

### MEDICAL ASSISTANCE PROGRAM ESTIMATES FOR FY 2005 AND FY 2006

#### Medicaid Estimates

Staff from the Departments of Management, Human Services (DHS), and the Fiscal Services Division of the LSA met October 22 to discuss estimated expenditures for the Medical Assistance (Medicaid) Program for FY 2005 and FY 2006. The staffs meet monthly to discuss estimated expenditures for the current fiscal year and to agree on a range for expenditures.

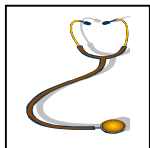
#### FY 2005 Shortfall

When the FY 2005 Medicaid budget of \$568.5 million was enacted, it was discussed that the funding was not likely to be sufficient to cover the full cost. A shortfall for FY 2005 is projected. The agreed upon range for the shortfall is \$52.0 million to \$85.0 million compared to the FY 2005 appropriation.

#### FY 2005 Supplemental

The FY 2005 supplemental range includes the following assumptions:

- Caseload increases between 4.2% and 6.2%. The FY 2004 increase was 6.1%.
- Decreases of \$24.0 million due to savings initiatives authorized by legislation and implemented in FY 2005, including:
  - A decrease of \$1.0 million for an expansion to the State Maximum Allowable Cost Program.
  - A decrease of \$5.6 million due to a retroactive expansion of the State Supplementary Assistance Program, which will allow the State to draw down federal matching dollars for a specific population.
  - A decrease of \$1.5 million for a health insurance data matching program.
  - A decrease of \$2.7 million for a 50.0% reduction in Excess Payments for Direct and Non-Direct Care for nursing facilities.
  - A decrease of \$3.5 million for half-year implementation of the Preferred Drug List (PDL).
  - A decrease of \$8.7 million for retroactive expansion of the Intermediate Care Facilities for the Mentally Retarded (ICF/MR) Quality Assurance Fee.
- Increases of \$70.4 million for the following:
  - \$48.0 million to replace the one-time Federal Fiscal Relief received and used to offset State expenditures in FY 2004.
  - \$1.5 million for increased Medicare premiums for Medicaid recipients also eligible for Medicare.



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- An increase of \$9.5 million due to lower than expected revenue in the Hospital Trust Fund. This is the result of a decrease in hospital discharges for Medicaid patients.
- An increase of \$2.0 million for an inflation adjustment to nursing facility reimbursement rates required by SF 2298 (FY 2005 Omnibus Appropriations Act).

**FY 2006 Est. Expenditures**

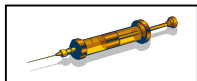
The three staffs agreed to an estimated increase ranging from \$82.0 million to \$130.0 million for FY 2006. This increase is relative to the original FY 2005 appropriation prior to any FY 2005 supplemental, and assumes that Iowa will continue to receive revenue from the Intergovernmental Transfers (IGTs).

It is likely that the IGTs will be discontinued in FY 2006, which will increase the range by \$58.6 million, or \$140.6 million to \$188.6 million, for FY 2006.

**FY 2006 Assumptions**

The FY 2006 estimates are based on the following assumptions:

- Savings initiatives totaling \$30.4 million, including all of the savings items noted above, with the following additions or modifications:
  - A decrease of \$3.3 million for the State Supplementary Assistance savings initiative.
  - A decrease of \$200,000 for bulk purchasing durable medical equipment.
  - A decrease of \$5.4 million due to the Iowa Medicaid Enterprise.
  - A decrease of \$6.0 million for full-year savings from the Preferred Drug List (PDL).
  - A decrease of \$8.8 million for the ICF/MR fee expansion.
- Increases of \$98.6 million, including all of the cost items noted above, with the following additions or modifications:
  - An increase of \$3.0 million for Medicare premium costs.
  - An increase of \$14.5 million due to lower revenue in the Hospital Trust Fund.
  - An increase of \$10.4 million due to a shortfall in the Senior Living Trust Fund. The Fund's estimated balance will be \$1.3 million at the end of FY 2006.
  - An increase of \$7.0 million due to a statutorily required re-base of nursing facility reimbursements.
  - An increase of \$4.3 million for costs associated with the new Medicare Part D prescription drug coverage.



