

# FISCAL UPDATE

January 10, 2005

## Legislative Services Agency

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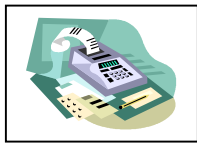
<http://staffweb.legis.state.ia.us/lfb>

### ANALYSIS OF DEPARTMENT BUDGET REQUESTS FOR FY 2006

#### Dept. Request Analysis

The Fiscal Services Division of the Legislative Services Agency (LSA) has recently published the Analysis of the Department Budget Requests for FY 2006. The document may be accessed on the LSA web site at: <http://staffweb.legis.state.ia.us/lfb/docs/BudgAnalysis/BudgAnalysis.htm>.

#### Purpose of Document



The purpose of the document is to provide the General Assembly with information concerning FY 2006 General Fund estimated receipts and department requests. This information provides an overall summary of the State budget and is intended to assist the General Assembly in taking a proactive approach toward the budgetary process. The document is intended to present an overview of the General Fund revenues and expenditures to the General Assembly.

In addition, the document usually includes an overview of Full-Time Equivalent (FTE) positions and Other Fund requests. However, due to difficulties relating to the new I/3 budgeting system, the focus of both the Department of Management (DOM) and the Fiscal Services Division of the LSA has been on making the General Fund information as accurate as possible. It is hoped that the difficulties that the DOM has encountered to this point with the new system will be resolved by the time the Legislative Analysis of Governor's Recommendations is completed in January and the Other Funds and FTE information can be included at that time.

#### More Information

Additional information is available from the LSA upon request.

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Jennifer Acton (Ext. 17846)

### 2004 ISSUE REVIEWS

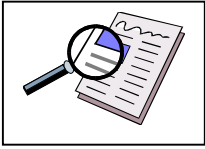
#### Issue Reviews

The Fiscal Services Division of the LSA monitors a variety of issues that develop in State agencies as part of an effort to provide legislative oversight. In general, **Issue Reviews** cover a specific topic, background

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information related to the topic, the current situation, affected agencies, Code of Iowa authority, alternatives the General Assembly may wish to consider, and budgetary impacts.

The following **Issue Reviews** were published during the 2004 Legislative Session or Interim.

- Adoption Subsidy Program
- Allocation of State Aid to Community Colleges
- Board of Regents FY 2003 Student Financial Aid
- College Work Study
- Conservation Reserve Enhancement Program
- Enhanced 911 System
- High School Drop Outs
- Infrastructure Funding Projections
- Iowa Corporate Income Tax
- Iowa Innovations Fund
- Iowa's Bioeconomy
- Medicaid Funding Growth – FY 2005-FY 2007
- Medicaid Intergovernmental Transfers
- Methamphetamine Laboratories
- Overview of the State Corrections System
- Medical Costs of the State Prison System
- Special License Plates
- State Auditor's Office
- State of Iowa FY 2002-FY 2005 General Fund Budget
- Update on the Road Use Tax Fund
- Workers' Compensation for State Employees



**Copies Available**

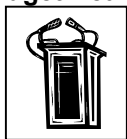
Copies of the **Issue Reviews** may be accessed on the LSA web site at: <http://staffweb.legis.state.ia.us/lfb>. Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

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## LT. GOVERNOR HOLDS FORMAL BUDGET HEARING

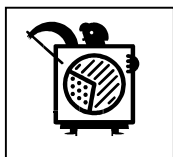
### Budget Hearing



Lt. Governor Pederson held a formal State budget hearing, as required by statute, on December 17 at the State Capitol.

The Lt. Governor introduced Cynthia Eisenhower and Randy Bauer of the Department of Management, who made the formal presentation.

### New Process



Eisenhauer and Bauer explained the Governor's budget for the State was prepared using a new process titled, "Purchasing Results." The process is patterned after a similar market-based budget purchasing strategy used in the state of Washington. Historically, State departments and agencies submitted budget requests with a 75.0% guaranteed base and provided justification only for funding in excess of the base.

The new process seeks to provide justification for the entire budget, most commonly referred to as zero-based budgeting. The process starts with the appointment of Buying Team Leaders, in this case the Governor's staff. The Buying Team Leaders develop Requests for Results that outline the results to be achieved, a strategy map, and purchasing preferences. State departments and agencies then submit offers focused on the intended results. The Buying Team Leaders review offers, provide feedback, and allocate resources.

### Budget Priorities



The Governor has six Buying Team Leaders that align with his six priorities for the FY 2006 budget, including:

- Transform Iowa's Economy
- Improve Student Achievement
- Improve Iowans' Health
- Improve Community Safety
- Improve the Quality of Natural Resources
- Improve Government Performance and Accountability

The end result will be a "drilling" platform document for each area that shows the funds available for each result area and a priority order for each of the items. The platform will also show items that were discussed but not funded.

