

# FISCAL UPDATE

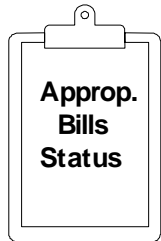
February 28, 2006

Legislative Services Agency

(515)-281-5279 FAX 281-8027

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

## STATUS OF APPROPRIATIONS BILLS



Appropriations Subcommittee Bills		
Appropriations Subcommittee	LSB/File#	Status
Administration and Regulation	HF 2521	Passed House Appropriations on February 21.
Agriculture and Natural Resources	HF 2540	Passed House Appropriations on February 22.
Economic Development	HF 2459	Passed House Appropriations on February 20.
Education	HF 2527	Passed House Appropriations on February 22.
Judicial Branch	HF 2557	Passed House Appropriations on February 23.
Justice System	HF2558	Passed House Appropriations on February 23.
Transportation	SF 2232	Passed Senate on February 22.
Other Appropriations Bills		
Health Care Transformation Account Bill	SF 2051	Passed Senate Appropriations on January 18.
Honey Creek Destination Park Bond Program Bill	SF 2056	Final action on February 22.
FY 2006 Supplemental Appropriations Bill	SF 2273	Passed Senate Appropriations on February 22.
Senior Living Trust Fund Repayment Bill	HF 2002	Passed House on January 30.
FY 2006 Veterans Supplemental Appropriations Bill	HF 2080	Final action on January 18.
FY 2008 School Foundation Allowable Growth Rate Bill	HF 2095	Passed Senate Education on February 8.
FFY 2007 Federal Block Grant Bill	HF 2238	Final action on February 22.
Health Care Transformation Account Bill	HF 2347	Passed House Appropriations on February 23.

**IN THIS ISSUE:**

Status of Appropriations Bills, pg. 1  
 HF 2521 – Admin./Regulation Approps., pg. 2  
 HF 2540 – Agriculture/Nat. Res. Approps., pg. 3  
 HF 2459 – Economic Dev. Approps., pg. 4  
 HF 2527 – Education Approps., pg. 4  
 HF 2558 & HF 2557 – Justice System & Judicial Branch Appropriations, pg. 5

SF 2232 – Transportation Approps., pg. 6  
 SF 2273 – FY 2006 Supplemental Approps., pg. 6  
 HF 2238 – Federal Block Grant, pg. 7  
 SF 2056 – Honey Creek Destination Park, pg. 8  
 SF 2124 – Childhood Obesity Prevention Grant, pg. 8  
 Audit Report – Peace Officers’ Ret. Etc., pg. 9  
 Department of Elder Affairs Commission, pg. 9

---

**HOUSE APPROPRIATIONS COMMITTEE PASSES FY 2007  
ADMINISTRATION AND REGULATION APPROPRIATIONS  
BILL – HF 2521**

**Admin. & Reg. Approps. Bill**



The House Appropriations Committee passed HF 2521 (FY 2007 Administration and Regulation Appropriations Bill) on February 21. The Bill appropriates \$82.2 million from the General Fund and 1,877.6 FTE positions. This is a net decrease of \$3.3 million and 5.9 FTE positions compared to estimated FY 2006. This includes the following changes compared to estimated FY 2006:

- \$8.3 million for the Department of Administrative Services, an increase of \$72,000 compared to estimated FY 2006.
- \$500,000 for the Ethics and Campaign Disclosure Board, an increase of \$10,000 compared to estimated FY 2006.
- \$23.2 million for the Department of Commerce, an increase of \$93,000 compared to estimated FY 2006.
- \$2.6 million for the Department of Human Rights, an increase of \$271,000 compared to estimated FY 2006.
- \$14.1 million for the Department of Inspections and Appeals, an increase of \$747,000 compared to estimated FY 2006.
- \$2.6 million for the Department of Management, a decrease of \$304,000 compared to estimated FY 2006.
- \$23.1 million for the Department of Revenue, a decrease of \$3.9 million compared to estimated FY 2006.
- \$2.7 million for the Office of the Secretary of State, a decrease of \$275,000 compared to estimated FY 2006.
- \$82.2 million for the Office of the Treasurer of State, a decrease of \$3.3 million compared to estimated FY 2006.



**Technical Changes**

The House Appropriations Committee made the following technical changes to the Bill:

- Authorized the Department of Administrative Services to expend up to \$360,000 per year from FY 2007 through FY 2010 and an additional amount not to exceed \$92,000 in FY 2011 for start-up funding for DAS revolving funds in addition to the regular appropriation. Also, requires that expenditures of these funds be considered repayment to the General Fund for the start-up funds deposited in the DAS revolving fund.
- Provided that unspent funds appropriated for performance audits to the Department of Management for FY 2006 will not revert to the General Fund, but remain available for expenditure for this purpose in FY 2007.