**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Vermeer (Ext. 14611)

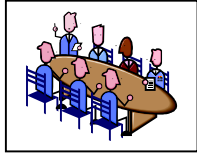
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**VERTICAL INFRASTRUCTURE ADVISORY COMMITTEE**

**Committee Meeting**

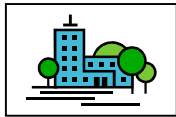
The Vertical Infrastructure Advisory Committee met on October 21. The Committee received presentations from State agencies concerning FY 2006

capital projects requests. The Committee will evaluate the requests and make a recommendation to the Governor on specific projects for FY 2006. The following table summarizes the agencies' total requests.



	FY 2006
Administrative Services	\$ 77,621,100
Corrections	58,720,168
Cultural Affairs	600,000
Human Services	31,590,773
Iowa Public Television	4,952,000
Public Safety	15,250,000
Terrace Hill	300,000
Veterans Affairs	6,249,478
Workforce Development	5,575,073
<b>Total</b>	<b>\$ 200,858,592</b>

**Action Plan**



The Committee discussed the Plan of Action for 2005, which identifies ideas for increasing support for maintaining the State's vertical infrastructure. This includes:

- Statements of support for increased funding for infrastructure.
- Identifying a permanent funding mechanism for vertical infrastructure.
- Educating the public, state agency constituencies, and elected officials about the importance and benefits of having well-maintained and functional facilities.

**Next Meeting**

The next meeting is scheduled for January 19 and will be a joint meeting with the Capitol Planning Commission.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: David Reynolds (Ext. 16934)

**CAPITOL PLANNING COMMISSION**

**Commission Meeting**

The Capitol Planning Commission met on October 20 and received reports and presentations on projects currently in progress on the Capitol Complex.

**Annual Report**

The Commission is currently updating the annual report that will be submitted to the General Assembly in January 2005. The Commission discussed the possibility of amending the Capitol Complex Master Plan to incorporate a northern loop of streets (north of the Ola Babcock Miller Building) to mirror the design of the southern loop.

**Monument Proposal**



An update on the status of the Workers Monument was provided. The monument will be a tribute to Iowa's workers over the past 225 years. The fund-raising goal for the monument is \$800,000. The Workers Monument Committee has received funding commitments totaling \$80,000 to date, and fund-raising efforts continue.

**Site Implementation Plan**

The Commission heard a presentation from landscape architects on site plans associated with the renovation of the Records and Property Building to convert the facility for housing the Department of Public Safety. The plan includes reconfiguration of the area southeast of Kasson Street to

accommodate parking and pedestrian traffic for the Building. This includes removal of State vehicle motor pool parking and refueling areas.

**Project Updates**

The Commission received an update on various projects currently in progress on the Complex. This included a discussion of the Wallace Building evaluation, which will provide a recommendation on whether the Building should be renovated or demolished. The study will be submitted to the General Assembly by January 31, 2006.

**Capital Projects Requests**



Dean Ibsen, Department of Administrative Services, presented the Department's capital projects requests. The Department is requesting a total of \$77.6 million for FY 2006. This includes:

- \$20.0 million for statewide major maintenance.
- \$20.0 million for statewide routine maintenance.
- \$6.6 million for continued renovation of the Capitol Building.
- \$7.7 million for electrical distribution updates on the Capitol Complex.
- \$10.5 million for repairs to the Capitol Complex utility and pedestrian tunnel system.
- \$5.5 million to construct a bridge over Court Avenue.
- \$2.2 million for removal of Parking Lot 8 and restoration of the West Capitol Terrace.
- \$5.5 million for other improvements.