### Economic Conditions



Eisenhauer and Bauer also pointed out that while State revenues are increasing, the Governor remains cautious about Iowa's economic recovery. Personal income and employment appear to be growing, and construction continues to increase. Although State revenues have exceeded expected growth, several factors will make the FY 2006 budget challenging. Expected decreases in revenue or increases in costs for FY 2006 include:

- Continued Phase-In of Tax Cuts - Revenue decreases will result from previously approved cuts in the sales tax on residential utilities (\$18.0 million); insurance premium tax (\$33.7 million); and estate tax (\$18.2 million).
- Growth in K-12 State Aid of 4.0% - \$93.3 million.



- Replacement of One-Time Sources of Funds - These include the Cash Reserve Fund used for property tax credits (\$160.0 million); Trust Funds used for Medicaid (\$191.0 million); and the Endowment for Iowa's Health (\$29.0 million).
- Regular Program Growth for Medicaid - \$65.0 million.
- Full Funding of Property Tax Credits - \$18.0 million.
- Teacher Compensation - \$10.0 million.
- Indigent Defense/Public Defender - \$5.0 million.
- Mental Health Allowable Growth - \$5.0 million.
- Collective Bargaining – Currently estimated at \$34.7 million. The exact need is not known at this time, as bargaining has not yet been completed.

The Governor is expected to transmit his State budget details for FY 2006 to the General Assembly by February 1.

**More Information**

Additional information is available from the LSA upon request.

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**FEDERAL DEPARTMENT OF JUSTICE SETTLEMENT FOR STATE RESOURCE CENTERS**

**Federal Settlement**



The United States Department of Justice has reached a settlement with the State regarding the Resource Centers at Glenwood and Woodward. The settlement provides the changes that the State will undertake to address various conditions at the Centers, with specific timeframes and provisions for "dispute-resolution tools" in the event of noncompliance.

**Funding Request**

The Department has informally requested \$1.0 million for each of the two Centers as a FY 2005 supplemental appropriation to continue compliance efforts. The actual settlement and specific implementation plan may be accessed on the Department of Human Services web site at: <http://www.dhs.state.ia.us/publications.asp>

**More Information**

Additional information is available from the LSA upon request.

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**FY 2005 AND FY 2006 MEDICAID ESTIMATES**

**Medicaid Estimates**



Staff from the Department of Management, Department of Human Services (DHS), and the Fiscal Services Division of the LSA met on December 17 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**

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

shortfall is \$52.0 to \$85.0 million compared to the FY 2005 appropriation. The range is unchanged from November.

**FY 2006**

The three staffs agreed to an estimated range of an increase of \$82.0 to \$130.0 million for FY 2006. This increase is relative to the original FY 2005 appropriation, prior to any FY 2005 supplemental appropriation, and assumes that Iowa will continue to receive revenue from the Intergovernmental Transfers (IGTs), and the Senior Living Trust Fund will be depleted at the end of FY 2006.

It is likely the IGTs will be discontinued in FY 2006. This increases the range by \$66.0 million to \$148.0 to \$196.0 million for FY 2006. The range is unchanged from November.

**More Information**

Additional information is available from the LSA upon request.

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**FY 2004 INDIGENT DEFENSE CLAIMS PAID BY THE STATE APPEAL BOARD**
**Indigent Defense Claims**

The LSA was recently notified that approximately \$177,000 in indigent defense claims were paid by the State Appeal Board in November and December. Indigent defense provides legal counsel to indigent defendants in criminal court proceedings. Payments were made to private attorneys, investigators, court reporters, and interpreters. All of the claims were submitted late, with the majority of the claims dated from previous fiscal years.

**Additional Information**

Additional information is available from the LSA upon request.

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**DEPARTMENT OF NATURAL RESOURCES SIGNS CHARTER AGENCY AGREEMENT**
**Agreement Signed**

The Department of Natural Resources (DNR) signed a Charter Agency Agreement with the Governor on December 13, 2004. The Department's performance targets include:

- Assist Iowa businesses in achieving environmental efficiency and saving \$1.0 million in annual operating costs in the Pollution Prevention Intern Program by August 15, 2005.
- Continue to work with stakeholders to formulate Iowa's nutrient strategy. A summary of the recommendations will be made to the Governor by September 2006.
- Develop a watershed-based plan for water quality improvement with presentation to the Governor in January 2005.
- Promote energy and Brownfields redevelopment through the development of a 7,200-watt solar array in Cedar Rapids by August 15, 2005.

