

# FISCAL UPDATE

January 22, 2008

Legislative Services Agency

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

## NEW LOOK FOR FISCAL UPDATE

### New Look

In an effort to reduce paper usage and in preparation for a new electronic newsletter format (coming soon), the Fiscal Services Division is modifying the Fiscal Update format for the 2008 Legislative Session. Many of the articles in a typical issue of the Update have been summaries of detailed documents that Fiscal Services prepares, such as Fiscal Notes, NOBAs (Notes on Bills and Amendments), **Issue Reviews**, etc. Rather than providing these brief summaries, the Update will provide the web link to items published each week.

### Subcommittee Summaries

Also, summaries of appropriations subcommittee activity will be discontinued. Each Subcommittee has a web site and all pertinent information can be accessed there. This includes members, staff, agendas, minutes, and materials distributed.

### Appropriations Bills

The Fiscal Services Division will continue to provide the status of various appropriations bills each week in a table format. Links will be provided to direct readers to the appropriate staff, billbook, and the NOBA or fiscal note, as appropriate.

### New Newsletter Product

The new electronic newsletter format will combine the Fiscal Update with the Interim Calendar and Briefing product published by the Legal Services Division into one new product called the Legislative Update. The new product is currently in the computer programming phase and should be operational in the next few months. The product will be provided via email, but paper copies will still be available on request.

### Your Input Encouraged

If you have questions, comments, or suggestions regarding the new look, please contact Fiscal Services.

STAFF CONTACT: Mary Shipman (Ext. 14617)

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## SUMMARY OF THE GOVERNOR'S FY 2009 BUDGET RECOMMENDATIONS

### Summary Published

The Fiscal Services Division recently published and released a document entitled "Summary of FY 2009 Budget and Governor's Recommendations." This document was distributed to all legislators immediately following the Governor's address on January 15. The document is also available online at:

[http://staffweb.legis.state.ia.us/lfb/docs/BudgAnalysis/FY2009/LAGAR\\_FY09.pdf](http://staffweb.legis.state.ia.us/lfb/docs/BudgAnalysis/FY2009/LAGAR_FY09.pdf)

### Revision

Page 23, Comparison of All Appropriated Funds, has been updated and revised since publication. The revised information is shown below. The online version of the Governor's Summary document has also been revised.

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Comparison of All Appropriated Funds (Dollars in Millions)					
Fund	Actual FY 2007	Est. FY 2008	FY 2009 Governor's Recomm.	Gov. Rec. vs. Est. FY 08	Percent Increase
<b>General Fund</b>	\$ 5,392.9	\$ 5,859.4	\$ 6,399.6	\$ 540.2	9.2%
<b>Non-General Fund</b>					
Primary Road Fund	269.1	281.9	281.2	-0.7	
Rebuild Iowa Infrastructure Fund	139.3	261.5	178.3	-83.2	
FY 2009 Restricted Capital Fund (RC3)	0.0	0.0	164.5	164.5	
Property Tax Credit Fund	159.9	131.9	81.7	-50.2	
Prison Bond Fund	0.0	0.0	130.7	130.7	
Health Care Trust Fund	0.0	127.6	128.1	0.5	
Iowa Care Account	103.2	103.2	109.3	6.1	
Senior Living Trust Fund	74.8	75.3	75.3	0.0	
Road Use Tax Fund	48.2	50.0	48.8	-1.2	
Fish and Game Fund	35.4	37.6	37.6	0.0	
IPERS	16.9	17.3	17.3	0.0	
Gamblers Treatment Fund	7.5	7.5	6.5	-1.0	
Endowment for Iowa's Health Account	38.6	5.0	0.0	-5.0	
Health Care Transformation Account	6.4	4.0	4.9	0.9	
Groundwater Protection Fund	3.4	3.4	3.5	0.1	
Healthy Iowans Tobacco Trust	70.6	70.1	0.0	-70.1	
Restricted Capitals Fund (RC2)	103.8	1.4	4.9	3.5	
Federal Economic Stimulus & Jobs Holding Fund	4.3	0.0	0.0	0.0	
Workforce Development Withholding Fund	4.0	4.0	0.0	-4.0	
Other	12.9	18.8	15.0	-3.8	
<b>Total Non-General Fund</b>	<u>1,098.3</u>	<u>1,200.5</u>	<u>1,287.6</u>	<u>87.1</u>	7.3%
<b>Total</b>	<u>\$ 6,491.2</u>	<u>\$ 7,059.9</u>	<u>\$ 7,687.2</u>	<u>\$ 627.3</u>	8.9%

**Addition**

Also, there was a request for information regarding the Health Care Trust Fund. See below.

