

FISCAL UPDATE

January 18, 2006

Legislative Services Agency

(515)-281-5279 FAX 281-8027

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

HOUSE APPROPRIATIONS COMMITTEE PASSES SENIOR LIVING TRUST FUND REPAYMENT BILL - HF 2002

Repayment Bill

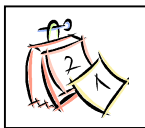


GF Surplus Transfer

The House Appropriations Committee passed HF 2002 (Senior Living Trust Fund Repayment Bill) on January 10. The Bill increases the standing amount required to be appropriated, reverted, or transferred to the Senior Living Trust Fund from the estimated General Fund surplus before funds are transferred to the Cash Reserve Fund from \$118.0 to \$300.0 million.

Under current law, it is estimated that \$50.8 million will be transferred from the estimated General Fund surplus to the Senior Living Trust Fund at the beginning of FY 2007. This amount was calculated based on estimates from the December 2005 Revenue Estimating Conference (REC) and is subject to change due to legislative action.

Retroactive Date



In addition, the Bill specifies that any appropriations, reversions, or transfers of appropriations credited to the Senior Living Trust Fund be applied retroactively to July 1, 2004. At the close of FY 2005, \$6.9 million was transferred from the Medicaid surplus to the Senior Living Trust Fund. Under this Bill, this amount is applied against the \$300.0 million repayment amount.

Fiscal Impact

The Bill increases the amount of time it will take for the General Fund to receive surplus revenue after the Economic Emergency Fund reaches the statutory maximum balance of 2.5% of estimated revenues.

More Information

The Notes on Bills and Amendments (NOBA) for HF 2002 is available on the Legislative Services Agency (LSA) web site at: <http://www3.legis.state.ia.us/noba/index.jsp>.

STAFF CONTACT: Lisa Burk (Ext. 17942)

GOVERNOR'S FY 2007 BUDGET RECOMMENDATIONS FOR THE ADMINISTRATION AND REGULATION APPROPRIATIONS SUBCOMMITTEE

FY 2007 Recommendations

The Governor is recommending a total of \$165.4 million from the General Fund and a total of \$75.5 million from Other Funds for FY 2007 for agencies funded by the Administration and Regulation Appropriations Subcommittee. This is an increase of \$80.0 million from the General Fund and \$53.0 million from Other Funds compared to estimated FY 2006.

IN THIS ISSUE:

HF 2002 – Sr. Living Trust Repayment, pg. 1
Governor's FY 2007 Budget Recommendations:
Admin/Reg. Approps. Subcommittee, pg. 1
Ag/Nat. Res. Approps. Subcommittee, pg.4
Economic Dev. Approps. Subcommittee, pg. 5
Education Approps. Subcommittee, pg. 6
Health/Human Services Subcommittee, pg. 8
Justice System Approps Subcommittee, pg. 12
Dept. of Transportation, pg. 15

Governor's FY 2007 Budget Recommendations:
Infrastructure/Capital Projects, pg. 17
Governor's FY 2008 Allowable Growth Rec., pg. 20
FY 2006/FY 2007 Medicaid Forecast, pg. 21
Dept. of Public Health – Required Reports, pg. 22
Public Retirement Systems Committee Mtg., pg. 23
Senior Living Coordinating Unit Meeting, pg. 24
2005 Iowa Factbook Published, pg. 25

Administrative Services



The Governor's recommendation for the Department of Administrative Services (DAS) is an increase of \$1.5 million from the General Fund. Significant changes include:

- A net increase of \$1.1 million and 27.5 FTE positions to the General Office for costs related to the Integrated Information for Iowa (I/3) System, facility maintenance costs in the Capitol Complex, Information Technology Security, maintaining a retiree health insurance database, and the Sick Leave Incentive Program.
- An increase of \$340,000 for utilities in the Capitol Complex and Ankeny Lab.
- An increase of \$72,000 for the Distribution Account due to a portion of a balance that was carried forward into FY 2006 from a FY 2005 appropriation. The Department received an appropriation of \$158,000 to be distributed to other departments for payment of the DAS billings. The Department distributed \$230,000 during FY 2006.

Commerce



The Governor's recommendation for the Department of Commerce is an increase of \$93,000 from the General Fund and \$30.0 million from Other Funds. Significant changes include:

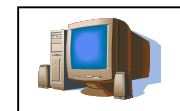
- An increase of \$163,000 to the Division of Banking for replacement of laptop computers and a postage machine to comply with federal requirements.
- A decrease of \$70,000 to the Division of Professional Licensing for efficiencies from merging the Division with the Division of Banking.
- An increase of \$30.0 million from the Healthy Iowans Tobacco Trust to the Insurance Division for a reinsurance program for small businesses and school districts.

Governor's Office

The Governor's recommendation for the Governor's Office is an increase of \$127,000 from the General Fund, which includes \$88,000 for vacation payout of current staff during the transition year.

The Governor's recommendation also includes a standing limited General Fund appropriation of \$100,000 for Governor-Elect transition expenses.

Human Rights



The Governor's recommendation for the Department of Human Rights (DHR) is an increase of \$471,000 from the General Fund. Significant changes include:

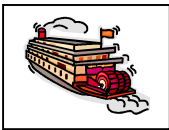
- An increase of \$70,000 in Central Administration for a Cultural Competency Program that offers training for departments and communities in Iowa.
- An increase of \$80,000 and 1.0 FTE position for the Commission on the Status of Asian and Pacific Islanders for a new Division Administrator.
- An increase of \$50,000 and 1.0 FTE position for the Commission on the Status of African-Americans to improve services and outreach.
- An increase of \$271,000 and 3.0 FTE positions for the Division of Criminal and Juvenile Justice Planning for operation of a new Iowa Criminal Justice Information Systems Integration Initiative.

- An increase of \$2.6 million for the Division of Criminal and Juvenile Justice Planning from the Restricted Capital Fund for computer hardware and software for the new Integrated Criminal Justice Data System.

Inspections & Appeals

The Governor's recommendation for the Department of Inspections and Appeals is an increase of \$1.2 million from the General Fund. Significant changes include:

- An increase of \$375,000 for the Administration Division for food establishment inspections in Polk and Jasper Counties.
- A decrease of \$80,000 in the Health Facilities Division and a corresponding increase in the Administration Division to align budget with responsibilities.
- An increase of \$53,000 for the Administration Division for increased costs in space, personnel, worker's compensation, and other charges.
- An increase of \$40,000 to cover the increased cost of regulation at racetracks and casinos.
- An increase of \$707,000 to cover the increased cost of regulation of four new excursion boats.



Management

The Governor's recommendation for the Department of Management is an increase of \$80.6 million from the General Fund and an increase of \$11.8 million from Other Funds. Significant changes include:

- An increase of \$95,000 to the General Office for costs associated with DAS billings and I/3 System expenses.
- An increase of \$39.5 million for salary adjustment.
- An increase of \$62,000 in Enterprise Resource Planning to fully fund the DOM I/3 Administrator from the General Fund.
- An increase of \$1.0 million to create the Local Government Innovation Fund.
- A decrease of \$150,000 from the Institute for Tomorrow's Workforce. This was one-time funding for FY 2006.
- An increase of \$222,000 for the Lean/Process Improvement.
- An increase of \$39.9 million for the Property Tax Credit Fund.
- An appropriation of \$3.0 million from the Road Use Tax Fund for salary adjustment.
- An appropriation of \$12.0 million from the Primary Road Fund for salary adjustment.