**Special Projects**



The Department's special projects include:

- Conduct six Department kaizen events that will save \$500,000 in total avoided costs by June 30, 2005. Kaizen is a business process improvement technique inspired by Japanese methods, to improve efficiencies in operating areas and to decrease the amount of time needed to complete the process.
- Conduct leadership training with the Director's staff and Bureau Chiefs by April 2005.
- Complete web-based purchasing option for the sale of hunting and fishing licenses by June 30, 2005.
- Develop a model sustainability plan for State agencies to use to reduce energy, waste, and fuel use by October 2005.
- Generate \$200,000 in General Fund revenue.
- Reduce costs by \$25,000 by providing labor opportunities to inmates in the Prairie Seed Program, at the State Forest Nursery, and in construction of cabins for State Parks.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Debra Kozel (Ext. 16767)

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**DEPARTMENT OF TRANSPORTATION EQUIPMENT AND VEHICLE PURCHASE REPORT**

**Vehicle Purchase**

The Department of Transportation (DOT) submitted the Equipment and Vehicle Purchase Report for FY 2004, as required by Section 307.47(4), Code of Iowa. The Report shows the amount expended on vehicles and equipment from the Materials and Equipment Revolving Fund.

**Revolving Fund**



The Fund is used to purchase all rolling stock, materials, and equipment for the DOT. The Fund primarily receives funding from depreciation payments on equipment and vehicles from the Department. This allows the DOT to centrally purchase all equipment and monitor and manage the Department's purchasing functions. Prior to FY 2003, the Fund received an annual appropriation of approximately \$5.3 million from the Primary Road Fund to assist in paying for inflationary costs associated with purchasing vehicles and equipment.

**Summary of Purchases**

The following table summarizes purchases from the Materials and Equipment Replacement Revolving Fund for the last two fiscal years.

**Department of Transportation**  
**Equipment and Vehicle Purchases from the**  
**Materials and Equipment Replacement Revolving Fund**

	FY 2003	FY 2004
Self-Propelled Vehicles	\$ 6,867,935	\$ 7,160,779
Equipment and Trailers	2,656,851	3,109,108
Large Office Furniture and Files	925	10,538
Shop Tools and Small Equipment	1,181,785	883,763
Engineering and Distance Equipment	5,361	83,292
Communications and Electronics	790,624	323,576
Computers and Related Equipment	4,777,823	4,006,951
<b>Total</b>	<b>\$ 16,281,304</b>	<b>\$ 15,578,007</b>

**More Information**

A copy of the report and additional information is available from the LSA upon request.

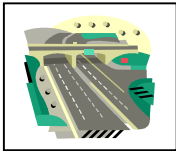
STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

## REVITALIZE IOWA'S SOUND ECONOMY GRANTS AWARDED

**Background**

The Revitalize Iowa's Sound Economy (RISE) Program is funded through a Road Use Tax Fund allocation equal to 1.55 cents per gallon from the excise tax imposed on motor fuel and special fuels. This amount totaled \$34.0 million in FY 2004. The RISE funds are allocated as follows:

- 64.5% to the State's Primary Road Fund for expenditure on the Commercial and Industrial Highway Network.
- 32.3% to cities for use on city streets.
- 3.2% to counties for use on secondary roads.

**RISE Funds**

The RISE funds allocated for State projects are deposited directly into the Primary Road Fund and are not part of the grant program. The RISE funds for cities and counties can be used to fund the following types of projects:

- Immediate Opportunity: Projects that demonstrate that an immediate funding commitment is essential to influence job location, creation, or retention.
- Local Development: Projects that support local economic development but do not meet the threshold set for Immediate Opportunity projects. Job creation and retention are not a requirement for receiving Local Development funds.

**Recent RISE Grants**

The Department of Transportation (DOT) Commission recently awarded an estimated \$735,000 in grants from the RISE Program to the cities of Grimes, North Liberty, and Mount Pleasant.

**Grimes**

The city of Grimes was awarded a RISE Local Development Grant totaling \$444,000, or up to 50.0% of the total RISE eligible project cost, whichever is less, for the grading and paving of portions of 134th Street and 134th Circle in the Grimes Industrial Park. The roads will provide access to nine lots for development.



**North Liberty**



The city of North Liberty was awarded a RISE Local Development Grant totaling \$178,000, or up to 50.0% of the total RISE eligible project cost, whichever is less, for the grading and paving of the north portion of Alexander Way near the entrance to the new Maytag Regional Distribution Center. The road will provide access to 106 lots for development. The south portion of Alexander Way, which was recently completed, was partially funded with a previous RISE Immediate Opportunity Grant.