**More Information**

The NOBA (Notes on Bills and Amendments) for HF 2521 is available on the Legislative Services Agency (LSA) web site at:  
<http://www3.legis.state.ia.us/noba/>.

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

---

## HOUSE APPROPRIATIONS COMMITTEE PASSES FY 2007 AGRICULTURE AND NATURAL RESOURCES APPROPRIATIONS BILL – HF 2540

**Ag./Natural Resources Bill**

The House Appropriations Committee passed HF 2540 (FY 2007 Agriculture and Natural Resources Appropriations Bill) on February 22. The Bill appropriates a total of \$36.9 million from the General Fund and 1,525.0 FTE positions, an increase of \$100,000 and 18.0 FTE positions compared to estimated FY 2006. This includes:

- An increase of \$50,000 to the Department of Agriculture and Land Stewardship (DALS) for the Dairy Products Control Bureau to cover increased costs of milk inspections.
- An increase of \$50,000 to the DALS for the Soil and Water Conservation District Commissioners for expenditure reimbursement.
- An increase of \$1.9 million and 11.0 FTE positions from appropriations in the Fish and Wildlife Trust Fund for the Department of Natural Resources (DNR) for the following:
  - \$1.0 million and 9.0 FTE positions for water-related activities.
  - \$120,000 and 1.0 FTE position for the Water Trails/Water Safety Recreation Program.
  - \$230,000 for the Missouri River Fisheries Project.
  - 1.0 FTE position for an administrative assistant to assist with water, snowmobile, and all-terrain vehicle programs.
  - \$375,000 for the increased cost of gasoline.
  - \$120,000 to contract with a hunting group, non-profit organization or individual that can provide training and assistance to persons interested in sports activities that involve shooting firearms.

**Dept. of Economic Dev.**

The Bill also transfers \$150,000 from the Unassigned Revenue Account of the Underground Storage Tank Fund to the Department of Economic Development (DED) for 1.0 FTE position to provide technical assistance and information for the installation of E85 tanks.

**New Fund**

The Bill creates a National Pollutant Discharge Elimination System (NPDES) Permit Fund and makes the following appropriations:

- \$400,000 and 4.0 FTE positions to the DNR to process and issue stormwater and NPDES permits.
- \$100,000 and 2.0 FTE positions to the DED for environmental advocates that will provide technical assistance and information for persons applying for NPDES or



stormwater permits. One position will work with livestock operations, and one will work with non-livestock operations.

**More Information**

The NOBA (Notes on Bills and Amendments) for HF 2540 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

---

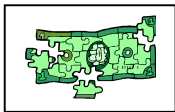
**HOUSE APPROPRIATIONS COMMITTEE PASSES FY 2007  
ECONOMIC DEVELOPMENT APPROPRIATIONS BILL –  
HF 2459**

**Econ. Dev. Approps. Bill**



The House Appropriations Committee passed HF 2459 (FY 2007 Economic Development Appropriations Bill) on February 20. The Bill appropriates a total of \$30.8 million from the General Fund and 406.1 FTE positions to the Department of Economic Development (DED), Iowa Workforce Development, the Public Employment Relations Board (PERB), and the Regents institutions economic development programs. This is an increase of \$365,000 in General Funds and 3.0 FTE positions compared to estimated FY 2006. The Bill also maintains \$5.0 million in support from Other Funds. The changes include:

- An increase of \$250,000 for the DED to be used for the promotion of tourism.
- An increase of \$115,000 for the DED to restore administration funding that was reduced last year.
- The DED is instructed to continue to utilize \$115,000 from all available General Fund resources to support the World Food Prize. This is in addition to the \$285,000 direct appropriation for the Prize.
- The Department of Workforce Development will be allowed to use \$225,000, starting in FY 2007, to support a total of three new positions in the Workers' Compensation Division and the Voluntary Compliance Program. The Department used the funds in FY 2006 on a one-time start-up project.



**More Information**

The NOBA (Notes on Bills and Amendments) for HF 2459 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/>.