Revenue

The Governor's recommendation for the Department of Revenue is a decrease of \$3.8 million from the General Fund. Significant changes include:

- A decrease of \$4.2 million for the Enterprise Collection Services to make the unit self-sufficient.
- An increase of \$129,000 for Morgan Street Office rent and increased I/3 expenses.

- An increase of \$277,000 for a Statewide Property Assessment Appeal Board within the Department of Revenue pursuant to Section 121 of HF 868 (Iowa Values Fund).

Secretary of State

The Governor's recommendation for the Secretary of State's Office is a decrease of \$275,000 from the General Fund, as funding is not needed in the off-year for Limited Liability Companies (LLC) biennial reporting.

IPERS



The Governor's recommendation for the Iowa Public Employees Retirement System (IPERS) is an increase of \$5.9 million from the IPERS Trust Fund. The increase is to continue a multi-year project to update the IPERS computer system used to track contributions received, benefits paid, member accounts, member and employer transactions, and benefit estimates.

State Treasurer

The Governor's recommendation for the Treasurer of State's Office is a net increase of \$5.1 million from Other Fund sources. Significant changes include:

- An increase of \$10.0 million for a watershed protection and water quality initiative to be funded by the Endowment for Iowa's Health Fund.
- A decrease of \$5.0 million for watershed improvement funded by the Underground Storage Tank (UST) Fund.
- An increase of \$93,000 to fund 1/3 costs from the Road Use Tax Fund. These costs are being allocated based on the percentage of documents processed.



Supplemental Approps.

The Governor is also recommending the following supplemental General Fund appropriations for FY 2006 in the following areas of Administration and Regulation:

- Secretary of State – \$400,000 for data system costs relating to voter registration.
- Department of Human Rights – \$5.0 million for a projected increase in participants and energy costs in the Low-Income Home Energy Assistance Program (LIHEAP), if the full amount of federal emergency funds for the Program are not received.

More Information

Additional information is available from the LSA upon request. *The Analysis of the Governor's FY 2007 Budget Recommendations* is available on the LSA web site at:

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

STAFF CONTACT: Jess Benson (Ext. 14613) Sam Leto (Ext. 16764)
Doug Wulf (Ext. 13250)

**GOVERNOR'S FY 2007 BUDGET RECOMMENDATIONS FOR
THE AGRICULTURE AND NATURAL RESOURCES
APPROPRIATIONS SUBCOMMITTEE**

FY 2007 Recommendations

The Governor is recommending a total of \$37.6 million from the General Fund for FY 2007 for agencies funded by the Agriculture and Natural Resources Appropriations Subcommittee. This is an increase of \$850,000 compared to estimated FY 2006.

Agriculture

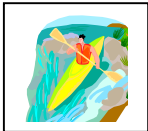
The Governor's recommendation for the Department of Agriculture and Land Stewardship is an increase of \$350,000. Changes include:

- An increase of \$250,000 for the Dairy Products Control Bureau.
- An increase of \$85,000 to increase the base budget for the Ankeny laboratory.
- An increase of \$15,000 to move climatology records to a permanent storage location.

Natural Resources

The Governor's recommendation for the Department of Natural Resources is an increase of \$500,000 and 2.0 FTE positions. Changes include:

- An increase of \$75,000 and 2.0 FTE positions for operations at State Parks.
- An increase of \$100,000 for the Energy Continuation Program.
- An increase of \$50,000 for the Pollution Prevention Intern Program.
- An increase of \$275,000 for the Air Quality Livestock Monitoring Program. This Program is currently funded with Stormwater Permit Fees.

Environment First Fund

The Governor's recommendation for the Environment First Fund is an increase of \$1.0 million. Changes include:

- An increase of \$800,000 for the Resource Enhancement and Protection (REAP) Fund.
- An increase of \$200,000 for the Marine Fuel Tax Capitals Fund.

More Information

Additional information is available from the LSA upon request. *The Analysis of the Governor's FY 2007 Budget Recommendations* is available on the LSA web site at:

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

STAFF CONTACT: Debra Kozel (Ext. 16767)

GOVERNOR'S FY 2007 BUDGET RECOMMENDATIONS FOR THE ECONOMIC DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE

FY 2007 Recommendations

The Governor is recommending a total of \$34.1 million from the General Fund for agencies funded by the Economic Development Appropriations Subcommittee. This is an increase of \$3.7 million compared to estimated FY 2006.

Economic Development

The Governor's recommendation for the Department of Economic Development is an increase of \$2.5 million. Significant changes include:

- An increase of \$115,000 for the Administration Division to restore funds eliminated in HF 882 (FY 2006 Standing Appropriations Act) for business development and marketing.
- A decrease of \$500,000 for the Community Development Block Grant Division to reduce the amount expended on tourism promotion.

- An increase of \$2.3 million to follow the recommendation of the Battelle Plan for the creation of the Bioscience Alliance. The Governor is also recommending \$2.8 million from the Federal Economic Stimulus and Jobs Holding Fund.
- An increase of \$174,000 to transfer funding appropriated to the Department of Elder Affairs in FY 2006, for the Retired Senior Volunteer Program (RSVP). The Program responsibilities are assigned to the Governor's Office by Section 15H, Code of Iowa.
- An increase of \$125,000 for a proposal by the Iowa Collaboration for Youth Development (ICYD) that includes State-local partnerships and public and private agencies that will be enhanced and improved. The collaboration is intended to work toward seeing that all Iowa youth will be successful in school; healthy and socially competent; prepared for productive adulthood; and in safe, supportive families, schools, and communities.
- An increase of \$250,000 to establish a LEAN Manufacturing Institute for the training of executives in the identification of ways to improve the manufacturing process.



Board of Regents

The Governor's recommendation for the Board of Regents Economic Development efforts maintains the current level of funding.

Workforce Development

The Governor's recommendation for the Department of Workforce Development is an increase of \$200,000 to add one Workers' Compensation Commissioner and two Health Safety Inspectors to increase the oversight of the work environment for Iowa workers.

PERB

The Governor's recommendation for the Public Employment Relations Board (PERB) maintains the current level of funding.

Iowa Finance Authority

The Governor's recommendation for the Iowa Finance Authority (IFA) is an increase of \$1.0 million for a matching grant program that would encourage cities, counties, or regions to create and fund Local Housing Trust Funds.

More Information

Additional information is available from the LSA upon request. *The Analysis of the Governor's FY 2007 Budget Recommendations* is available on the LSA web site at:
<http://staffweb.legis.state.ia.us/lfb/docs/BudgAnalysis/BudgAnalysis.htm>.

STAFF CONTACT: Ron Robinson (Ext. 16256)

GOVERNOR'S FY 2007 BUDGET RECOMMENDATIONS FOR THE EDUCATION APPROPRIATIONS SUBCOMMITTEE

FY 2007 Recommendations

The Governor is recommending a total of \$1.018 billion from the General Fund for FY 2007 for agencies funded by the Education Appropriations Subcommittee. This is an increase of \$87.1 million compared to estimated FY 2006.

Dept. for the Blind

The Governor's recommendation for the Department for the Blind maintains the current level of funding.