**Mount Pleasant**

The city of Mount Pleasant was awarded a RISE Local Development Grant totaling \$113,000, or up to 50.0% of the total RISE eligible project cost, whichever is less, for the grading and paving of a portion of Industry Avenue, south of Commerce Drive in the Crossroads Industrial Park. The road will provide access to six lots for development. Commerce Drive was partially funded with two previous RISE grants, including a Local Development Grant to open land for development, and an Immediate Opportunity Grant to support the location of Mount Pleasant Foods.

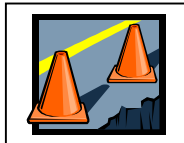
**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

**HIGHWAY CONSTRUCTION CONTRACTS**

**Highway Contracts**



The Department of Transportation (DOT) notifies the Fiscal Services Division of the LSA of all highway construction contracts in excess of \$5.0 million. Contracts totaling \$15.9 million were awarded in November 2004 to Flynn Co., Inc., of Dubuque, for the following projects along U.S. Highway 34 in Des Moines County near West Burlington:

- \$8.9 million for paving approximately seven miles of roadway from 135<sup>th</sup> Street northwest of Danville, south and east to Boundary Avenue.
- \$6.7 million for paving approximately four miles of roadway from Boundary Avenue to Mount Pleasant Street.
- \$102,000 to install lighting at the Beaverdale Road and Mount Pleasant Street interchange.
- \$173,000 to install traffic signs from 135<sup>th</sup> Street northwest of Danville, south and east to Mount Pleasant Street.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

**LEGISLATIVE FISCAL COMMITTEE MEETING**

**Legislative Fiscal Committee**

The Legislative Fiscal Committee met on December 16 and conducted the following business:

**Revenue Report**

The Committee received an update regarding the December 14 Revenue Estimating Conference (REC). The REC increased the FY 2005 and FY 2006 estimates by \$19.7 million and \$65.9 million, respectively. The new estimate for FY 2005 is \$4.746 billion, which represents 1.3% growth



compared to FY 2004. The new estimate for FY 2006 was set at \$4.903 billion, which is a 3.3% increase compared to the FY 2005 estimate.

### Balance Sheet



The Committee was presented the General Fund balance sheet that includes the most recent LSA projections for FY 2005 and FY 2006. The FY 2005 ending balance is projected to be \$237.1 million. This includes the elimination of the \$26.0 million anticipated reversion associated with the University of Iowa Hospitals Indigent Care Program, which was included in prior estimates.



The expenditure limitation for FY 2006 is \$4.854 billion, which is 99.0% of the December revenue estimate of \$4.903 billion. For estimating purposes, the FY 2006 balance sheet assumes the appropriations at the FY 2005 level of \$4.522 billion. The estimated built-in expenditures for FY 2006 total \$565.6 million. In order to meet the FY 2006 expenditure limitation, revenue and spending adjustments totaling \$233.2 million will be necessary.

### Medicaid

The Committee received an update on estimated FY 2005 and FY 2006 Medicaid expenditures, as well as federal revenue changes.

### FY 2005 Supplementals

The LSA presented a list of the potential supplemental appropriations that may be requested by State agencies for FY 2005. The current estimates total \$74.4 million.

### Buyer/Seller Budgeting

The Department of Management provided an update on the planned FY 2006 Governor's budget process, referred to as "buying and selling" Departmental "offers."

### Capital Investment Corp

The Committee heard a presentation from a representative of the Iowa Capital Investment Corporation concerning investment activity of the Corporation and recommended law changes that could benefit investment activity.

### Long-Term Care

The Department of Elder Affairs presented information on the activities and purposes of four groups that are studying issues associated with long-term care.

### Net Tax Supported Debt

The Committee received an update on the State's outstanding Net Tax Supported Debt as of June 30, 2004. The total outstanding principal as of June 30 was \$555.3 million.

### State Corrections System

The LSA presented two **Issue Reviews** related to the State's Correctional System, which included "Medical Costs of the State Prison System," and "Overview of the State Corrections System."

### Fiscal Comm. Membership

The Committee discussed future options for addressing the make-up of the Legislative Fiscal Committee as it relates to the evenly divided Senate of the 2005 General Assembly.

### More Information

Handouts provided to the Committee may be accessed on the LSA web site at: [http://staffweb.legis.state.ia.us/lfb/subcom/fiscal\\_comm/handouts.htm](http://staffweb.legis.state.ia.us/lfb/subcom/fiscal_comm/handouts.htm). Additional information is available from the LSA upon request.

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## ENVIRONMENTAL PROTECTION COMMISSION MEETING

### December Meeting

The Environmental Protection Commission met on December 20 and discussed the following:

### Air Rules

The Commission received information regarding the proposed changes to air quality rules related to the revisions made by the federal Environmental Protection Agency (EPA).

