference on State Legislatures: <http://www.ncsl.org/?tabid=17639%20>  
Senate Finance Committee: <http://finance.senate.gov/>  
Senate HELP Committee: <http://help.senate.gov/>  
House Energy and Commerce Committee: <http://energycommerce.house.gov/>

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**SCHOOL BUDGET REVIEW COMMITTEE  
EDUCATIONAL EXCELLENCE PHASE I ELIMINATION**

**Phase I Elimination.** During the 2009 Legislative Session, enactment of SF 445 (Teacher Salary Integration Act) eliminated the Educational Excellence Phase I Program and the standing appropriation for the Program (estimated at about \$13.5 million) beginning in FY 2010. The Phase I Program was established with the goal of providing sufficient compensation to recruit quality teachers to Iowa's public education system. Phase I funding was calculated as the difference between what teachers making less than the minimum were paid in FY1999 and \$23,000. The same amount was paid each year to school districts and area education agencies (AEA) as long as the total teacher FTE does not decline below the total teacher FTE in FY1999. The establishment of the Student Achievement/Teacher Quality Program has increased Iowa's minimum teacher salary to \$28,000.

**Modified Allowable Growth.** The Department of Education noted in the July issue of the School Leader Update ([http://www.iowa.gov/educate/index.php?option=com\\_content&task=view&id=854&Itemid=1496](http://www.iowa.gov/educate/index.php?option=com_content&task=view&id=854&Itemid=1496)) that the School Budget Review Committee (SBRC) discussed the potential of providing modified allowable growth to school districts for the loss of funding due to the elimination of the Phase I Program. The SBRC has the authority to establish modified allowable growth for school districts and area education agencies under specified circumstances provided in Section 257.31, Code of Iowa. During the May SBRC meeting, the Committee discussed the issue of granting modified allowable growth to school districts that may request replacing the eliminated Phase I Program funds with local funds but did not come to any consensus. The Department indicated that any requests for modified allowable growth due to the elimination of the Phase I Program will be delayed until SBRC meets in December 2009 or March 2010.

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**WASTEWATER INFRASTRUCTURE LOANS ANNOUNCED**

**Wastewater Treatment Funds.** On July 17, 2009, Governor Culver announced a list of towns and cities that would receive federal funds from the American Recovery and Reinvestment Act of 2009, to improve wastewater treatment systems or upgrade other water-related infrastructure. The following table summarizes funds expended from the Community Development Block Grant (CDBG) and the State Revolving Fund (SRF).

<u>Recipient</u>	<u>CDBG Total</u>	<u>SRF Total</u>	<u>Total Funds</u>	<u>Project Funded</u>
Baxter	\$ 600,000	\$ 4,218,000	\$ 4,818,000	Upgrade wastewater treatment plant
Hedrick	840,000	4,753,038	5,593,038	Construct new wastewater treatment plant
Elgin	464,397	812,303	1,276,700	Upgrade wastewater treatment plant
Ottumwa	251,000	239,000	490,000	Separate combined sewers
Hancock	133,000	210,000	343,000	Upgrade wastewater treatment plant
Donahue	400,000	1,157,625	1,557,625	Upgrade wastewater treatment plant
Little Rock	300,000	289,200	589,200	Improve sanitary sewer collection system
Sioux Rapids	225,000	227,422	452,422	Upgrade wastewater treatment plant
Ft. Madison	972,000	4,530,000	5,502,000	Connect water mains to wastewater treatment plant
Keosauqua	225,000	225,000	450,000	Replace water mains
Laurens	520,000	600,000	1,120,000	Upgrade wastewater treatment plant
Baxter	500,000	256,000	756,000	Improve stormwater system
Boyden	144,300	131,300	275,600	Improve sewer lift station and main water line replacement
Salix	100,720	90,720	191,440	Replace two sewer lift stations
Union County	900,000	n/a	900,000	Expand water treatment plant
<b>Totals</b>	<b>\$ 6,575,417</b>	<b>\$ 17,739,608</b>	<b>\$ 24,315,025</b>	

**More Information.** Additional information is available at: [www.recovery.iowa.gov](http://www.recovery.iowa.gov).

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## **MEDICAID FORECAST FOR FY 2009 AND FY 2010**

**Medicaid Forecast.** Staff members from the Department of Management, the Department of Human Services (DHS), and the Fiscal Services Division of the LSA met on July 24, 2009, to discuss estimated Medical Assistance (Medicaid) expenditures for FY 2009 and FY 2010. The forecasting group meets monthly to discuss estimated expenditures and to agree on a range for the current and upcoming fiscal years.