College Student Aid Comm.

The Governor's recommendation for the College Student Aid Commission is an increase of \$3.1 million. Significant changes include:



- An increase of \$3.0 million for the Tuition Grant Program to provide larger average grants to more students. The requested funding will provide average grants of \$3,172 to 16,600 students. This is an increase of \$87 in the average grant and an increase of 500 in the number of recipients. The maximum grant would remain at \$4,000.
- An increase of \$75,000 to the National Guard Education Assistance Program to provide larger average awards. The recommended funding level will provide average awards of \$3,167 to 1,200 students. This is an increase of \$63 in the average award.
- An increase of \$76,000 to establish a Washington Intern Program. The funding will be used to provide 64 scholarships of \$1,200 each for Iowa students studying in Washington, D.C. Internships are coordinated by the Washington Center for Internships and Academic Seminars. During the 2004-2005 academic year, 64 Iowa students from six colleges and universities attended one-semester, college-credit internship programs.

Dept. of Cultural Affairs

The Governor's recommendation for the Department of Cultural Affairs is an increase of \$486,000, which includes an increase of \$300,000 for the Great Places effort.

Dept. of Education

The Governor's recommendation for the Department of Education is an increase of \$53.0 million. Significant changes include:



- An increase of \$1.2 million for the Enrich Iowa Libraries Program, which includes \$900,000 that was appropriated from the Rebuild Iowa Infrastructure Fund (RIIF) in FY 2006.
- An increase of \$30.0 million for the Student Achievement and Teacher Quality Program, including:
 - \$14.4 million for an across-the-board teacher salary increase.
 - \$10.1 million to raise the minimum salaries for beginning and career teachers by \$1,000 and add one professional development day.
 - \$4.7 million and 2.0 FTE positions to establish the Teachers as Trainers Program and provide stipends to approximately 270 teachers who participate in academies focusing on teaching strategies in reading, mathematics, and science.
 - \$815,000 in increases for career development, evaluator approval, National Board Certification, and Beginning Teacher Mentoring; and to establish a mentoring and induction program for new school administrators.
- An increase of \$15.0 million for the initial phase of a Voluntary Preschool Access Program to provide direct categorical grants to selected local school districts that have initiated a four-year-old preschool program.
- An increase of \$6.0 million for Community College General Aid, a 4.0% increase compared to FY 2006.



Board of Regents

The Governor's recommendation for the Board of Regents is an increase of \$30.5 million. Significant changes include:

- An increase of \$20.0 million for the second year of funding for the Partnership for Transformation Excellence. For FY 2006, the Board implemented a four-year plan to transform the institutions and increase education excellence by increasing

overall university resources for strategic needs. New funds will be matched by specifically directed internal reallocations. Funds will be used to increase salaries, establish new faculty positions, and preserve excellence in statewide outreach services.

- An increase of \$9.1 million to annualize one-time funds provided in FY 2006. These include carryover funds of \$2.8 million and \$6.3 million of infrastructure funds.
- An increase of \$250,000 to establish a new Center of Governing Excellence. The Center will utilize all three Regents universities in a public/private partnership. The purpose of the Center is to continue State and local government reform initiated by the Governor and Lt. Governor; enhance accountability, effectiveness, and efficiency of State and local government; and study governing models, and design and analyze policy issues for the Innovations Commission.
- An increase of \$650,000 for Tuition Replacement. Tuition Replacement funds are used to pay debt service on Academic Revenue Bonds. The universities use these bonds for building projects. This increase replaces funding that was appropriated from tobacco funds in FY 2006. The total FY 2006 funding for Tuition Replacement was \$24.3 million, with \$14.0 million appropriated from the General Fund and \$10.3 million funded from Tobacco funds. The Governor is recommending total FY 2007 funding for Tuition Replacement of \$24.3 million, with \$14.6 million from the General Fund and \$9.7 million from the Rebuild Iowa Infrastructure Fund (RIIF). This is no change in the level of funding but a change in the source of funds.
- An increase of \$550,000 for the Special Schools.



More Information

Additional information is available from the LSA upon request. *The Analysis of the Governor's FY 2007 Budget Recommendations* is available on the LSA web site at:
<http://staffweb.legis.state.ia.us/lfb/docs/BudgAnalysis/BudgAnalysis.htm>.

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

GOVERNOR'S FY 2007 BUDGET RECOMMENDATIONS FOR THE HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE

FY 2007 Recommendations



The Governor is recommending a total of \$1.109 billion from the General Fund for FY 2007 for agencies funded by the Health and Human Services Appropriations Subcommittee. This is an increase of \$81.0 million compared to estimated FY 2006.

The Governor is also recommending a total of \$297.2 million from Other Funds for FY 2007, an increase of \$26.7 million compared to estimated FY 2006. This includes funding from the Senior Living Trust Fund (SLTF), the Healthy Iowans Tobacco Trust (HITT), the Gambling Treatment Fund (GTF), and the Health Care Transformation Account.

Elder Affairs

The Governor's recommendation for the Department of Elder Affairs is a net increase of \$2.8 million from the General Fund for the Case Management Program for the Frail Elderly. The Governor is also recommending an increase of \$61,000 from the SLTF for a joint assisted living initiative with the Department of Inspections and Appeals.

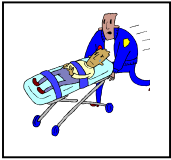
Public Health

Currently, the Department of Public Health has 11 General Fund appropriations. The Governor's recommendation reduces this to nine for FY 2007 to better align programs. This includes eliminating the Adult Wellness and Injuries appropriations and transferring programs currently funded under these to other existing appropriations. In addition, the Child and Adolescent Wellness appropriation name is changed to Healthy Children and Families. Other transfers for better aligning programs are also recommended.

The Governor's recommendation for the Department of Public Health is a net increase of \$4.6 million from the General Fund. The changes include:

- Addictive Disorders - An increase of \$4.0 million for tobacco prevention and treatment for adult smokers and to improve access to services for under-served populations, including recipients of the new Medicaid cessation benefit.
- Adult Wellness - A decrease of \$304,000 to transfer funds for the Maternal Health Program to the Healthy Children and Families appropriation.
- Healthy Children and Families - An increase of \$1.4 million, including:
 - An increase of \$646,000 to transfer funds for the Healthy Opportunities for Parents to Experience Success (HOPES) Program from the Injuries appropriation.
 - An increase of \$475,000 for the Access to Baby and Child Dentistry (ABCD) Program.
 - An increase of \$304,000 to transfer funds for the Maternal Health Program from the Adult Wellness appropriation.
- Chronic Conditions - An increase of \$163,000, which includes the transfer of \$100,000 for Phenylketonuria (PKU) assistance from a separate appropriation and the transfer of \$63,000 for the Head Injuries Council from the Injuries appropriation.
- Community Capacity - An increase of \$65,000 to transfer funds for the Local Board of Health Environmental Liaison Program from the Public Protection appropriation.
- Environmental Hazards - An increase of \$71,000 to transfer funds for the Environmental Health Program from the Public Protection appropriation.
- Injuries - A decrease of \$1.3 million, including:
 - A decrease of \$646,000 to transfer funds for the HOPES Program to the Healthy Children and Families appropriation.
 - A decrease of \$620,000 to transfer funds for the Emergency Medical Services (EMS) Program to the Public Protection appropriation.
 - A decrease of \$63,000 to transfer funds for the Head Injuries Council to the Chronic Conditions appropriation.
- Public Protection - An increase of \$664,000, including:
 - An increase of \$620,000 to transfer funds for the EMS Program from the Injuries appropriation.