### Solid Waste Projects

The Commission approved the nine projects recommended by the Department of Natural Resources (DNR) in the Solid Waste Alternatives Program. The projects will receive a combined total of \$370,000 in zero-interest loans and forgivable loans.

### Phosphorus Index



Antonio Mallarino, Iowa State University, presented information on phosphorus index and crop production. The phosphorus index estimates the probability of phosphorus moving off a crop field based on the landscape, the current soil phosphorus levels, and the nutrient management practices used by the farmer. The three main reasons that soil loses phosphorus include soil erosion, water runoff, and tile drainage.

### Water Quality



The Department received a petition for rulemaking from the ACC Chemical Company and the Getty Chemical Company located near Clinton. The petition requests that a Superfund site located in the area be designated as a protected groundwater source.

The Commission heard information regarding the timeline for making changes to water quality rules. The changes relate to protected water flow, anti-degradation, and the classifications for designated and general water usage.

### More Information

Additional information is available from the LSA upon request. For review of Commission agendas, minutes, and other related information, access the DNR web site at: <http://www.iowadnr.com/>

STAFF CONTACT: Debra Kozel (Ext. 16767)

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## DECEMBER BOARD OF REGENTS MEETING

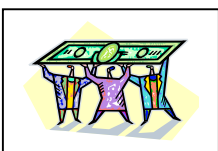
### Board Meeting

The Board of Regents met on December 15-16 at Iowa State University. Significant agenda items included:

### FY 2006 Tuition

The Board gave final approval to the proposed tuition increase of 4.0% for FY 2006. This increase will result in an annual base undergraduate tuition of \$4,890 at each of the universities. The Board has the authority to increase this rate at a later time if necessary.

### Economic Development

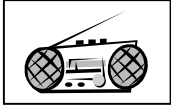


The Economic Development and Technology Transfer Report will be forwarded to the General Assembly by January 15. Some significant measures relating to FY 2004 include:

- Number of patents issued = 75
- Number of license and option agreements yielding income = 531

- Royalties/license fee income = \$13.6 million
- Total sponsored funding = \$631.3 million

### Public Radio Study



The Board approved the consultant's recommendation to consolidate the three Regents university radio stations into a statewide public radio network. University presidents were directed to prepare an implementation report with timeline for presentation at the March 2005 Board meeting.

### Kinnick Stadium



The Board received an update on Kinnick Stadium Renovation. Projected suite/seat sales of \$5.2 million were used in the budget plan. To date, the University of Iowa (SUI) reports commitments of \$5.4 million; however, none has resulted in actual contracts. Capital gifts were budgeted at \$10.0 million, and commitments of \$7.9 million have been received. The total project budget of \$86.8 million was approved by the Board at the March 2004 meeting.

### Other Reports

The Board received the following reports:

- Special Schools Strategic Plans – The Board received a progress report on the strategic plans for the Iowa School for the Deaf and the Iowa Braille and Sight Saving School.
- Status Report of Administrative Efficiencies – The Board approved reorganization plans as presented for three areas: fleet operations, internal audit, and risk management.
- Legislative Report – New issues that have been added to the legislative issues list include Asian soybean rust research, beer keg registration, and the Indigent Patient Program.
- Iowa State Center Report – The Board received the annual report on operation of the Iowa State Center. The Center includes Hilton Coliseum, Stephens Auditorium, Fisher Theater, and the Scheman Building. The Center also oversees various outdoor activities, such as stadium concerts, barbecues, and dances.

### Committee Reports



The Board received the following committee reports:

- Education and Student Affairs – The Committee received several annual reports, including the Graduation and Retention Report, the 2+2 Council Report, and the Fall 2004 Enrollment Report. In addition, the Committee received an update on the Faculty Activities Report; a request for combination of the Colleges of Family and Consumer Science and Education at Iowa State University (ISU); requests for professional development assignments for FY 2006; various accreditation reports; and a report on Lakeside Laboratory.

The following link may be accessed for more detail:

[http://www2.state.ia.us/regents/Meetings/Committees/EDUMemos/dec04/1204\\_EDUagenda.pdf](http://www2.state.ia.us/regents/Meetings/Committees/EDUMemos/dec04/1204_EDUagenda.pdf)

- Investment – Committee action included a recommendation to terminate a fund manager and select a replacement; receipt of the quarterly investment report; acceptance of a performance review of Wilshire Associates, the Board's investment advisor; receipt of a report on variable and fixed bond rates; and approval to modify the banking relationship between the SUI and Bank of America.