**FY 2009.** Senate File 2425 (FY 2009 Health and Human Services Appropriations Act) included total State funding of \$886.2 million for Medicaid. Other funding sources included \$5.5 million to rebase hospitals in HF 2700 (FY 2009 Standings Appropriations Act) and \$2.8 million to cover additional children eligible for Medicaid in HF 2539 (FY 2009 Health Care Reform Act). The State appropriations from all funding sources for Medicaid for FY 2009 total \$894.5 million. This is an increase of \$45.7 million compared to FY 2008.

**FY 2009 Stimulus.** On February 17, 2009, the President signed the American Recovery and Reinvestment Act of 2009. The Act provides a 6.2% increase in the Federal Medical Assistance Percentage (FMAP) match over 27 months, with nine of the months falling in State FY 2009. An increase in the FMAP formula offsets State dollars needed to fund the Medicaid Program. For FY 2009, it is estimated the FMAP change will reduce the amount of State funds needed to fund the Medicaid program by \$110.0 million.

**FY 2009 Adjustments.** In December 2008, the Governor issued an across-the-board (ATB) General Fund and Health Care Trust fund reduction of 1.5%. The ATB reduced the overall Medicaid appropriation by \$10.0 million for FY 2009 to \$884.5 million. House File 811 (FY 2010 Health and Human Services Appropriations Act) deappropriates \$52.0 million to reflect the additional federal stimulus funds. The new total State appropriation from all sources for FY 2009 is \$832.5 million.

**FY 2009 Range.** For FY 2009, the forecasting group agreed that there will be a surplus of \$25.0 million to \$35.0 million with a midpoint of a \$30.0 million surplus. The range includes the 1.5% ATB reduction, the 6.2% FMAP increase, and the \$52.0 million deappropriation that was part of HF 811.

**FY 2010 Stimulus.** For FY 2010, the American Recovery and Reinvestment Act of 2009 provides the same 6.2% FMAP increase in all 12 months and is estimated to offset the amount of State Medicaid funds needed by \$145.1 million. The Act also provides for additional FMAP increases based on states' unemployment rates.

**FY 2010 Unemployment.** On June 19, 2009, the Bureau of Labor Statistics released their latest unemployment rates that showed Iowa's rate jumped from 5.1% in April of 2009 to 5.8% in May, and 6.2% in June. This increase brings Iowa's three-month average above 5.2% and qualifies the State for an additional FMAP increase under the American Recovery and Reinvestment Act of 2009. The FMAP increase is estimated to offset the amount of State Medicaid funds needed by an additional \$40.0 million in FY 2010.

**FY 2010.** House File 811 included total State funding of \$854.6 million for Medicaid for FY 2010. Other funding sources included \$8.6 million from HF 820 (FY 2010 Federal Funds Act) to annualize hospital rebasing, continued coverage for children, and interpreter services for Medicaid. Senate File 478 (FY 2010 Standing Appropriations Act) provided an additional \$4.3 million to increase funds for disproportionate share hospital payments. The State appropriations from all funding sources for Medicaid for FY 2010 total \$867.5 million. This is an increase of \$35.0 million compared to estimated net FY 2009. Significant program changes include:

- An increase of \$2.4 million to cover additional eligible children.
- An increase of \$1.8 million to annualize the hospital rebase.
- An increase of \$6.0 million to rebase nursing facilities.
- An increase of \$237,000 for interpreter services.
- An increase of \$103,000 for a 5.0% provider rate increase for Family Planning Providers.
- A decrease of \$500,000 to eliminate funding for the Iowa Health Care Collaborative.
- An increase of \$4.3 million to increase payments to disproportionate share hospitals.