- An increase of \$100,000 for Department of Administrative Services (DAS) fees in the State Medical Examiner's Office.
- An increase of \$79,000 to transfer funds for the State Medical Examiner's Office from the Resource Management appropriation.
- An increase of \$71,000 to transfer funds for the Environmental Health Program to the Environmental Hazards appropriation.
- A decrease of \$65,000 to transfer funds for the Local Board of Health Environmental Liaison Program to the Community Capacity appropriation.
- Resource Management - A decrease of \$79,000 to transfer funds for the State Medical Examiner's Office to the Public Protection appropriation.

Human Services

The Governor's recommendation for the Department of Human Services (DHS) is a net increase of \$78.4 million from the General Fund. Significant changes include:

- Family Investment Program (FIP) – An increase of \$1.8 million for caseload growth and to cover a shortfall in Child Support Recovery.
- Medical Assistance (Medicaid) Program – In total, the Governor is recommending an increase of \$77.0 million. The increase includes a \$20.0 million increase from the HITT; a \$6.0 million increase from the SLTF; and a \$51.1 million increase from the General Fund.



The Governor is recommending an increase of \$0.80 per pack in the cigarette tax to generate an estimated \$129.0 million in General Fund revenues in FY 2007. The Governor is recommending this revenue be transferred to the HITT and \$73.4 million be appropriated from the HITT Fund to the SLTF. The significant changes include:

- An increase of \$50.0 million to adjust the FY 2007 base for the FY 2006 supplemental appropriation.
- An increase of \$50.2 million to cover expected costs of implementing the Medicare Part D Benefit, including the federal clawback payment.
- An increase of \$33.9 million for Home and Community-Based Waiver services.
- A decrease of \$11.5 million to reflect savings required in the new Iowa Medicaid Enterprise contracts.
- An increase of \$1.0 million to expand Medicaid coverage for foster care children up to age 21.
- An increase of \$10.4 million for changes in the Federal Medical Assistance Participation (FMAP) rate for FY 2007.
- A decrease of \$53.7 million due to an increase in the SLTF appropriation.
- A decrease of \$20.0 million due to an increase in the HITT appropriation.
- The deferment of \$57.0 million in estimated needed Medicaid funding to the 2007 Legislative Session.
- State Children's Health Insurance Program - An increase of \$3.1 million, including:



- An increase of \$5.5 million for caseload growth.
- An increase of \$772,000 to expand eligibility.
- A decrease of \$3.2 million based on lower than projected Program needs.
- Child Care Assistance - An increase of \$9.9 million, including:
 - An increase of \$4.3 million for projected caseload growth.
 - An increase of \$1.5 million to annualize FY 2006 provider rate increases.
 - An increase of \$2.0 million for 26 child care nurse consultants dedicated to the Quality Rating System (QRS) and to annualize the FY 2006 QRS costs.
 - An increase of \$1.2 million to expand professional development for child care providers.
 - An increase of \$972,000 to expand and improve consultation to child care home providers.
- Juvenile Facilities - An increase of \$37,000 for fuel and utility costs.
- Child and Family Services - An increase of \$2.2 million, including:
 - An increase of \$1.1 million for child safety and offender rehabilitation programs.
 - An increase of \$463,000 for changes in the FMAP rate.
 - An increase of \$213,000 to maintain foster care rates at the level required by the Code of Iowa.
 - An increase of \$50,000 to provide additional staff and upgraded equipment for the Child Abuse Hotline.
 - An increase of \$27,000 to provide 3.0 FTE positions for part-time law clerks in the Attorney General's Office to reduce the backlog of child abuse appeals.
- Adoption Subsidy - An increase of \$1.2 million, including:
 - An increase of \$509,000 for changes in the FMAP rate.
 - An increase of \$349,000 to maintain adoption subsidy rates at the level required by the Code of Iowa.
 - An increase of \$338,000 for projected caseload growth.
- Preparation for Adult Living - A new appropriation of \$1.1 million, including:
 - An increase of \$1.1 million to allow children to remain in foster care on a voluntary basis up to age 21.
 - An increase of \$11,000 to maintain independent living rates at the level required by the Code of Iowa.
 - An increase of \$9,600 for changes in the FMAP rate.





- Mental Health Institutes (MHIs) - Increases of \$110,000 for fuel and utility costs and \$250,000 for the MHI at Clarinda for standards required by the federal Centers for Medicare and Medicaid Services (CMS).
- Glenwood State Resource Center - An increase of \$409,000 for changes in the FMAP rate; an increase of \$108,000 for the financial impact to the Center when community placements occur; and a decrease of \$2.4 million for returning FY 2006 State salary funds when matched with federal funds in FY 2007.
- Woodward State Resource Center - An increase of \$299,000 for changes in the FMAP rate; an increase of \$728,000 for additional staffing beyond the original phased-in plan to comply with the federal Department of Justice settlement cost; and a decrease of \$734,000 for returning FY 2006 State salary funds when matched with federal funds in FY 2007.
- Sexual Predator Commitment Program - An increase of \$725,000 to continue the one-time FY 2006 transfer from State Cases to the Sexual Predator Commitment Program.
- Mental Health Allowed Growth - An increase of \$7.3 million to include the enacted FY 2007 appropriation increase provided in HF 882 (FY 2006 Standing Appropriations Act).
- DHS Field Operations - An increase of \$1.9 million for additional child care subsidy, adoption subsidy, and child safety staff.

Veterans Home

The Governor's recommendation for the Iowa Veterans Home is a net decrease of \$4.9 million from the General Fund, which includes an increase of \$692,000 for improvements in the Behavioral Unit and day programming, and a decrease of \$5.6 million due to additional Medicaid funds received as a result of federal rules.

More Information

Additional information is available from the LSA upon request. *The Analysis of the Governor's FY 2007 Budget Recommendations* is available on the LSA web site at:
<http://staffweb.legis.state.ia.us/lfb/docs/BudgAnalysis/BudgAnalysis.htm>.

STAFF CONTACT: Lisa Burk (Ext. 17942) Kerri Johannsen (Ext. 14611)
Sue Lerdal (Ext. 17794)

**GOVERNOR'S FY 2007 BUDGET RECOMMENDATIONS FOR
THE JUSTICE SYSTEM APPROPRIATIONS
SUBCOMMITTEE**

FY 2007 Recommendations

The Governor is recommending a total of \$586.1 million from the General Fund for agencies funded by the Justice System Appropriations Subcommittee. This is an increase of \$33.1 million compared to estimated FY 2006.

Department of Justice

The Governor's recommendation for the Department of Justice is an increase of \$300,000. This includes \$100,000 for the Area Prosecution Division and \$200,000 for additional grants to local shelter care providers.

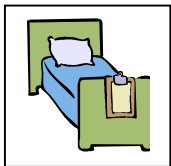
Department of Corrections

The Governor's recommendation for the Department of Corrections (DOC) is an increase of \$14.5 million. Significant changes include:

- An increase of \$432,000 to reimburse the Department of Administrative Services.