**Next Meeting**

The next meeting is scheduled for January 19 and will be a joint meeting with the Vertical Infrastructure Advisory Committee.

**More Information**

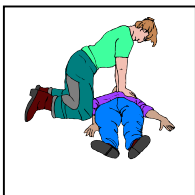
Additional information is available from the LSA upon request.

STAFF CONTACT: David Reynolds (Ext. 16934)

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**MEDICAL ASSISTANCE CRISIS INTERVENTION TEAM MEETING**

**Intervention Team**



The Medical Assistance Crisis Intervention Team met on October 26. Presentations included the following:

- Testimony by Senator Hatch, including recommendations to the Team.
- Staff from the Fiscal Services Division of the LSA regarding General Fund revenue and Medical Assistance (Medicaid) expenditures.
- Jack Kelley, former Director, Arizona Medicaid Program, and Marcia Albridge, Coventry Health Care, regarding managed care.

Following public comment, the Team discussed possible items to include in the Report.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Vermeer (Ext. 14611)

### **SUPERINTENDENT OF ELDORA TRAINING SCHOOL ANNOUNCES RETIREMENT**

**Superintendent Retires**

Steve Huston, Superintendent, Eldora State Training School, will retire on November 12 and has accepted a position in another state. Mr. Huston served as Superintendent for 18 years. The Department of Human Services plans to appoint an Interim Superintendent at a later date.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

### **NOVEMBER BOARD OF CORRECTIONS MEETING**

**Board Meeting**

The Board of Corrections met November 5 at the Corrections Training Center. Director Maynard, Department of Corrections (DOC), briefed the Board regarding planned actions at the Clinical Care Unit at the Iowa State Penitentiary at Fort Madison. Four inmates have committed suicide in the last 21 months inside the Unit. Director Maynard reported the Division of Criminal Investigation, Department of Public Safety, is investigating the incidents. The county coroner will also file a report, and the Iowa State Penitentiary will complete an investigation. Director Maynard indicated any actions the Department takes will be based on the three investigations.

**Prison Forecast**

Paul Stageberg presented the prison forecast report. The Criminal and Juvenile Justice Planning Division (CJJPD), Department of Human Rights, annually prepares a ten-year forecast of the prison population. If current trends, policies, practices, and offender behavior remain unchanged, the prison population is expected to be 10,582 inmates by FY 2014, an increase of 22.9% over the next 10 years. If the population reaches 10,582 inmates, three new 800-bed prisons will be needed at an estimated construction cost of \$50.0 million each. Each prison will incur annual operating costs of approximately \$28.0 million. If three new prisons are built and the population reaches 10,582 inmates, the Prison System will be operating at 108.2% of design capacity.

**Treatment Programs**

Mr. Stageberg and Director Maynard both stated the Department is working with the Board of Parole to determine an offender's treatment needs upon entry to the Prison System at the Iowa Medical Classification Center at Oakdale. This should enable the offenders to complete treatment programs before they are eligible for parole. This may increase the number of paroles from prison.

**Federal Funds**

Fred Scaletta, DOC, updated the Board on federal funds received by the Department. The DOC received a two-year grant award of \$1.0 million from the federal Department of Justice to eliminate sexual assaults or rape in the Prison System. The DOC is focusing on preventing the incidents from occurring, educating offenders regarding rights, and implementing policies concerning the DOC's response when a sexual assault occurs.

**Administrative Rules**

Michael Savala presented proposed amendments to the administrative rules. The proposed amendments update the rules to comply with current law and update language regarding the case auditing systems used by the Community-Based Corrections District Departments. The Board approved the rules as presented.

**More Information**

Additional information is available from the LSA upon request.