The following link may be accessed for more detail:

[http://www2.state.ia.us/regents/Meetings/Committees/INVMemos/dec04/1204\\_INVAGENDA.pdf](http://www2.state.ia.us/regents/Meetings/Committees/INVMemos/dec04/1204_INVAGENDA.pdf)



- Human Resources – Committee action included the receipt of the annual report on diversity; discussion on information submitted regarding the phased retirement program; and the receipt and review of updated information on the SUI College of Pharmacy Incentive Plan.  
The following link may be accessed for more detail:  
[http://www2.state.ia.us/regents/Meetings/Committees/HRMemos/dec04/1204\\_HR%20agenda.pdf](http://www2.state.ia.us/regents/Meetings/Committees/HRMemos/dec04/1204_HR%20agenda.pdf)

**Next Meeting**

The next meeting is scheduled for February 2-3 at the University of Iowa. Additional information regarding the Board meeting, including the full text of agenda docket memos, may be accessed on the Board's web site at: <http://www2.state.ia.us/regents/>.

STAFF CONTACT: Mary Shipman (Ext. 14617)

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**SENIOR LIVING COORDINATING UNIT MEETING**

**SLCU Meeting**

The Senior Living Coordinating Unit met on December 17 and conducted the following business:

**Reports**

Director Haverland, Department of Elder Affairs, provided an update regarding the progress of the Department's Long-Term Care Plan, as well as progress relating to the annual report that is required to be submitted by the Unit.

**Legislative Reports**

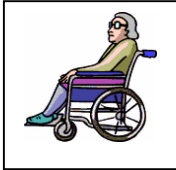
Representative Dave Heaton provided comments regarding the upcoming 2005 Legislative Session and recognized Representative Linda Upmeyer, who was also in attendance at the meeting and will be chairing the House Human Resources Committee.

**SLP Updates**

The following updates were provided regarding the Senior Living Program:

- Eileen Creager, Department of Human Services (DHS), provided an update on the status of FY 2004 and FY 2005 nursing facility conversion grants.
- Carla Pope, Iowa Finance Authority, provided an update on the two revolving loan funds that were established with allocations from the FY 2005 appropriation for nursing facility grants from the Senior Living Trust Fund. Ms. Pope also provided an update regarding the Assisted Living Rent Subsidy Program, which is also funded by the Senior Living Trust Fund.
- Greg Anliker, Department of Elder Affairs, provided the home and community-based services unmet needs report, which provided data for October 2004.
- Lisa Burk, Legislative Services Agency, provided projections for the Senior Living Trust Fund.
- Director Haverland discussed changes to propose to the Legislature with regard to Section 231.58, Code of Iowa, including a name change for the Senior Living Coordinating Unit to Long-Term Coordinating Unit, membership changes, and changing the due date for the annual required report.



**Other Workgroups**

Updates on the progress of other Workgroups were also provided, including:

- Director Concannon, DHS, reported that the Medical Assistance Crisis Intervention Team had concluded meetings. He noted that various meetings had been held by the Team across the State during the Interim, and the Team's required final report was issued in December 2004.
- Director Haverland reported that the National Governor's Association (NGA) Workgroup is studying the concept of and working to develop a proposal for a Universal Assessment Tool to be used in the future by seniors accessing long-term care services. In addition, Director Haverland reported on the suggestions that were gathered from participants of the second Long-Term Living Town Meeting that was held in November 2004.

**Next Meeting**

The next meeting is scheduled for February 18. Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

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**FY 2004 LEGISLATIVE INTENT LANGUAGE**
**Sections Identified**

The Fiscal Services Division of the LSA identified 395 sections of Legislative Intent Language in FY 2004 Appropriations Acts. The sections are categorized as follows:

- Compliance – The Department performed as required by the intent language.
- Non-Compliance – The Department did not perform the intent language as required.
- In Progress – The Department is in the process of performing the intent language required but had not fulfilled the requirement by the end of FY 2004.
- Other – The Department has not complied because the Governor vetoed the language, or the Department was unable to comply due to unusual circumstances.

**Compliance of Sections**

State Departments complied with 381 sections and did not comply with six. Two sections are "In Progress," while the Departments attempt to comply, and six are listed under the "Other" category. For those Departments that did not comply with certain section requirements, a separate analysis is included in this Issue of the *Fiscal Update*.

**Department/Agency Listing** The table below lists the number of legislative intent language sections by Department, in addition to the number of sections by category.