STAFF CONTACT: Ron Robinson (Ext. 16256)

---

**HOUSE APPROPRIATIONS COMMITTEE PASSES FY 2007  
EDUCATION APPROPRIATIONS BILL – HF 2527**

**Education Approps. Bill**



The House Appropriations Committee passed HF 2527 (FY 2007 Education Appropriations Bill) on February 22. The Bill appropriates a total of \$948.4 million from the General Fund and 12,870.4 FTE positions, an increase of \$17.2 million and 2.5 FTE positions compared to estimated FY 2006. This includes:

- \$2.0 million for the Department for the Blind, which is no change compared to estimated FY 2006.
- \$60.5 million for the College Student Aid Commission, an increase of \$2.4 million compared to estimated FY 2006.

- \$5.8 million for the Department of Cultural Affairs, a decrease of \$25,000 compared to estimated FY 2006.
- \$282.4 million for the Department of Education, an increase of \$8.8 million compared to estimated FY 2006.
- \$597.8 million for the Board of Regents and Regents' institutions, an increase of \$6.0 million compared to estimated FY 2006.

**House Approps. Action**

The Committee made no changes to appropriations in the Bill. In addition to a technical amendment, an amendment was adopted to permit the Board of Educational Examiners (BOEE) to retain 75.0% of fee revenue annually. In FY 2006, the BOEE is permitted to retain 73.0% of fee revenue. It is estimated that the change will result in additional retained fee revenue of \$38,000 in FY 2007, based on the Board's licensure projections.

**More Information**

The NOBA (Notes on Bills and Amendments) for HF 2527 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/>.

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

---

## HOUSE APPROPRIATIONS COMMITTEE PASSES JUSTICE SYSTEM AND JUDICIAL BRANCH APPROPRIATIONS BILLS – HF 2558 AND HF 2557

**Approps. Bills**

The House Appropriations Committee passed HF 2558 (FY 2007 Justice System Appropriations Bill) and HF 2557 (FY 2007 Judicial Branch Appropriations Bill) on February 23.

**Justice System Bill**

House File 2558 appropriates \$449.2 million from the General Fund and 5,973.6 FTE positions. This is an increase of \$21.5 million and 121.2 FTE positions compared to the estimated FY 2006 appropriation. If SF 2273 (FY 2006 Supplemental Appropriations Bill) is enacted, the increase is \$12.8 million. The changes include:

**Department of Corrections**

An increase of \$10.4 million and 81.3 FTE positions, including:

- \$432,000 for increased reimbursements to the Department of Administrative Services.
- \$2.3 million for increased costs and usage of food, fuel, and pharmacy.
- \$1.5 million and 36.7 FTE positions to staff security towers and provide mental health treatment at the Iowa State Penitentiary at Fort Madison.
- \$2.4 million and 26.0 FTE positions to supervise, electronically monitor, and treat sex offenders using the Global Positioning System (GPS) bracelet.
- \$2.2 million and 31.0 FTE positions to operate the 178-bed Special Needs Unit at the Iowa Medical Classification Center at Oakdale.

**Department of Public Safety**

An increase of \$6.0 million and 38.0 FTE positions, including:

- \$464,000 for Public Safety Administration.
- \$3.4 million for 40.0 FTE positions in the Division of Criminal Investigation (DCI).



- \$453,000 for the Division of Narcotics Enforcement.
- \$192,000 for the Fire Marshal's Division.
- \$1.4 million for the Iowa State Patrol.

**State Public Defender**

An increase of \$4.6 million to fully fund positions in the Office of the State Public Defender and to fund the projected increase in claims for indigent defense.

**Judicial Branch Bill**

House File 2557 appropriates \$125.3 million from the General Fund and 1,958.2 FTE positions, which is no change compared to estimated FY 2006.

**More Information**

The NOBAs (Notes on Bills and Amendments) for HF 2557 and HF 2558 are available on the LSA web site at: <http://www3.legis.state.ia.us/noba/>.

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

---

**SENATE PASSES FY 2007 TRANSPORTATION  
APPROPRIATIONS BILL – SF 2232**

**Transportation Approps. Bill**



The Senate passed SF 2232 (FY 2007 Transportation Appropriations Bill) on February 22. The Bill appropriates a total of \$305.3 million from the Primary Road and Road Use Tax Funds, an increase of \$3.0 million compared to estimated FY 2006. Significant changes include:

- An increase of \$4.1 million for costs associated with increases in fuel costs, rock salt, and equipment depreciation.
- An appropriation of \$1.0 million to develop a unified, customer-based International Registration Plan (IRP) and International Fuel Tax (IFT) Administration System.
- An appropriation of \$2.3 million for costs associated with replacing equipment.
- An increase of \$796,000 for county treasurer support for issuing vehicle titles, registrations, and drivers' licenses.
- An appropriation of \$2.5 million for construction of a new maintenance garage in Fairfield.