**Senior Living Trust Fund.** With the recent State revenue outlook, it is unlikely that there will be \$39.1 million available in the Senior Living Trust Fund for FY 2010 as originally estimated. House File 811 appropriates the balance of the Fund to the Medicaid Program and the estimating group has decided to lower the estimated balance available for appropriation to the Program to \$16.1 million for FY 2010.

**FY 2010 Adjustments** For FY 2010, with the changes to the Senior Living Trust Fund and expected carryforward from FY 2009, the new total State appropriation from all sources for FY 2009 is \$850.0 million.

**FY 2010 Range.** For FY 2010, the forecasting group agreed that there will be a surplus of \$0.0 million to \$46.0 million with a midpoint of \$23.0 million surplus compared to the FY 2010 appropriation of \$850.0 million. The range includes the 6.2% and unemployment FMAP increases.

**FY 2011.** For FY 2011, even with available carryforward from FY 2010, there will be a significant need for additional funds. The American Recovery and Reinvestment Act funding expires after the first half of the fiscal year and enrollment growth shows no signs of slowing down. Although the estimating group has made no formal estimates, preliminary LSA estimates show the Program could need an additional \$100.0 million to \$150.0 million in State funds for the fiscal year.

**Enrollment Increase.**

**Medicaid Enrollment Increases/(Decreases) for FY 2009**

FY 2009	Children	Adults	Aged	Disabled	Total
July	(346)	(259)	13	113	(479)
August	4,497	751	144	252	5,644
September	4,822	798	225	429	6,274
October	553	(430)	22	(149)	(4)
November	1,136	-	41	64	1,241
December	2,296	289	39	191	2,815
January	390	(352)	(147)	97	(12)
February	2,748	884	(19)	273	3,886
March	3,462	1,303	51	486	5,302
April	1,054	(384)	(55)	106	721
May	2,385	(24)	(76)	215	2,500
June	2,938	495	80	393	3,906
Total	25,935	3,071	318	2,470	31,794

**Covering All Children.** During the past several legislative sessions both the Governor and the Legislature have requested and added funding to move towards the goal of providing health insurance for all children in the State. For FY 2008, the Medicaid Program added 7,021 children for a total enrollment of 167,005 children. For FY 2009, Medicaid has had a net increase of 25,935 children. There are now 192,940 children covered under Medicaid and 345,392 total individuals covered.

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

STAFF CONTACT: Jess Benson (Ext. 14611)

**CHILD CARE AND ADOPTION SUBSIDY PROGRAM  
FY 2009 AND FY 2010 PROJECTIONS**

**Projections Workgroup.** Staff from the Department of Management, the Department of Human Services, and the Fiscal Services Division of the Legislative Services Agency met June 15 to discuss estimated Child Care and Adoption Subsidy expenditures for FY 2009 and FY 2010. The projections workgroup is established in Chapter 234.47, Code of Iowa, to estimate the expenditures and revenues for these two expenditures.

**Child Care Subsidy Program**

**FY 2009.** Senate File 2425 included State funding of \$41.3 million for Child Care Services that included an appropriation of \$1.5 million for a 2.00% provider reimbursement rate increase effective October 1, 2008. This is a decrease of \$3.4 million compared to FY 2008.

**FY 2009 Adjustments.** In December 2008, the Governor issued an across-the-board (ATB) General Fund reduction of 1.50%. The ATB reduced State funding for the Child Care Subsidy Program by \$862,000 for FY 2009. The new total State appropriation for FY 2009 is \$40.4 million.

**FY 2009 Range.** For FY 2009 the forecasting group agreed to a range of an estimated surplus of \$10.0 million to \$15.9 million with a midpoint of a \$13.8 million surplus that will carryforward for FY 2010.

**FY 2010.** House File 811 (FY 2010 Health and Human Services Appropriations Act) included State funding of \$37.9 million for Child Care Services. This is a decrease of \$2.5 million compared to the estimated net FY 2009.