<u>Department/Agency</u>	<u>Compliant</u>	<u>Non-Compliant</u>	<u>In Progress</u>	<u>Other</u>	<u>Total No. of LIL Sections</u>
Administrative Services (DAS)	12				12
Commerce	3				3
Management	4				4
Revenue	2				2
IPERS	1				1
Lottery	1				1
Inspections & Appeals	1				1
Governor					NA
Office of Drug Control Policy	1				1
Racing and Gaming	1				1
Secretary of State	1				1
Auditor of State	1				1
Ethics Campaign & Disclosure Board					NA
Human Rights	3				3
Treasurer of State	1				1
Agriculture & Land Stewardship	10				10
Natural Resources	6		1		7
Economic Development	16				16
Regents Economic Development	8				8
Public Employment Relations	0				0
Workforce Development	2				2
Blind					NA
Cultural Affairs	1				1
Education	13				13
Board of Regents	10			5	15
College Student Aid Commission	1				1
Elder Affairs	6				6
Public Health	64	2			66
Human Services	161	3			164
Veterans Affairs	4	1			5
IA Comm. Network (ICN)	1				1
IA Law Enforcement Academy					NA
Public Defense			1		1
Public Safety	3				3
Civil Rights Commission	2				2
Corrections	21				21
Judicial Branch	7			1	8
Justice	9				9
Parole Board	1				1
Public Defender	1				1
Transportation	2				2
<b>Totals</b>	<b>381</b>	<b>6</b>	<b>2</b>	<b>6</b>	<b>395</b>

Note: NA means the Dept. did not have any legislative intent language.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

**FY 2004 LEGISLATIVE INTENT LANGUAGE - DEPARTMENT OF NATURAL RESOURCES**

**Legislative Intent**

The Department of Natural Resources (DNR) had two sections of intent language in SF 452 (FY 2004 Infrastructure Appropriations Act). The Department complied with one section and is in the process of complying with the section that appropriated \$3.0 million from the tax-exempt bond proceeds of the Tobacco Settlement Trust Fund cost associated with the planning, design, and construction of a Destination State Park project.



The intent language made the appropriation contingent upon the Department receiving a funding commitment by June 30, 2005, from a private developer for development of the proposed Honey Creek Resort areas near the Premier Destination Park.

The Department mailed a "Request for Expressions of Interest" to approximately 235 private development firms in May 2004. Three firms sent representatives to Iowa to view the site and to discuss details of the project with representatives from the DNR, the U.S. Army Corps of Engineers, and local officials. Two firms declined to submit a proposal, and the third continues to show interest in the project.

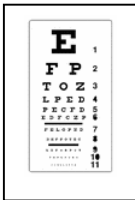
#### More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: David Reynolds (Ext. 16934)

### FY 2004 LEGISLATIVE INTENT LANGUAGE - DEPARTMENT OF PUBLIC HEALTH

#### Intent Language



The Department of Public Health had 27 sections of intent language in HF 667 (FY 2004 Health and Human Services Appropriations Act). The Department complied with all sections except two, as follows:

- The Act required the Department to allocate \$100,000 for a child vision-screening program implemented through the University of Iowa Hospitals and Clinics. The Department's contract was not signed and returned by the contractor. The funds were not expended nor requested by the contractor and reverted to the General Fund at the close of FY 2004.
- The Act required the Department to establish a Health Care Access Partnership Pilot Project. The Department reported that compliance did not occur because funding was not provided; therefore, the Project could not be implemented.

#### More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

### FY 2004 LEGISLATIVE INTENT LANGUAGE - DEPARTMENT OF HUMAN SERVICES

#### Intent Sections

The Department of Human Services (DHS) had 164 sections of legislative intent language in FY 2004. The DHS complied with all sections except three, which are outlined below.

#### Noncompliance



House File 667 (FY 2004 Health and Human Services Appropriations Act) required the DHS to develop a Child Care Consumer Information Center. This has not been implemented because the Child Care Information System cannot accommodate the changes.

Senate File 453 (Reinvention of Government Act) required the DHS to submit a report on effective communication by January 1, 2004. This report has not been submitted.



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Senate File 453 (Reinvention of Government Act) required the DHS to establish the Medical Assistance Program Redesign Workgroup. This workgroup was not established.

**More Information**

Additional information is available from the LSA upon request.

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

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**FY 2004 LEGISLATIVE INTENT LANGUAGE - VETERANS AFFAIRS COMMISSION**

**Intent Sections**

The Veterans Affairs Commission had five sections of legislative intent language in FY 2004. The Commission is in compliance on all but one section, which is outlined below.

**Noncompliance**



House File 667 (FY 2004 Health and Human Services Appropriations Act) required the Veterans Affairs Commission to expend \$100,000 for 2.0 FTE positions to assist veterans in applying for pension benefits. The Commission Director indicated such action would delay the need for benefits from the Medical Assistance (Medicaid) Program. The Commission expended less than \$10,000 for this purpose and did not fill the FTE positions.