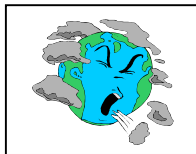
STAFF CONTACT: Beth Lenstra (Ext. 16301)

**ADMINISTRATIVE RULES SUBCOMMITTEE MEETING –  
HYDROGEN SULFIDE STANDARD**

**Subcommittee Meeting**

The Administrative Rules Subcommittee met on November 4 to obtain information regarding the recent rulemaking that created a hydrogen sulfide standard for confinement feeding operations. Representative Eichhorn called the meeting to order. Senators Kibbie and Redfern and Representatives Frevert and Heaton were also in attendance.

**General Information**



The following information was discussed:

- Wayne Gieselman, Department of Natural Resources (DNR), provided background information on the development of the hydrogen sulfide standard. The adopted rule establishes a “health effects value” (HEV) and a “health effects standard” (HES) for hydrogen sulfide that will be used for the Department’s Animal Feeding Operations Field Study. The Subcommittee was assured that there is no fiscal impact to the State or to Iowa producers for the Study.
- Tom Newton, Department of Public Health, answered questions regarding the health studies used to develop the hydrogen sulfide standard in conjunction with the DNR.
- It was announced that a summary document will be submitted to the General Assembly.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Debra Kozel (Ext. 16767)

**COMMISSION ON THE STATUS OF WOMEN MEETING**

**Commission Meeting**

The Commission on the Status of Women met on October 25 and discussed the following:

**Finance Report**



The financial update was provided by Vicki Brown. For FY 2004, the Commission had a reversion of \$52 that represented an unredeemed State warrant for some travel expense. The FY 2005 appropriation and the requested appropriations for FY 2006 and FY 2007 are \$330,000. The Commission discussed the need to restore grant amounts to prior year levels and the need for funding to cover costs associated with services now provided by the Department of Administrative Services.

**Director’s Report**

Charlotte Nelson reviewed staff activities since the last meeting. Major items included:

- Development and submission of an inventory of Commission activities as requested by the Department of Management.



- A meeting with the Treasurer of State's Office to prepare for a Women and Money Conference to be held in fall 2005. Focus of the Conference will be assisting women with money management.
- The unknown impacts of quick loan companies on women who need additional financial resources. This may be an area of focus during the 2005 Legislative Session.
- The Commission's donation of older computers to the State Juvenile Home at Toledo as a resource for the remodeled library. An open house is scheduled for January 14, 2005.
- Commission vacancy. The position has been vacant for the last three years. The new member must be male and not affiliated with the Democratic Party.
- An update on the "Friends of Mitchellville." The Commission staff has been involved in a support group activity for this correctional facility. The activities include fund raising for facility and educational improvements, and other general support.
- The Commission will hold another "Lunch and Learn" session for State staff in early January 2005 and an open house session with legislators in February 2005.

### Public Hearing



The Commission held the annual public hearing to allow advocates, grantees, and interested persons to present views, either publicly or through written testimony. The themes presented included welfare, justice, health, violence against women, aging issues, and long-term care. The justice theme related to women incarcerated or released from prison and juvenile facilities and the need for additional resources. Restoration of voting rights to women leaving prison was a concern of several presenters and resonated with most Commission members.

### More Information

Additional information is available from LSA upon request.

STAFF CONTACT: Sam Leto (Ext. 16764)

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## ISSUE REVIEW RELEASED – ADOPTION SUBSIDY PROGRAM

### Issue Review

The Fiscal Services Division of the LSA recently released an *Issue Review* on the State's Adoption Subsidy Program, which provides a Program overview, including the benefits available, eligibility, funding, and future cost projections.

### Background Information

The Adoption Subsidy Program is designed to provide permanent placements for children with special needs that are in foster care under the State's guardianship. The Program provides assistance to adoptive families for the on-going care of the child by offsetting some of the additional expenses assumed as part of the adoption. Benefits may be in the form of financial assistance, services, or both but vary depending on the needs of each individual child.