Health Care Trust Fund		
	Estimated FY 2008	Gov. Rec. FY 2009
<b>Revenues</b>		
Balance Forward	\$ 0	\$ 510,000
General Fund Appropriation	127,600,000	127,600,000
Interest	500,000	500,000
<b>Total Revenues</b>	<u>\$ 128,100,000</u>	<u>\$ 128,610,000</u>
<b>Appropriations</b>		
Department of Public Health		
Addictive Disorders	\$ 6,993,754	\$ 6,993,754
Healthy Children and Families	687,500	657,500
Chronic Conditions	1,178,981	1,178,981
Community Capacity	2,790,000	2,830,000
<b>Total Department of Public Health</b>	<u>\$ 11,650,235</u>	<u>\$ 11,660,235</u>
Department of Human Services		
Medical Assistance	\$ 99,518,096	\$ 100,018,096
State Children's Health Insurance	8,329,570	8,329,570
MH/DD Growth Factor	7,592,099	7,592,099
<b>Total Department of Human Services</b>	<u>\$ 115,439,765</u>	<u>\$ 115,939,765</u>
General Assembly		
Health Insurance Study	\$ 500,000	\$ 0
<b>Total Appropriations</b>	<u>\$ 127,590,000</u>	<u>\$ 127,600,000</u>
<b>Ending Balance</b>	<u>\$ 510,000</u>	<u>\$ 1,010,000</u>
MH/DD = Mental Health / Developmental Disabilities		

STAFF CONTACTS: Mary Shipman (Ext. 14617), Dave Reynolds (Ext. 1-6934), and Jess Benson (Ext. 1-4611)

**MEETINGS MONITORED**

**Meetings Monitored**

Following is a list of meetings attended and monitored by Fiscal Services staff since the last Fiscal Update was published. Several of these meetings are summarized in separate articles. Please contact the staff listed for more information.

<b>Meeting</b>	<b>Date</b>	<b>Staff Contact</b>
Iowa State Board of Health	1-9-2008	Sue Lerdal (1-7794) Mary Shipman (1-4617)
Commission on Veterans' Affairs	1-9-2008	Jen Acton (1-7846) Sue Lerdal (1-7794)
Council on Human Services	1-9-2008	Jess Benson (1-4611) Sue Lerdal (1-7794)
Farm-to-School Council	1-8-2008	Deb Kozel (1-6767)
Iowa Power Fund Board	1-9-2008	Deborah Helsen (1-6764)
State Appeals Board	1-8-2008	Deborah Helsen (1-6764)
Board of Corrections	1-4-2008	Beth Lenstra (1-6301)

STAFF CONTACT: Mary Shipman (Ext. 14617)

**U.S. DEPARTMENT OF HOMELAND SECURITY ISSUES  
REAL ID FINAL RULE**

**Final Rule**

On January 11, the U.S. Department of Homeland Security issued a final rule that establishes standards to meet the minimum requirements of the REAL ID Act. The rule also provides a process for States to meet an extension to the May 11, 2008, compliance deadline, with the possibility of obtaining a three-year extension. In addition, the rule extends the enrollment period to allow states more time to replace all driver's licenses and non-operator identification cards, focusing first on individuals under 50 years of age. A summary of the effective dates for compliance and enrollment can be found on the National Conference of State Legislatures (NCSL) web site: <http://www.ncsl.org/print/standcomm/sctran/FBrief1.pdf>

The final rule can be found on the U.S. Department of Homeland Security web site: [http://www.dhs.gov/xprevprot/laws/gc\\_1172765386179.shtm](http://www.dhs.gov/xprevprot/laws/gc_1172765386179.shtm)

**Total Fiscal Impact**

The NCSL estimates that the total cost to states associated with implementation of REAL ID will not exceed \$3.9 billion. For FY 2006, \$40.0 million was appropriated and \$31.3 million remains available. States must apply for the money as a grant. No funds were appropriated for FY 2007, but \$50.0 million was appropriated for FY 2008. Although not yet determined, it is assumed the \$50.0 million will be allocated as grant money also.

**State Fiscal Impact**

The DOT initially estimated that implementation of REAL ID could cost Iowa a minimum of \$22.0 million annually. It is not yet known if this estimate will change based on the final rule.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

**BOARD OF CORRECTIONS MEETING**

**January 4 Meeting**

The Board of Corrections met January 4 at the Central Office in Des Moines. Director John Baldwin updated the Board on recent Department activities, including the Seventh Community-Based Corrections (CBC) ground-breaking on its new facility in Davenport. Director Baldwin introduced new staff to the Board, including Deputy Director of Administration Brad Hier, Security Director Robert Garrison, and Human Resources Director Susan Pritchard.