- An increase of \$2.3 million for food, fuel, and pharmacy costs. The Governor's recommendation includes \$1.2 million as a FY 2006 supplemental appropriation for fuel costs.
- An increase of \$2.2 million for rental agreements; reimbursing counties for holding parole violators; fully funding Central Office staffing; and staffing the towers at the Iowa State Penitentiary at Fort Madison. The Governor's recommendation includes FY 2006 supplemental appropriations of \$125,000 for the County Confinement Account, \$625,000 to fund Central Office staffing, and \$1.3 million to staff the towers at the Iowa State Penitentiary at Fort Madison.
- An increase of \$2.4 million to electronically monitor, supervise, and treat sex offenders. The funding provides a real-time response to Global Positioning System (GPS) bracelets.
- An increase of \$1.1 million to enhance offenders' re-entry to the community upon release from prison, to connect Anamosa State Penitentiary to the City of Anamosa's water system, and to provide centralized assessment at the Iowa Medical Classification System at Oakdale.
- An increase of \$412,000 to provide additional mental health treatment staff at the Clinical Care Unit. This is in addition to the \$310,000 the Governor is recommending from the Healthy Iowans Tobacco Trust for this purpose.



- An increase of \$452,000 to partially replace expired federal funds for a Drug Court, mental health programs, and a therapeutic community program.
- An increase of \$5.1 million to provide three months of staffing for the 178-bed Special Needs Unit at the Iowa Medical Classification Center at Oakdale. The Governor is recommending that the \$3.4 million in one-time equipment costs for the facility be funded from the Restricted Capitals Fund and the Rebuild Iowa Infrastructure Fund.

State Public Defender

The Governor's recommendation for the Department of Inspections and Appeals is an increase of \$7.1 million. Significant changes include:

- An increase of \$620,000 to fund authorized positions in the Office of the State Public Defender.
- An increase of \$4.0 million to fund the Indigent Defense Program at the estimated level of expenditures. The Governor's recommendation includes a FY 2006 supplemental appropriation of \$4.0 million for the Indigent Defense Program.
- An increase of \$2.5 million to increase the hourly rates paid to private court-appointed counsel. A statutory change is required.

ILEA

The Governor's recommendation for the Iowa Law Enforcement Academy (ILEA) is an increase of \$38,000 for fuel and utility costs, and DAS fees.

Dept. of Public Defense

The Governor's recommendation for the Department of Public Defense is an increase of \$738,000. Significant changes include:

- An increase of \$409,000 for fuel and utility costs.
- An increase of \$328,000 and 2.0 FTE positions to fund a portion of the Fusion Center.

Dept. of Public Safety



The Governor's recommendation for the Department of Public Safety is an increase of \$5.6 million. Significant changes include:

- Administration – An increase of \$464,000 to reimburse the Department of Administrative Services (DAS) for services. The Governor is also recommending a FY 2006 supplemental appropriation of \$400,000 for this same purpose.
- Division of Criminal Investigation (DCI) – An increase of \$3.4 million to add 40.0 FTE positions for gaming enforcement officers and special agents. (Of these, 33.0 are directly tied to gambling expansion legislation from the 2005 Legislative Session). This recommendation also includes an increase of \$652,000 to replace one-time funding for 3.0 FTE positions for the DNA database and \$197,000 for fuel and depreciation expenses. The Governor is also recommending a FY 2006 supplemental appropriation of \$1.0 million for partial year funding for gaming officers.
- Division of Narcotics Enforcement – An increase of \$453,000 to annualize costs of the Fusion Center (\$337,000); the remainder is for fuel and depreciation expenses.
- Fire Marshal's Office – An increase of \$192,000 to replace the FY 2005 supplemental (\$100,000); the remainder is for fuel and depreciation expenses.
- Iowa State Patrol – An increase of \$1.4 million, including \$600,000 for fuel and \$850,000 for depreciation expenses.
- State Peace Officers Council (SPOC) Sick Leave Payout – An increase of \$375,000 due to increased costs for health insurance premiums.

Judicial Branch



The Judicial Branch, as the third branch of government, has a separate appropriations bill. The Governor passes through the Judicial Branch's funding request, which is a net increase of \$4.8 million for FY 2007. Significant changes include:

- An increase of \$650,000 for requirements in HF 619 (Sex Offender Act), including electronic monitoring of juvenile offenders, DNA testing, and risk assessments.
- An increase of \$278,000 and 4.0 FTE positions for technology.
- An increase of \$412,000 and 5.5 FTE positions in Linn and Polk Counties for 2.0 FTE positions for District Associate Judges, 2.0 FTE positions for Court Reporters, and 1.5 FTE positions for two part-time court attendants.
- An increase of \$150,000 for additional education and training for all staff.
- An increase of \$172,000 to replace equipment and furniture in offices across the State.
- An increase of \$3.2 million for Judicial Branch retirement.

More Information

Additional information is available from the LSA upon request. *The Analysis of the Governor's FY 2007 Budget Recommendations* is available on the LSA web site at:
<http://staffweb.legis.state.ia.us/lfb/docs/BudgAnalysis/BudgAnalysis.htm>.

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

GOVERNOR'S FY 2007 BUDGET RECOMMENDATIONS FOR THE DEPARTMENT OF TRANSPORTATION

FY 2007 Recommendations



The Governor is recommending a total of \$305.2 million from the Road Use Tax Fund and the Primary Road Fund for Operations, Special Purpose, and Capital appropriations for the Department of Transportation (DOT) for FY 2007. This is a net increase of \$2.9 million compared to estimated FY 2006, which includes an increase of \$9.2 million for Operations and Special Purpose projects and a decrease of \$6.3 million for Capital projects.

Operations

The Governor is recommending an increase of \$385,000 to fund an e-forms maintenance contract, increased equipment depreciation, and employee training. This includes an increase of \$53,900 from the Road Use Tax Fund and an increase of \$331,100 from the Primary Road Fund.

Administrative Services

The Governor is recommending a decrease of \$85,000 for reductions to the Director's Staff and a clerical staff reduction of 1.0 FTE position for the General Counsel. This includes a decrease of \$11,900 from the Road Use Tax Fund and a decrease of \$73,100 from the Primary Road Fund.

Planning

The Governor is recommending a decrease of \$77,000 from the Primary Road Fund to transfer 1.0 FTE position to the Highway Division. There is also a decrease of an additional 1.0 FTE position to the Planning Division; however, the position is unaccounted for in the I/3 System.

Motor Vehicles

The Governor is recommending an increase of \$115,000 from the Road Use Tax Fund for fuel costs.

Highways

The Governor is recommending an increase of \$4.1 million and 1.0 FTE position from the Primary Road Fund for increases in fuel costs, rock salt, and equipment depreciation, and for the transfer of 1.0 FTE position to the Highway Division.