### Budget Impact

Adoption subsidy costs were the second largest expenditure, after Group Care, in the Child and Family Services budget in FY 2004. State expenditures for the Program are estimated to total \$27.5 million in FY 2005. This will account for 27.7% of the General Fund appropriation for Child and



Family Services, which totals \$99.1 million for FY 2005. The Department of Human Services (DHS) reports the caseload for the Program is increasing at an average of 47 cases per month, which will require an additional \$2.3 million in FY 2006.

**Copies Available**

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

STAFF CONTACT: Lisa Burk (Ext. 17942)

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**ISSUE REVIEW RELEASED – MEDICAL COSTS OF THE STATE PRISON SYSTEM**

**Issue Review**

The Fiscal Services Division of the LSA recently released an **Issue Review** that provides an overview of medical costs within the Iowa Prison System, alternatives for cost containment, and the impact on the State’s budget.

**Background Information**

Medical costs are the second largest operational expenditure, after personnel, in the Iowa Prison System, and medical costs are the fastest growing component of all operating costs. State expenditures for medical costs were \$16.7 million in FY 2003, an increase of \$10.8 million (183.9%) compared to FY 1993. The average annual increase was 18.4% over the last 10 years. In contrast, the year-end prison population increased by 3,700 offenders (78.8%) over the last 10 years, resulting in an average annual increase of 7.9%.

**Current Situation**

The State and counties are required to provide health care to offenders in jails and prisons under the U.S. and Iowa Constitutions. The community standard of care is the level of care the State and counties are required to meet, as determined by a series of federal court rulings. Iowa’s medical costs are expected to continue to increase.

**Alternatives**



If medical costs continue to increase at the current rate, annual costs will be approximately \$106.9 million by FY 2014. The **Issue Review** provides alternatives to reduce or slow the growth of spending on medical costs within the corrections system. These include increasing offender co-payments, using telemedicine, centralizing pharmacy operations, releasing elderly, terminally ill, or chronically ill offenders early, or other options.

**Copies Available**

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

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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**ISSUE REVIEW RELEASED – OVERVIEW OF THE STATE CORRECTIONS SYSTEM**

**Issue Review**

The Fiscal Services Division of the LSA recently released an **Issue Review** that provides an overview of Iowa’s corrections system, offender population growth, and the impact on the State’s budget.

**Background Information**



Iowa’s corrections spending from the General Fund reached \$253.0 million in FY 2001, an increase of 614.1% compared to FY 1980. Over the same

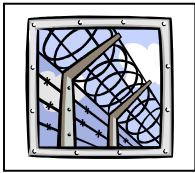


period, the offender population increased by 167.7%, to 35,183 offenders at the end of FY 2001. The offender population has risen steadily over the years, with 37,931 offenders under correctional supervision at the end of FY 2004.

**Current Situation**

Iowa reduced General Fund appropriations to the Department of Corrections (DOC) by \$10.0 million (4.0%) in FY 2002 and an additional \$206,000 (0.1%) in FY 2003. However, spending for the Iowa Corrections System is increasing again, with \$22.5 million (9.3%) added to the System in FY 2004 and \$5.7 million (2.2%) added in FY 2005. Spending on corrections is expected to continue to increase.

**Budget Impact**



If the prison population reaches 10,582 inmates, the Prison System will be operating at 143.3% of design capacity by the end of FY 2014. According to the DOC, for every 1,000 increase in the prison population, a new 800-bed facility needs to be constructed. If the Prison System reaches 10,582 inmates, three new prisons will be needed at a construction cost of \$50.0 million each (\$150.0 million total). Each prison will incur ongoing estimated annual operating costs of approximately \$28.0 million, or \$84.0 million annually for all three new prisons.

**Alternatives**

The *Issue Review* provides alternatives to reduce prison overcrowding or slow the growth of spending on the System. These include establishing a Sentencing Commission, easing habitual offender laws, reducing or repealing mandatory minimum terms, and other statutory changes.