Senate File 2298 (FY 2005 Omnibus Appropriations Act) required the Commission to use the \$100,000 to contract with the Retired Senior Volunteer Programs (RSVPs) to increase the number of veterans applying for pension benefits. The Commission contracted \$50,000 with three RSVPs and retained \$50,000.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

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**FY 2004 LEGISLATIVE INTENT LANGUAGE - PUBLIC DEFENSE MILITARY DIVISION**

**Intent Language**

The Public Defense Military Division had one section of intent language in SF 439 (FY 2004 Justice System Appropriations Act). The section permits the Division to incur a negative balance of up to \$500,000.

**In Progress**



In FY 2004, the first negative balance was incurred on March 2. (This was one day earlier than the negative balance was incurred in FY 2003). The Military Division was in and out of the negative balance throughout FY 2004. The Division exceeded a \$1.0 million negative balance in June 2004.

**Division Response**

The negative balance is incurred due to the timing of federal construction dollars being reimbursed to the State. Also, the change to a new budget system in 2004 made it difficult to maintain cash flow at the \$500,000 level. The Division will start drawing on advances in federal funds relating to all agreements in FFY 2005. The advances were not in place by October 2004, but will be by January 2005.

**More Information**

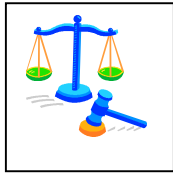
Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

### **FY 2004 LEGISLATIVE INTENT LANGUAGE - JUDICIAL BRANCH**

**Intent Language**

The Judicial Branch had eight sections of intent language in SF 435 (FY 2004 Judicial Branch Appropriations Act). The Judicial Branch complied with all sections except one, which is outlined below.

**Required Report**

The Act required the Supreme Court, in consultation with the Iowa State Bar Association and district court judges, to study methods to achieve efficiency and cost savings within the Judicial Branch. In addition, the Act allowed juvenile probation officers, the State Public Defender, clerks of district court, Iowa Legal Aid, County Boards of Supervisors, Community-Based Corrections, and the Iowa County Attorneys Association to file separate reports with the Supreme Court on cost efficiencies and cost savings by October 1, 2003. The section required the Supreme Court to present a report to the General Assembly by December 15, 2003.

**Report Not Filed**

The Supreme Court appointed several advisory committees which reported back to the Court. A consolidated report to the General Assembly was not completed. Other than the Court's advisory committees, the only other entity that filed a report with the Court was the Iowa State Association of County Supervisors.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

### **FISCAL SERVICES DIVISION OF THE LEGISLATIVE SERVICES AGENCY**

**Fiscal Services**

The Fiscal Services Division, formerly known as the Legislative Fiscal Bureau, is part of the consolidated, non-partisan Legislative Services Agency (LSA). The Fiscal Services Division provides the following services:

- Information and analysis on the revenue and expenditures of State government.
- Evaluation of legislative proposals involving State and local government through Fiscal Note summaries on legislation and Fiscal Impact Statements on Administrative Rules.
- Review of State department operations for effectiveness and efficiency.

**Offices Moved**

During the 2004 Interim, the offices of the Fiscal Services Division, formerly located on the second floor of the Capitol Building, moved to the ground floor on the northwest side of the Capitol. The Director's office and administrative office are now located in Room G01. Five analysts are located in Room G03 and eleven analysts are located on the second floor of the Miller Building. This issue of the ***Fiscal Update*** includes a listing of Fiscal Services Division staff and assignments.

**More Information**

Additional information is available from the LSA upon request. The publications of the Fiscal Services Division may be accessed on the LSA web site at <http://staffweb.legis.state.ia.us/lfb/>.

STAFF CONTACT: Holly Lyons (Ext. 17845)

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

**FISCAL SERVICES DIVISION  
LEGISLATIVE SERVICES AGENCY**

Holly M. Lyons, Division Director

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

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Human Rights			
Treasurer			
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Lottery			
Management			
Revenue			
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Governor's Office of Drug Control Policy			
Inspections & Appeals			
Racing & Gaming			
Secretary of State			
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Public Employment Relations Bd.			
Workforce Development			
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Education			
Iowa Public Television			
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Child Welfare			
Elder Affairs			
Foster Care			
Juvenile Justice			
Public Health			
Senior Living Trust Fund			

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Institutions			
Mental Health/Mental			
Retardation/Developmental			
Disabilities Enhanced Services			
Social Services Block Grant			
Veteran's Affairs			
Veteran's Home			
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Promise Jobs, Food Stamps			
Medical Services/Medicaid			
Temporary Assistance for Needy			
Families (TANF) Block Grant			
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Public Defense			
Public Safety			
-----			
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Justice Dept.			
Parole Board			
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	Holly Lyons	281-7845	<a href="mailto:holly.lyons@legis.state.ia.us">holly.lyons@legis.state.ia.us</a>