Special Purpose Projects

The following summarizes significant recommendations for the Special Purpose projects:



- Workers' Compensation – An increase of \$285,000 for workers' compensation premiums. This includes an increase of \$11,000 from the Road Use Tax Fund and an increase of \$274,000 from the Primary Road Fund. The Department of Administrative Services estimates an increase of 7.2% for the DOT for workers' compensation premiums in FY 2007. The Governor is recommending an increase of 10.0%, which assumes increased medical costs and inflation.
- International Registration Plan/Fuel Tax Administration System – A new recommendation of \$1.0 million from the Road Use Tax Fund to develop a unified, customer-based International Registration Plan and International Fuel Tax Administration System. The new System will be integrated with the existing Vehicle Registration and Titling System and will enable the industry to apply, pay, and receive all credentials electronically; provide real-time, web-based status checking for customers; and reduce operating costs by eliminating the need to capture redundant data in several systems. The total cost of the new System is \$2.0 million. The Department plans to request the remaining \$1.0 million for FY 2008.
- Vehicle Data Warehouse – A new recommendation of \$500,000 from the Road Use Tax Fund to develop a unified data warehouse for vehicle and driver

information. The new system will eliminate the need for information technology staff to write special programs.

- Inventory and Equipment Replacement – A new recommendation of \$2.3 million from the Road Use Tax Fund for costs associated with replacing equipment.
- County Treasurer Support – An increase of \$796,000 from the Road Use Tax Fund for county treasurer support for issuing vehicle titles, registrations, and drivers' licenses. The net increase includes:
 - An increase of \$560,000 for a one-time cost for application support and knowledge transfer for the vehicle registration and titling system, the new drivers' license system, and for legislative changes requiring various revisions.
 - An increase of \$250,000 to continue enhancements in the vehicle registration and titling system as identified by customer groups (auto dealers, treasurers, and financial institutions).
 - A decrease of \$27,000 for audit costs associated with the county drivers' license issuance study. House File 2433 (County Treasurer Licensing Act), enacted during the 2004 Legislative Session, required the State Auditor to conduct a study every four years on the fiscal impact of the county issuance of drivers' licenses. The Department requested \$27,000 for FY 2006 for the first study and is not requesting funds for FY 2007, since the next study will not be completed for four years.



Capital Projects

The Governor is recommending \$3.6 million from the Primary Road Fund to fund Capital projects. Recommendations include:

- \$2.5 million for costs associated with constructing a new garage in Fairfield.
- \$200,000 for Americans with Disabilities Act (ADA) improvements at various locations across the State.
- \$400,000 for continued utility improvements at various locations across the State.
- \$200,000 to pave the south parking lot at the DOT Complex in Ames.
- \$100,000 for an elevator upgrade at the DOT Complex in Ames.
- \$100,000 for garage roofing projects at various locations throughout the State.
- \$100,000 for heating, cooling, and exhaust system improvements at various locations throughout the State.



More Information

Additional information is available from the LSA upon request. *The Analysis of the Governor's FY 2007 Budget Recommendations* is available on the LSA web site at:

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

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

GOVERNOR'S FY 2007 BUDGET RECOMMENDATIONS FOR INFRASTRUCTURE AND CAPITAL PROJECTS

FY 2007 Recommendations



The Governor is recommending a total of \$178.3 million for infrastructure and capital projects. The following table provides the total recommendations by funding source.

FY 2007 Governor's Recommendations (Dollars in Millions)

Rebuild Iowa Infrastructure Fund	\$ 74.3
Restricted Capital Fund	21.6
Vertical Infrastructure Fund	15.0
Endowment for Iowa's Health-Restricted Capitals Fund	56.4
Endowment for Iowa's Health Account	10.0
Federal Economic Stimulus and Jobs Fund	1.0
	<u>\$ 178.3</u>

Administrative Services



The Governor is recommending a total of \$39.9 million to the Department of Administrative Services for projects. Significant changes include:

- \$10.0 million for major maintenance of State facilities.
- \$6.8 million for interior restoration of the State Capitol Building.
- \$3.9 million for technology projects funded through the Pooled Technology Fund.
- \$3.5 million for continued funding of the electrical distribution system upgrade for the Capitol Complex.
- \$2.8 million for statewide routine maintenance.
- \$2.4 million for upgrades to the wastewater treatment facility at the Woodward State Resource Center.
- \$2.3 million for development of the West Capitol Terrace and removal of the parking lot located to the west of the Capitol Building.

Blind

The Governor is recommending \$4.0 million for the renovation of the facility housing the Department for the Blind.

Corrections



The Governor is recommending a total of \$11.2 million for the Department of Corrections for projects, including:

- \$3.8 million for continued funding for the Community-Based Correctional Facility in Davenport.
- \$3.3 million for one-time costs associated with making the new addition to the Iowa Medical Classification Center at Oakdale operational in FY 2007.
- \$1.8 million for continued funding of the improvements to the kitchen facilities at the Anamosa Correctional Facility.
- \$1.4 million for continued funding of the new Community-Based Correctional Facility in Fort Dodge.

Cultural Affairs



The Governor is recommending a total of \$2.0 million for the Department of Cultural Affairs for projects, including:

- \$1.0 million for continued funding of the Iowa Great Places Initiative to enhance the cultural development of Iowa communities.
- \$1.0 million for the Historical Preservation Grant Program and for the stabilization of the Iowa Battle Flag Collection.

Economic Development

The Governor is recommending a total of \$17.0 million for the Department of Economic Development for projects, including:

- \$12.0 million for the Community Attraction and Tourism Program. Under current law, this Program receives annual appropriations of \$5.0 million from the Rebuild Iowa Infrastructure Fund (RIIF) and \$7.0 million from the General Fund. The Governor is recommending funding the Program entirely from the RIIF.
- \$4.0 million for the Accelerated Career Education (ACE) Program.

Finance Authority

The Governor is recommending \$5.0 million for the Iowa Finance Authority to fund a portion of his Water Quality Initiative. The funds will be used to provide grants to small communities to upgrade water treatment facilities.

Education



The Governor is recommending a total of \$8.8 million for the Department of Education for projects. Significant changes include:

- \$2.7 million for the cost of leases and maintenance associated with operating Part III sites on the Iowa Communications Network (ICN).
- \$2.3 million for conversion of Iowa Public Television's transmitter sites from analog to digital.
- \$2.0 million for infrastructure improvements at Community Colleges.

Human Rights

The Governor is recommending \$2.6 million for the purchase of hardware and software associated with the Criminal Justice Information System to improve the electronic exchange of information between law enforcement agencies.

Tele. & Tech. Comm.

The Governor is recommending \$2.0 million to replace and upgrade equipment for the ICN.

Natural Resources

The Governor is recommending a total of \$7.5 million for the Department of Natural Resources for projects, including:

- \$5.0 million to fund a portion of his Water Quality Initiative. The funds will be used to restore and preserve lakes that do not have an impaired watershed.
- \$1.5 million for the Iowa Special Areas Program that would use State funds to leverage private dollars to allow for the acquisition or permanent protection of natural areas in the State.
- \$1.0 million for infrastructure-related improvements to Iowa's State parks.

Public Defense

The Governor is recommending a total of \$6.2 million for the Department of Public Defense for projects. Significant changes include:

- \$1.6 million to construct an addition to the National Guard Aviation Readiness Center in Waterloo.
- \$1.5 million for maintenance and renovation projects at National Guard facilities.
- \$1.4 million to complete the State funding for construction of the Iowa City Readiness Center.

Public Safety



The Governor is recommending a total of \$6.9 million for the Department of Public Safety for projects. Significant changes include:

- \$3.0 million for construction of a State Fire Service Training facility and regional fire service training centers and for the purchase of mobile fire service training units.
- \$2.4 million for construction of a new patrol post to replace the existing facility located near Mason City.