**Copies Available**

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

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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**ISSUE REVIEW RELEASED – ENHANCED 911 SYSTEM**

**Issue Review**

The Fiscal Services Division of the LSA recently released an *Issue Review* that examines the 2004 legislative changes to the Enhanced 911 (E911) emergency phone system and provides a synopsis of the issues surrounding the system.

**Background Information**

Senate File 530 (FY 1999 E911 Commission Act) provided a statewide monthly surcharge on wireless communications, which began January 1, 1999. The monthly surcharge is collected by wireless providers and remitted to the State E911 Program Manager on a quarterly basis. Funds generated from the surcharge are used for the development and ongoing operation of the E911 network.

**Current Situation**



The State currently has approximately \$3.0 million in debt due to the carry forward of service provider debt into the next billing cycle. A renegotiation of the Qwest tariff reduced this amount at the beginning of 2004, and a legislative change in SF 2298 (FY 2005 Omnibus Appropriations Act) eliminated the carryover practice beginning July 1, 2004. The Act also increased the E911 wireless surcharge from \$0.50 to \$0.65 per wireless phone subscriber per month. There are currently 1.3 million cell phone subscribers in Iowa. The estimated revenue generated by the new rate is

\$2.5 million per quarter, or \$10.1 million per year, an increase of \$2.1 million compared to the previous year.

**Wireless Upgrade**

At the beginning of the 2004 Legislative Session, all 99 counties had Phase 1 capability. Under Phase 1, when a 911 call is made from a wireless device, the callback number and the address of the nearest tower are forwarded to the appropriate Public Safety Answering Point (PSAP). There are currently 125 PSAPs in Iowa.



To implement Phase 2 at all the answering points, updates and modifications need to be made to the equipment. Phase 2 capability adds the latitude and longitude coordinates of the phone at the time the 911 call is received. Of the 125 answering points, 56 have Phase 2 capability as a result of a grant. In addition, some counties are using wireline equipment surcharge funds to upgrade equipment to Phase 2 capability. The wireline surcharge is set by local referendum and the funds are used at the local level.

**Federal Deadline**

The Federal Communications Commission (FCC) set October 2005 as the deadline for cell phone companies to upgrade wireless Enhanced 911 systems nationwide. Within the next two years, Iowa plans to be completely upgraded to Phase 2, at an overall estimated cost of \$5.0 million.

**Copies Available**

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

STAFF CONTACT: Jennifer Acton (Ext. 17846)

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**ISSUE REVIEW RELEASED – METHAMPHETAMINE LABORATORIES**

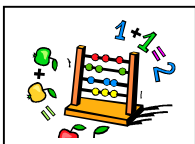
**Issue Review**

The Fiscal Services Division of the LSA recently released an **Issue Review** that examines methamphetamine (meth) lab seizure reporting at the State and federal levels; federal funding received by Iowa; and methods the State has used to limit the use, manufacture, and distribution of methamphetamine.

**Background Information**

Meth is a central nervous system stimulant that is made with common household ingredients. A typical meth lab generates between two and three grams of methamphetamine at one time. According to the Division of Narcotics Enforcement, the street value of one pound of meth ranges from \$5,000 to \$7,000, with a gram costing approximately \$100.

**Statistics**



In calendar year (CY) 2003, Iowa law enforcement officers seized 158,000 grams or 352 pounds of meth. In CY 2002, there were 58,900 grams, or 132 pounds, of meth seized. Meth seizures increased in CY 2003 by 99,100 grams (168.3%), or 220 pounds (166.7%), when compared to CY 2002. Iowa ranked third (1,289) in the number of meth lab incidents and second (one per 2,275 people) in per capita meth lab incidents in CY 2003. On average, for CY 2003, Iowa law enforcement officers responded to nearly four meth lab incidents per day.