**FY 2010 Range.** For FY 2010 the forecasting group agreed to an estimated surplus of \$6.3 million to \$8.2 million with a midpoint of a \$7.0 million surplus that will carryforward for FY 2011.

**Stimulus.** On February 17, 2009, the President signed the American Recovery and Reinvestment Act (ARRA) of 2009. The Act provided an increase of approximately \$18.1 million for the Iowa allocation for the federal FY 2009 Child Care Development Block Grant (CCDBG). The funding is available through FY 2011. The targeted funds for quality expansion and infant and toddler care of approximately \$2.4 million have been appropriated for FY 2010 in HF 820 (FY 2010 Federal Funds Appropriations Act). Approximately \$15.8 million remains available for the potential shortfall in FY 2011 based on early projections of the Projections Workgroup.

#### **Adoption Subsidy Program**

**FY 2009.** Senate File 2425 included State funding of \$34.2 million for the Adoption Subsidy Program for FY 2009. This is an increase of \$2.2 million compared to FY 2008.

**FY 2009 Adjustments.** The December 2008 ATB issued by the Governor reduced State funding for the Adoption Subsidy Program by \$513,000 for FY 2009. House File 820 reduced the appropriation further by transferring \$1.2 million from the General Fund appropriation to the Human Services Reinvestment Fund to reflect the additional federal stimulus funds for FY 2009. The new total for State funding is \$32.5 million for FY 2009.

**FY 2009 Range.** For FY 2009 the forecasting group agreed to an estimated surplus of \$100,000 for FY 2010.

**FY 2010.** House File 811 included State funding of \$34.9 million for the Adoption Subsidy Program. This is an increase of \$2.4 million compared to the estimated net FY 2009.

**FY 2010 Range.** For FY 2010 the forecasting group agreed to an estimated surplus of \$2.0 million for FY 2011.

**Stimulus.** The ARRA Act of 2009 provides a 6.20% increase in the Federal Medical Assistance Percentage (FMAP) match over 27 months, with nine months falling in State FY 2009. This increase also impacts IV-E Federal matching funds resulting in an increase in the FMAP formula to offset State dollars needed to fund the

**Adoption Subsidy Program.** For FY 2009, it is estimated that the FMAP change will reduce the amount of State funds needed to fund the Program by \$2.4 million. For FY 2010, the 6.20% FMAP increase is available for all 12 months and it is estimated to offset State funds needed by \$3.3 million.

**Next Meeting.** The Child Care and Adoption Subsidy projections workgroup will meet again in August for continuation of the FY 2010 cost projections.

**APPROPRIATION TRANSFERS**

**Appropriation Transfers.** Since adjournment of the 2009 General Assembly, the following appropriation transfers have taken place:

TRANSFER TO	AMOUNT REQUESTED	TRANSFER FROM	AMOUNT REQUESTED	PURPOSE/JUSTIFICATION
Department of Public Health - Chronic Conditions	\$19,597	Department of Public Health - Prevention and Chronic Care Management	\$ 58,841	Replace funding from 1.5% across-the-board reduction to minimize reduction in provider payments.
Department of Public Health - Environmental Hazards	\$11,220			
Department of Public Health - Infectious Diseases	\$28,024			
Iowa Workforce Development - Workers Compensation Operations	\$44,152	Iowa Workforce Development - Offender Reentry Program	\$ 194,375	Replace funding in various programs that were decreased in HF 414.
Iowa Workforce Development - General Operations	\$65,735	Iowa Workforce Development - Statewide Standards Skills Assessment	\$ 52,500	
Iowa Workforce Development - Security Employee Training Program	\$225			
Iowa Workforce Development - Field Offices	\$136,763			
Public Employees Relations Board - Operations	\$6,000	Department of Management - Operations	\$ 6,000	Replace a reduction in money from the General Fund.
Department of Cultural Affairs - Historical Division	\$7,593	Department of Cultural Affairs - Iowa Cultural Caucus	\$ 7,593	Replace a reduction in money from the General Fund.
Governor's Office - Terrace Hill Quarters	\$80,000	Governor's Office - General Office	\$ 80,000	Cover greater than anticipated expenses.
Department of Transportation - Highway	\$3,300,000	Department of Transportation - Operations	\$ 2,500,000	Cover Highway Division's expected shortfall
		Department of Transportation - Planning	\$ 800,000	