**New Building**

The increases in the Bill were offset by a one-time appropriation of \$9.4 million in FY 2006 for the construction of a new Motor Vehicle Division Building.

**More Information**

The NOBA (Notes on Bills and Amendments) for SF 2232 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/>.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

---

---

## SENATE APPROPRIATIONS COMMITTEE PASSES FY 2006 SUPPLEMENTAL APPROPRIATIONS BILL – SF 2273

**Supplemental Appropriations** The Senate Appropriations Committee passed SF 2273 (FY 2006 Supplemental Appropriations Bill) on February 22. The Bill appropriates \$8.9 million and 29.0 FTE positions from the General Fund for FY 2006 and \$2.0 million from the Rebuild Iowa Infrastructure Fund (RIIF). This includes:

**Gilchrist Hall** \$2.0 million from the RIIF to the Board of Regents for repair from fire at Gilchrist Hall at the University of Northern Iowa.

**Clarinda MHI** \$250,000 from the General Fund for staffing and prescription drug costs at the Mental Health Institute (MHI) at Clarinda.

**Dept. of Corrections** \$3.3 million from the General Fund for the following:



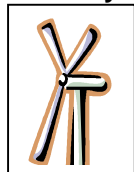
- \$1.2 million for natural gas costs at correctional facilities.
- \$1.3 million for security tower staffing at the Fort Madison Correctional Facility.
- \$125,000 for county confinement expenses.
- \$625,000 for administrative costs for the Department of Corrections.

**State Public Defender** \$4.0 million from the General Fund for indigent defense claims.

**Dept. of Public Safety** \$1.4 million from the General Fund for the following:

- \$400,000 for Department of Administrative Services billings.
- \$1.0 million and 29.0 FTE positions for additional gaming enforcement officers.

### Statutory Changes



The Bill permits the Executive Council to expend funds for repairs to State property on an emergency basis. This authority is repealed effective June 30, 2008.

The Bill also extends the deadline for project completion for an entity that has been awarded a tax credit for a wind energy conversion facility.

### More Information

The NOBA (Notes on Bills and Amendments) for SF 2273 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/>.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Beth Lenstra (Ext. 16301)

---

## FINAL ACTION ON FFY 2007 FEDERAL BLOCK GRANT BILL – HF 2238

### Block Grant Bill



The Senate passed HF 2238 (FFY 2007 Federal Block Grant Bill) on February 22. The Bill authorizes the receipt and expenditure of federal funds totaling \$4.5 billion for FFY 2007, an increase of \$432.7 million compared to estimated FFY 2006. This includes:

- Federal Block Grant Funds totaling \$156.9 million for the Departments of Economic Development, Human Rights, Human Services, Justice, Public Health, and the Governor's Office of Drug Policy.
- Federal categorical grants totaling \$4.3 billion for various Departments.

**NOBA**

The Bill will be sent to the Governor for his signature. The NOBA (Notes on Bills and Amendments) for HF 2238 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.isp>.

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

---

**FINAL ACTION ON HONEY CREEK DESTINATION PARK BOND PROGRAM BILL – SF 2056**

**Destination Park**



The House passed SF 2056 (Honey Creek Destination Park Bond Program Bill) on February 22. House File 875 (FY 2005 Infrastructure Appropriations Act) created the Honey Creek Premier Destination Park Authority and the Honey Creek Premier Destination Park Bond Fund. The Authority was authorized to issue up to \$28.0 million in bonds for the development and expansion of the Honey Creek Destination Park located near Lake Rathbun. The bonds will be repaid from the revenue generated by operations at the Destination Park.

**Technical Change**

The Bill also makes a technical correction that allows the Authority to issue bonds that have net proceeds of \$28.0 million. The original legislation allowed the issuance of bonds with gross proceeds of \$28.0 million. The Department of Natural Resources estimates \$36.7 million will be issued to obtain the net proceeds of \$28.0 million.

**NOBA**

The Bill will be sent to the Governor for his signature. The NOBA (Notes on Bills and Amendments) for SF 2056 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>

STAFF CONTACT: Debra Kozel (Ext. 16767)

---

**SENATE PASSES CHILDHOOD OBESITY PREVENTION GRANT BILL – SF 2124**

**Obesity Prevention**



The Senate passed SF 2124 (Childhood Obesity Prevention Grant Bill) on February 22, which establishes a Nutrition and Physical Activity Community Obesity Prevention Grant Program under the Department of Public Health (DPH) contingent on the receipt of funding. The Program is intended to increase the physical activity and fruit and vegetable consumption of elementary school children.