Regents

The Governor is recommending a total of \$39.7 million for the Board of Regents for projects, including:

- \$20.0 million to implement recommendations included in the Battelle Report to strengthen Iowa's bioscience industry.
- \$10.0 million for major repairs and improvements to Board of Regents facilities.
- \$9.7 million to fund a portion of the Regents tuition replacement appropriation.

State Fair Authority

The Governor is recommending \$1.0 million for infrastructure improvements at the Iowa State Fairgrounds.

Transportation



The Governor is recommending a total of \$2.8 million for the Department of Transportation for projects, including:

- \$1.8 million for infrastructure improvements at commercial and general aviation airports.
- \$1.0 million for the Recreational Trails Program.

Treasurer

The Governor is recommending \$5.4 million for FY 2007 debt service payments on prison infrastructure bonds.

Veterans Affairs

The Governor is recommending \$6.2 million for renovation and additions to facilities at the Veterans Home.

More Information

Additional information is available from the LSA upon request. *The Analysis of the Governor's FY 2007 Budget Recommendations* is available on the LSA web site at:

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

STAFF CONTACT: David Reynolds (Ext. 16934)

**GOVERNOR'S FY 2008 SCHOOL FOUNDATION
ALLOWABLE GROWTH RATE RECOMMENDATION**

FY 2008 Recommendation



The Governor is recommending a 4.0% allowable growth rate for FY 2008, the same rate as for FY 2006 and FY 2007. The following table shows the breakdown of funding sources for FY 2006 through FY 2008, the budget components of the total School Foundation Formula budget (or combined district cost), and the budget enrollments.

School Foundation Funding Sources: FY 2006 to FY 2007
(\$ in millions)

	FY 2006	FY 2007	FY 2008	FY 2007 vs FY 2006	FY 2008 vs FY 2007
State Foundation Aid	\$ 1,963.9	\$ 2,048.2	\$ 2,151.5	\$ 84.3	\$ 103.2
Property Tax	1,049.6	1,090.1	1,111.6	40.4	21.5
Total Foundation Budget	\$ 3,013.6	\$ 3,138.3	\$ 3,263.1	\$ 124.8	\$ 124.8

School District Budget Components: FY 2006 to FY 2007
(\$ in millions)

	FY 2006	FY 2007	FY 2008	FY 2007 vs FY 2006	FY 2008 vs FY 2007
Regular Program District Cost	\$ 2,395.2	\$ 2,489.1	\$ 2,583.5	\$ 93.9	\$ 94.4
Total Supplemental Weighting Cost	33.6	36.7	40.8	3.1	4.1
District Special Education Cost	347.8	360.9	382.8	13.2	21.9
AEA Special Education Cost	120.0	124.3	129.4	4.3	5.1
AEA Media & Education Services District Cost	44.2	45.9	47.6	1.7	1.7
Budget Guarantee, Dropout Program & Other Adjustments	72.9	81.5	79.0	8.6	-2.4
Total District Foundation Budget	\$ 3,013.6	\$ 3,138.3	\$ 3,263.1	\$ 124.8	\$ 124.8
Budget Enrollment	483,335.2	483,104.8	482,255.8	-230.4	-849.0

Note: The totals may not add due to rounding.

More Information

Additional information is available from the LSA upon request. *The Analysis of the Governor's FY 2007 Budget Recommendations* is available on the LSA web site at:
<http://staffweb.legis.state.ia.us/lfb/docs/BudgAnalysis/BudgAnalysis.htm>.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)



MEDICAID FORECAST FOR FY 2006 AND FY 2007**Medicaid Estimates**

Staff members from the Department of Management, the Department of Human Services (DHS), and the Fiscal Services Division of the Legislative Services Agency (LSA) met on January 5 to discuss estimated Medical Assistance (Medicaid) expenditures for FY 2006 and FY 2007. The three staffs meet monthly to discuss estimated expenditures and to agree on a range for expenditures for the current fiscal year.

FY 2006

House File 825 (FY 2006 Health and Human Services Appropriations Act), as amended by HF 882 (FY 2006 Standing Appropriations Act) and HF 841 (IowaCare Medicaid Reform Act), included total State funding of \$704.4 million for Medicaid for FY 2006. It was discussed during the 2005 Legislative Session that this level of funding was not likely sufficient to fully fund Medicaid and a shortfall was anticipated. The three staffs agreed to an estimated shortfall range of \$30.0 to \$45.0 million for FY 2006. The shortfall estimate includes the following assumptions:



- An estimated net cost of \$12.9 million due to provisions included in HF 841 (IowaCare Medicaid Reform Act).
- A shortage of \$3.2 million due to the FY 2005 supplemental not being fully incorporated into the FY 2006 appropriation.
- Items where savings were assumed but the corresponding statutory changes were eliminated totaled \$3.1 million, including \$1.0 million for Pay and Chase, \$101,000 for a technical adjustment, and \$2.0 million for a reduction in HF 882.
- \$8.0 million to pay for an anticipated federal Medicare Part D Drug Benefit "woodwork effect," the anticipated increase in Medicaid beneficiaries as people sign up for the Part D Benefit. This expense will occur in only the second half of FY 2006 because the Part D Benefit began in January 2006.
- An estimated \$6.1 million to fulfill the 3.0% provider increase to nursing facilities. The first half of this payment was made in December 2005, and it is expected that the second half will be made in January 2006. Payments to the nursing facilities do not include any inflationary increases.
- During the FY 2005 Legislative Session, the exact amount of Iowa's Clawback payment for Medicare Part D was unknown, so an estimate was used. The actual payment is expected to be about \$4.3 million more than the estimate.
- \$4.3 million will be needed to fund Medicare buy-in for eight months of FY 2006. Premium rates for Medicare Parts A and B have both been increased for FY 2006.

**FY 2007**

For FY 2007, the three staffs agreed to an estimated increase of \$90.0 to \$130.0 million compared to the \$704.4 million FY 2006 appropriation. The increase for FY 2007 includes the following assumptions:

- An enrollment increase of between 3.0% and 4.5%, resulting in an estimated \$20.4 to \$32.8 million in additional costs.
- \$30.0 to \$45.0 million for the FY 2006 supplemental appropriation.
- \$1.9 million to annualize the increased cost of Medicare buy-in resulting from the increase in Medicare premiums.

- \$8.0 million to annualize the cost of the Medicare Part D woodwork effect.
- An estimated \$8.0 million to fund an estimated 1.0% medical inflation rate.
- In FY 2007, the Federal Medical Assistance Percentage (FMAP) will decrease from 63.61% to 61.98%, resulting in an estimated \$25.0 million in additional cost to the State.

Waiver Waiting Lists

House File 825 included an increase of \$6.0 million to eliminate the Home and Community-Based Services Waiver waiting lists. Since the Waivers are not considered an entitlement, this would typically be delayed due to the shortfall in Medicaid. Legislative intent, however, was clear that this funding be allocated to waiting lists despite the known supplemental need.

The DHS has initiated the process for providing waiver services for those who have been on the waiting list. In January 2005, it was estimated that \$6.0 million was needed to eliminate the waiting lists as of that time. Since the waiting lists may have increased or costs may have changed, the \$6.0 million may not fully eliminate waiting lists. In addition, the intent was not that waiting lists be eliminated in total going forward. The \$6.0 million will be used to add as many eligible people as possible; then, as new people become eligible, they will be added to the waiting list.