All transfers impact the General Fund except the Department of Transportation transfer that impacts the Primary Road Fund.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

**APPROPRIATION ALLOCATION TRANSFER – STATE PUBLIC DEFENDER**

The Fiscal Services Division of the Legislative Services Agency received notification of a request to change a funding allocation of \$1.2 million from the Indigent Defense Fund to the State public Defender operating account. The transfer is requested to cover increased costs associated with fully staffed Public Defender offices, caseloads, expenses, and to restore certain budget reductions. The impact of the reallocation of funds will be to reduce the overall general fund cost of Indigent Defense.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

**OFFICE OF THE CONSUMER ADVOCATE - FY 2009 BUDGET INCREASE**

The LSA received notice on June 2 that the Office of the Consumer Advocate's FY 2009 budget will be increased by approximately \$595,000, pursuant to Section 475A.6, Code of Iowa. This Section permits additional expenditures in excess of funds budgeted for performance of the Advocate's duties, and requires pre-authorization by the Department of Management.

The Office of the Consumer Advocate experienced additional costs for expert testimony regarding technical issues for a number of cases. The Office also incurred design and consulting expenses for planning an office building to house staff from the Office and the Iowa Utilities Board.

Any additional expenditures in FY 2009 will be offset by receipts from utility companies. The Office bills utility companies and the payments are deposited into the State General Fund.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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## BONDING AUTHORIZATIONS – 2009 LEGISLATIVE SESSION

**Bonding Authorized.** The 2009 General Assembly approved legislation authorizing new bond issuances. These include:

- SF 376 (Revenue Bonding and I-JOBS Program Bill)
- SF 477 (Phase III Bonding Bill)
- SF 474 (Regents Bonding Bill)

Projected debt from all three bonding authorizations is \$890.3 million in principal, \$773.9 million in interest, for a total of \$1.66 billion. Final numbers will not be known until the issuances are completed.

**Bonding Proceeds.** The breakdown of net proceeds and projected new debt by bill is as follows:

Bill	Principal	Interest	Total	Net Proceeds Available	Revenue Pledge for Bonds
SF 376	\$635.9 million	\$562.8 million	\$1.2 billion	\$545.0 million	Revenue bonds that are backed by State wagering tax revenue. Secondary backup is the Beer and Liquor Control Fund.
SF 477	\$117.2 million	\$95.8 million	\$213.0 million	\$105.0 million	Appropriation bonds. Revenue source not required to be specified, but General Assembly must appropriate funds each year for debt service.
SF 474	\$137.2 million	\$115.3 million	\$252.5 million	\$115.0 million	Academic revenue bonds guaranteed by student tuition. The General Assembly appropriates funding to defray the costs of debt service and help minimize tuition increases.

**More Information.** The Legislative Services Agency provided a more detailed discussion in *Fiscal Facts* and in the Final Action NOBAs that are available at: <http://staffweb.legis.state.ia.us/lfb/>.

STAFF CONTACT: Marcia Tannian (Ext. 17942)

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## FIFTH JUDICIAL DISTRICT CLOSES FORT DES MOINES FACILITY

**Restructuring.** The Fifth Judicial District Department of Correctional Services has restructured its Fort Des Moines residential operation. There are 199 beds at Building 68/70 for Community-Based Corrections (CBC) residential and work release programs. Building 65/66 had 67 beds for its Operating While Intoxicated (OWI) licensed substance abuse treatment program. The District Department moved the OWI offenders into Building 68/70.

**Purpose.** Building 68/70 now serves OWI, work release, and residential populations. The length of stay in the facility has been reduced, the level of service has increased, as has day reporting. The move consolidates staffing and reduces management staff. The Fifth Judicial District Department of Correctional Services and the Department of Corrections (DOC) indicates this move will improve services to offenders within existing budget constraints. The Fifth Judicial District Department of Correctional Services indicates it will maintain its licensed in-patient and out-patient substance abuse treatment program for the OWI program.