**Local Grant Use**

The Bill would allow for the distribution of six competitive grants totaling \$28,700 each to communities not currently participating in an existing community intervention plan. Local schools would use the funds to purchase fruits and vegetables from local retailers that would be provided to students free of charge.

**DPH Adm. Costs**

The Department would utilize approximately \$20,000 to administer the Program, providing support and training to the local schools, as well as tracking outcomes.

**Fiscal Impact**

If funding is appropriated, the estimated annual cost of SF 2124 is an increase in General Fund expenditures of \$192,200 and 0.25 FTE position for the Department of Public Health beginning in FY 2007.



**More Information**

The Fiscal Note for SF 2124 is available on the LSA web site at:  
<http://www3.legis.state.ia.us/fiscalnotes.jsp>.

STAFF CONTACT: Lisa Burk (Ext. 17942)

### **AUDIT REPORTS ON PEACE OFFICERS' RETIREMENT, ACCIDENT, AND DISABILITY SYSTEM**

**Reports Received**

The Legislative Services Agency received audit reports on February 9 concerning the Peace Officers' Retirement, Accident, and Disability System. The State Auditor reviewed the System's financial statements and internal controls as of June 30, 2005.

**Financial Report**

The financial review looked at the financial position and changes in financial position attributable to transactions of the System. Net plan assets for pension benefits increased by \$17.8 million from June 30, 2004, to June 30, 2005. Benefits paid during that same period were \$15.5 million, an increase of \$800,000 compared to FY 2004. The Financial Report stated that the financial statements reviewed by the State Auditor fairly represented the plan net assets and changes in net assets in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

**Internal Controls**

The internal controls review focused on financial reporting as part of the review on financial statements. The Internal Controls Report indicated no findings involving internal control over financial reporting and its operation during FY 2004.

**More Information**

Copies of the reports or additional information is available from the LSA upon request.

STAFF CONTACT: Sam Leto (Ext. 16764)

### **COMMISSION FOR THE DEPARTMENT OF ELDER AFFAIRS MEETING**

**Commission Meeting**

The Commission for the Department of Elder Affairs (DEA) met on February 10.

**Older Workers**

The following individuals provided a Mature Worker presentation:

- Phyllis Anderson, DEA, provided information on the Mature Worker Program.
- Director Richard Running, Iowa Workforce Development, presented a study that included demographics on Iowa's older workers, as well as a projection that there will be a shortage of 300,000 workers by 2010.
- Dick Freeman, Regional Director, Experience Works Program, reported that Iowa's Mature Worker Program goals are in alignment with the recommendations for employing older workers that were established at the White House Conference on Aging held in December 2005.

**Alzheimer's Grant**

Jayne Walke, DEA, provided the history of a three-year federal Alzheimer's demonstration grant. In addition, Ann Bossen, University of Iowa, provided information on the three projects that are funded by the grant, which is in the second year of funding, as well as the results achieved by these projects.

**Director's Report**

Director Mark Haverland, DEA, reported that he recently attended the annual National Association of State Units on Aging Conference. Conference topics included how other states are dealing with the issue of Alzheimer's disease in adult day services and difficulties with Medicare Part D implementation. Director Haverland also reported that over 170 people attended the Department's 40<sup>th</sup> anniversary event on February 9.

**Legislative Update**

Joel Wulf, DEA, provided information on the bills the Department is monitoring for the 2006 Legislative Session. In addition, the Governor recommended an increase of \$3.0 million in General Funds for the Case Management Program for the Frail Elderly, and the Department continues to lobby for these increased funds.

**Medicaid SPA**



Eileen Creager, Department of Human Services (DHS), provided an update on the Medicaid State Plan Amendment (SPA) that has been filed to add Case Management as a service reimbursed under the Elderly Waiver.

Ms. Creager reported that the DHS was notified by the federal Centers of Medicare and Medicaid (CMS) on December 5, 2005, that the SPA was not approvable because it limited case management providers to the Area Agencies on Aging. The DHS and the DEA decided to amend the language in the SPA to allow for other qualified providers in order to proceed with the process, but the CMS has not yet responded.

**Case Mgmt. Rules**

Mary Ann Young, DEA, reported that the Department will rescind the emergency filing of rules for the Case Management Program for the Frail Elderly due to revisions in the SPA.

**Adm. Rules**

The Commission approved Administrative Rules for adoption that include various technical changes. None of the changes have a fiscal impact.

**More Information**

The Commission will meet via teleconference on March 3 to approve the rescinding of the emergency filing of the administrative rules for Case Management. The next regular meeting is scheduled for April 21. Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

---