Other Issues



The federal action anticipated as a result of the enacted multi-year budget has not been adopted, although Congress will likely take action on the Budget Resolution in late January. The DHS is in the process of determining the State impacts of the probable federal changes.

A provision included in HF 841 requires the Medical Assistance Projections and Assessment Council (MAPAC) to issue an official estimate for the FY 2007 Medicaid budget. The three staffs are working together on a presentation for the January MAPAC meeting in order to assist Legislators in making an estimate.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Kerri Johannsen (Ext. 14611)

DEPARTMENT OF PUBLIC HEALTH - REQUIRED REPORTS

Required Reports



The Department of Public Health (DPH) has completed the following required reports:

- Department of Public Health Annual Report, pursuant to Section 135.11(17), Code of Iowa.
- Access to Obstetrical Care Report, pursuant to Section 135.11(18), Code of Iowa.
- Organ Procurement Report, pursuant to Section 142C.17, Code of Iowa.
- Administrative Staff Sharing between the Boards of Medical, Dental, Nursing, and Pharmacy, as required by HF 825 (FY 2006 Health and Human Services Appropriations Act).
- 2005 Child Death Review Team Report, pursuant to Section 135.43, Code of Iowa.

More Information

The reports may be accessed on the DPH web site at: http://www.idph.state.ia.us/resources_legmand.asp. Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

PUBLIC RETIREMENT SYSTEMS COMMITTEE MEETING
Statutory Committee

The Public Retirement Systems Committee met on December 21. The Committee meets semi-annually and is charged with the review and evaluation of all Iowa public retirement systems, including the Iowa Public Employees' Retirement System (IPERS), the Municipal Fire and Police Retirement System of Iowa (411), the Department of Public Safety Peace Officers' Retirement System (PORS), the Judicial Retirement System, and the Teachers' Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF).

Proposals to Committee

Representative Elgin requested that the LSA review proposals submitted to the Committee at the November meeting. The Committee was provided with separate tables for each retirement plan and proposals from various bills from the 2005 General Assembly.

Recommendations

The Committee made the following recommendations:

- House File 729 (Public Pensions Omnibus Bill) should be re-referred to the Senate State Government Committee for consideration and passage.
- The House State Government Committee should consider the IPERS/411 Technical Bill and the Defined Contribution Plan, and the Senate State Government Committee should consider [all other proposals](#) outlined by the LSA.
- The House and Senate Appropriations Committees should consider using the one-time Tobacco Settlement refinanced money for repaying the State's obligation to the Judicial, 411, and PORS pension plans.

The estimated shortfall to be covered by the third recommendation is \$91.1 million as follows:

- Judicial Retirement - \$23.9 million
- Municipal, Fire, and Police Retirement (411) - \$30.3 million
- Peace Officers' Retirement System (PORS) - \$36.9 million

Next Steps

The LSA will draft or redraft bills to include the recommendations for the 2006 Legislative Session.

More Information

Additional information is available from the LSA upon request or by accessing the web site at: <http://www.legis.state.ia.us/asp/Committees/Committee.aspx?id=57>

STAFF CONTACT: Sam Leto (Ext. 16764)

SENIOR LIVING COORDINATING UNIT MEETING

SLCU Meeting

The Senior Living Coordinating Unit met December 16.

Annual Report

The Unit approved a corrected draft of the annual report, which is statutorily required to be submitted to the Governor and the General Assembly each year by January 15.

Long Range Plan

The Unit also made corrections to a draft of the Long Range Plan for Long-Term Living.

Healthy Iowans 2010

Louise Lex and Doreen Chamberlin, Department of Public Health, provided information on Healthy Iowans 2010 initiatives that involve seniors.

Senior Living Program

The following information was provided relating to the Senior Living Program:

- Lisa Burk, LSA, provided projections for the Senior Living Trust Fund. If expenditures for FY 2006 total the appropriated levels of \$109.7 million, the Fund will have an estimated ending balance of \$40.4 million at the close of FY 2006. The revenues available for FY 2007 are estimated to total \$92.7 million, which includes the beginning balance of \$40.4 million, a transfer of \$50.8 million from the General Fund surplus, and interest earnings.
- Director Mark Haverland, Department of Elder Affairs (DEA), provided information on the use of home and community-based services, as well as unmet service needs.
- Carla Pope, Iowa Finance Authority (IFA), provided an update on the use of revolving loan funds and the Rent Subsidy Program. There were 359 clients participating in the Rent Subsidy Program as of December 1, with 80 more on a waiting list. Of those on the waiting list, it is anticipated that 40 will be added to the Program by January 1, bringing the participant level to 399.



As of November, the IFA had received eight applications for revolving loan funds for assisted living projects and 12 for funds to provide housing projects for persons with disabilities.

PACE Program

Eileen Creager, Department of Human Services (DHS), reported that Sioux City Hospice is applying to the federal Centers on Medicare and Medicaid (CMS) to be a Program for All Inclusive Care for the Elderly (PACE) provider. The Hospice also has to receive approval at the January 5, 2006, Board meeting for \$2.6 million in funding for the Program. The DHS will be working with Bob Bacon from the University of Iowa to hire a State PACE Coordinator.

Assisted Living



Ms. Creager also reported that the DHS is progressing on the Assisted Living State Plan Amendment (SPA) to be submitted to the federal CMS. The goal was to establish a tiered payment system for assisted living; however, the CMS will not allow the State to go above \$1,052, which is the maximum monthly amount per enrollee on the Medicaid Elderly Waiver. Of the 7,800 enrollees on this Waiver, 360 reside in assisted living complexes.

Real Choices

In addition, Ms. Creager reported that the DHS is working with Bob Bacon from the University of Iowa on a \$2.3 million Real Choices Systems Transformation Grant. If received, the funds could assist in establishing a

case-mix payment methodology for Intermediate Care Facility/Mental Retardation (ICF/MR) care.

Medicaid Reform

Director Kevin Concannon, DHS, provided an update on the implementation activities for the various Medicaid reforms set forth in HF 841 (IowaCare Medicaid Reform Act).

NGA Workgroup

Director Haverland reported that the National Governor's Association (NGA) workgroup had completed work and will not hold additional meetings. The workgroup will propose modifications to legislation on universal assessments that was introduced during the 2005 Legislative Session.

WH Conf. on Aging

Senator Nancy Boettger provided an overview of the Whitehouse Conference on Aging, which was held December 11-14 in Washington, D.C.

More Information

The next meeting is scheduled for February 17, 2006. Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

LEGISLATIVE SERVICES AGENCY PUBLISHES 2005 IOWA FACTBOOK**2005 Iowa Factbook**

The LSA published the 2005 Iowa Factbook, which contains a range of facts, both financial and non-financial, regarding the State of Iowa. The data is intended to be used as a reference on subjects that historically have generated questions.

More Information

The 2005 Factbook may be accessed on the LSA web site at: <http://staffweb.legis.state.ia.us/lfb/factbook/factbook.htm>. Copies are also available by contacting the LSA.

STAFF CONTACT: Beth Lenstra (Ext. 16301) Holly Lyons (Ext. 17845)

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