**Other States**



According to the National Conference of State Legislatures (NCSL), 27 states have restrictions on the sale of pseudoephedrine, and 31 have enacted laws regarding the possession and sale of sole ingredient

pseudoephedrine. Oklahoma was the first state in the nation to enact a law in 2004 making pseudoephedrine a Schedule V controlled substance. A Schedule V controlled substance is a non-prescription drug that is dispensed or administered to the purchaser by a pharmacist.

#### Copies Available

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

STAFF CONTACT: Jennifer Acton (Ext. 17846)

### ISSUE REVIEW RELEASED – AUDITOR OF STATE

#### Issue Review

The Fiscal Services Division of the LSA recently released an **Issue Review** that summarizes the operations of the Office of State Auditor and provides an update on reimbursements from State departments paid for work performed by the Office.

#### Background Information



The **Issue Review** includes information on the responsibilities of the Office; the organization of the Office into three functional divisions; and the web site access to information prepared by the Office, including special reviews conducted, published audit reports, frequently asked questions, links to audit resources, and professional organizations.

The Office depends heavily on billings to and reimbursements from State departments, school districts, and local entities. The **Issue Review** discusses the procedures followed by the Office to provide annual estimates to these customers for audit work to be done.

#### Budget Impact



The Office is dependent on audit billing revenues, in addition to the General Fund appropriation. Delays in reimbursements from customers have required a General Fund subsidy in past fiscal years, as allowed by Section 11.5A, Code of Iowa. The Office continues to prepare annual estimated billing letters to allow State departments to include these anticipated costs for budget purposes as mandated by Section 11.5B, Code of Iowa.

#### Alternatives

The **Issue Review** provides some alternatives the Legislature may wish to consider regarding budgeting for annual audit costs by State departments and receipt of revenues by the Office.

#### Copies Available

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

STAFF CONTACT: Sam Leto (Ext. 16764)

### ISSUE REVIEW RELEASED – ALLOCATION OF STATE AID TO COMMUNITY COLLEGES

#### Issue Review

The Fiscal Services Division of the LSA recently released an **Issue Review** that examines allocation of the annual General Fund appropriation among the 15 community colleges.

#### Background Information

In January 1998, the Iowa Community College Funding Formula Task Force issued a report that included a recommended formula for allocating the

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annual General Fund appropriation. Since that time, the General Assembly has specified the allocations in statute. The allocations have been determined by the Fiscal Services Division of the LSA based upon the Agency's interpretation of the formula.

**Current Situation**



During the 2004 Legislative Session, it became clear that the LSA's interpretation of the formula differed from the interpretation of the Department of Education as reflected in Administrative Rules. The General Assembly allocated the FY 2005 General Fund appropriation using the formula described in Administrative Rules.

The Iowa Association of Community Colleges Presidents continues to discuss the issue of equity in allocating State funding among the colleges. A summary of methods for analyzing equity, prepared by Michael C. Morrison, President, North Iowa Area Community College, is included in the **Issue Review**.

**Copies Available**

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

STAFF CONTACT: Robin Madison (Ext. 15270)

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**AUDIT REPORT – IOWA EDUCATIONAL SAVINGS TRUST PLAN**

**Audit Report**

The Fiscal Services Division of the LSA received the FY 2004 audit report for the Office of the Treasurer of State, Iowa Educational Savings Plan Trust.

**Financial Statements**



One purpose of the audit was to express an opinion on the annual financial statements maintained by the Trust's management. The financial statements consist of the Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets. The Report stated the financial statements fairly presented the financial condition of the Trust in conformity with the U.S. Generally Accepted Accounting Principles (GAAP), and there were no findings.

**Compliance/Internal Control**



In addition, the audit was to review compliance with provisions of law, regulations, and contracts for impacts on financial statement amounts, and to examine internal controls over financial reporting. The report disclosed no findings of non-compliance and no material weaknesses with internal controls.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Sam Leto (Ext. 16764)

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