**Building 65/66.** Building 65/66 remains in use for field services staff, including counselors. Also, Bridges of Iowa, a non-profit substance abuse treatment provider, has been operating a 30-bed treatment program in that building for several years. That operation remains in that building.

**CBC Beds Reduced.** This move reduces the number of CBC residential beds statewide to 1,400, from 1,467. Statewide, there are approximately 800 offenders waiting for a residential bed because demand exceeds capacity. These offenders are currently serving their sentence in field services, the State or federal prison systems, or county jails.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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## REBUILD IOWA OFFICE COORDINATING COUNCIL MEETING

**Council Meeting.** The Rebuild Iowa Office Coordinating Council met July 21. The Council divided into three groups regarding:

- Individual Assistance, that includes goals relating to housing recovery, business and workforce recovery, and individual service and guidance.
- Infrastructure and Public Assistance, that includes goals relating to infrastructure investments, local economic recovery, and floodplain mapping.
- Long-Term Recovery, that includes goals relating to smart growth principles, statewide mitigation planning, floodplain and watershed management, quality of life, and emergency management.

**More Information.** The Legislative Services Agency will continue to monitor this Council and various other entities of related recovery interest. Notices of future meetings can be found at [http://www.rio.iowa.gov/news/upcoming\\_events.html](http://www.rio.iowa.gov/news/upcoming_events.html).

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STAFF CONTACT: Sue Lerdal (Ext. 17794)

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## TOBACCO COMMISSION MEETING

**Commission Meeting.** The Tobacco Use Prevention and Control Commission met July 24 and received the following updates relating to:

- Pending federal Food and Drug Administration regulations.
- Status of community partnerships.
- Reports from the various Departments represented on the Commission: Alcoholic Beverages Division, Attorney General's Office, Human Services, and Education.
- Just Eliminate Lies (JEL).
- The first year of the Smokefree Air Act.
- The Tobacco Use Prevention and Control Division and financial report.

**Next Meeting.** The next meeting is scheduled for September 18, 2009. More information can be found at : [IDPH - Tobacco Use Prevention and Control](#)

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STAFF CONTACT: Deborah Helsen (Ext. 16764)

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## VETERANS AFFAIRS COMMISSION MEETING

**Commission Meeting.** The Commission of Veterans Affairs met July 8 and received the following:

- A review from the federal Veterans Affairs Regional Center regarding changes to the process of disability claim decisions and a temporary increase in FTE positions due to the federal American Recovery and Reinvestment Act (ARRA) of 2009. The Center's representative indicated that the federal ARRA funding of \$250.00 per eligible recipient will be dispersed soon.
- An update regarding the federal Veterans Affairs Medical Center in Des Moines and the pending transfer of patients and employees from the Knoxville Center.
- A summary from the State Department of Veterans Affairs regarding FTE positions and budget, pending lottery ticket changes, and the status of Trust Fund applications.
- A first-year update for the Iowa Veterans Cemetery, with 296 burials taken place and 2,858 applications received.
- Information from the Iowa Veterans Home regarding Phase 1 excavation progress, status of Phase 2, 3, and 4 funding and federal prioritization, decrease in mandated overtime, and staff smoking filed grievances status.

**Administrative Rules.** The Commission adopted administrative rules for the Iowa Veterans Home relating to the discharge from the Home for certain behaviors and pending federal changes relating to reimbursements for certain residents with 70.0% or more disability declarations.

**License Plate Fund.** The Commission approved motions relating to expenditures from the License Plate Fund for continuing education costs relating to the counties, a database record software upgrade, and an expansion of the 2008 Veterans Study by the State Public Policy Group relating to mental health needs of veterans.

**Next Meeting.** The next meeting of the Commission is September 23, 2009.

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STAFF CONTACT: Sue Lerdal (Ext. 17794) Jennifer Acton (Ext. 17846)

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**ADMINISTRATIVE RULES REVIEW COMMITTEE**

**Rules Review.** The Administrative Rules Review Committee meets each month to review the proposed rules by the Executive Branch Departments to implement changes required by legislation, by the federal government, or initiated by the Departments.

**Summary Information.** The fiscal impact of each rule is summarized and is available prior to each monthly meeting at [http://staffweb.legis.state.ia.us/lfb/docs/Admin\\_Rules/arfiscal\\_notes.htm](http://staffweb.legis.state.ia.us/lfb/docs/Admin_Rules/arfiscal_notes.htm). The legal summary of various rules is available at [http://www.legis.state.ia.us/scripts/docmgr/docmgr\\_ARR.dll/showtype?type=ad](http://www.legis.state.ia.us/scripts/docmgr/docmgr_ARR.dll/showtype?type=ad).

STAFF CONTACT: Sue Lerdal (Ext. 17794)

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**RECENT PUBLICATIONS**

**Recent Publications.** The Fiscal Services Division has recently published the following:

- *2009 Fiscal Report* (Graybook) – This Report is a compilation of fiscal information and legislation approved by the 2009 Session of the 83rd General Assembly. Located on the web at: <http://staffweb.legis.state.ia.us/lfb/docs/graybook/graybook.htm>
- Revenues – Twelve-month Total Net Tax Receipts Through June 30, 2009: <http://www.legis.state.ia.us/lsadocs/TT/2010/TTJWR000.PDF>
- Final Action NOBAs: <http://www3.legis.state.ia.us/noba/>
- 2008 Iowa Factbook: [http://www.legis.state.ia.us/Fiscal/factbook/Iowa\\_Factbook\\_2008.pdf](http://www.legis.state.ia.us/Fiscal/factbook/Iowa_Factbook_2008.pdf)

STAFF CONTACT: Mary Shipman (Ext. 14617)

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**MEETINGS MONITORED**

**Meetings Monitored:** Following is a list of meetings attended and monitored by Fiscal Services staff. Please contact the staff listed for more information.

Meeting	Date	Staff Contact
IPERS Benefits Advisory Committee	5/4/09	Jen Acton (1-7846)
Board of Corrections	5/13/09	Beth Lenstra (1-6301)
State Fire Service and Emergency Response Council	5/14/09	Jen Acton (1-7846)
411 Municipal Fire and Police Retirement Meeting	5/14/09	Jen Acton (1-7846)
State Child Care Advisory Council	5/14/09	Deb Helsen (1-6764)
Child Welfare Advisory Committee	5/14/09	Deb Helsen (1-6764)
Tobacco Use Prevention and Control Commission	5/15/09	Deb Helsen (1-6764)
Sex Offender Research Council	5/20/09	Jen Acton (1-7846) and Beth Lenstra (1-6301)
Crime Code Reorganization Study Committee	5/21/09	Jen Acton (1-7846) and Beth Lenstra (1-6301)
Electronic Health Care Advisory Committee	5/22/09	Deb Helsen (1-6764)
Iowa Statewide Interoperable Communications System Board	5/27/09	Jen Acton (1-7846)
Transportation Commission	5/11/09	Mary Beth Mellick (1-8223)
I-JOBS Board Telephonic Meeting	6/15/09	Marcia Tannian (1-7942)
Electrical Examining Board	6/18/09	Jen Acton (1-7846)
Medical Home System Advisory Committee	6/26/09	Deb Helsen (1-6764)
Board of Public Health	7/8/09	Deb Helsen (1-6764)
Iowa Statewide Interoperable Communications System Board	7/8/09	Jen Acton (1-7846)
Empowerment Board	7/10/09	Deb Helsen (1-6764)
Capitol Planning Commission	7/15/09	Marcia Tannian (1-7942)
IA Association of School Boards Fiscal Management Seminar	7/15/09	Shawn Snyder (1-7799)
Iowa Telecommunications and Technology Commission	7/16/09	Marcia Tannian (1-7942)
Environmental Protection Commission	7/21/09	Deb Kozel (1-67647)