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<b>PREA Update</b>	The Prison Rape Elimination Act (PREA) is a federal law regarding sexual abuse in State prison systems. Jean Schlictemeier, Administrator of Investigative Services for the Department of Corrections (DOC), updated the Board on the DOC's compliance with the Act. She indicated more training of line staff is critical to eliminate potentially compromising situations.
<b>Focus Groups</b>	Curt Smith, Assistant to the Director, indicated there are 12 focus groups that are actively discussing criteria to implement changes recommended by the Durrant Report.
<b>Transformation Projects</b>	Director Baldwin stated there were several projects implemented over the last few years. The DOC is currently focusing on a centralized warehouse, centralized pharmacy, and transportation issues.
<b>Construction Projects</b>	Deputy Director Larry Brimeyer provided information regarding construction and major maintenance projects in the Eastern Division, including: <ul style="list-style-type: none"><li>• Anamosa – power house upgrade, new wells and water storage, kitchen and dining room, and a fire escape.</li><li>• Oakdale – perimeter fence and lighting, laundry room upgrade, and a new parking lot.</li><li>• Cedar Rapids – construction of a new, 26-bed facility for mentally ill offenders. Construction is currently behind schedule.</li><li>• Davenport – construction of a new building to house offenders and staff. Construction is currently behind schedule.</li></ul>
<b>Future Meetings</b>	The Board is scheduled to meet February 21 and March 4 in Des Moines.
<b>Additional Information</b>	Additional information is available from the LSA upon request. For review of Board agendas, minutes, and other related information, please review the DOC web site at: <a href="http://www.doc.state.ia.us/default.asp">http://www.doc.state.ia.us/default.asp</a> .

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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## **BOARD OF HEALTH MEETING**

<b>Board Meeting</b>	The Board of Health met on January 9 at the Department of Public Health in Des Moines. Significant agenda items included:
<b>Public Health Priorities</b>	Both the Board and the Department reviewed and approved priorities for 2008. The Department's priorities include: wellness and prevention; smoke-free workplaces; treatment for co-occurring mental health and substance abuse disorders; and public health redesign. The Board approved the following similar priorities: wellness and prevention; adequate funding for public health infrastructure (public health redesign); and treatment for co-occurring disorders (substance abuse and mental health). The Board also discussed supporting a public smoking ban, but could not reach a decision on whether to support a statewide ban or a local government ban. The Board supports a ban on public smoking but agreed that the General Assembly and Governor should determine the statewide versus local debate.
<b>Certificate of Need</b>	A representative of the Department reviewed recent court action regarding Certificate of Need (CON) decisions. The Department had determined that projects in Story County, Jones County, and the Iowa Health proposal in Des Moines did not meet the criteria to require a determination (nonreviewability).

A district judge recently overruled the Department's decision not to make a determination and the Department has filed an appeal with the Supreme Court.

- Health Care Commission** Representative Foege and Senator Hatch reviewed recent recommendations of the Commission on Affordable Health Care. The Commission held several meetings around the State and received input from former Governors Branstad and Vilsack. Senator Hatch indicated that four bills will be introduced as a result of the Commission's work and that Senator Bolckom will floor manage the bills in the Senate.
- Governor's Health Agenda** John Hedgecoth, from the Governor's Office, provided information regarding the Governor's health care budget recommendations for FY 2009.
- Next Meeting** The next meeting of the Board is scheduled for March 12, 2008.
- More Information** For more information regarding this meeting, please contact the LSA.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Mary Shipman (Ext. 14617)

## IOWA POWER FUND

- Due Diligence Committee** The Iowa Power Fund Board met on January 9, 2008. The Due Diligence Committee within the Board has created a preliminary set of suggested investment targets for the Board to consider. The targets mirror the objectives set forth by the General Assembly in HF 918 (Iowa Power Fund). In addition, the Committee suggested that \$2.5 million be set aside for each quarter to preserve allocations into future quarters.

- Suggested Targets** Following are the Iowa Power Fund suggested targets:

Iowa Power Fund Suggested Investment Targets					
	Commercialization	Education	Research & Development	Other	Total
<b>Biofuels</b>	\$ 750,000	\$ 200,000	\$ 1,500,000	\$ 200,000	<b>\$ 2,650,000</b>
<b>Wind</b>	750,000	100,000	1,000,000	200,000	<b>2,050,000</b>
<b>Solar</b>	500,000	100,000	500,000	200,000	<b>1,300,000</b>
<b>Energy Efficiency</b>	750,000	500,000	500,000	200,000	<b>1,950,000</b>
<b>Biomass</b>	500,000	50,000	1,000,000	200,000	<b>1,750,000</b>
<b>Transportation</b>	750,000	50,000	500,000	200,000	<b>1,500,000</b>
<b>Other</b>	200,000	100,000	250,000	250,000	<b>800,000</b>
<b>Total</b>	<b>\$ 4,200,000</b>	<b>\$ 1,100,000</b>	<b>\$ 5,250,000</b>	<b>\$ 1,450,000</b>	<b>\$ 12,000,000</b>

STAFF CONTACT: Deborah Helsen (Ext. 16764) Ron Robinson (Ext. 16256)

## STATE APPEALS BOARD ACTION

- State Appeals Board** The State Appeals Board approved settlement and judgment actions for December 2007 on January 8. The funds are provided from the State General Fund. These included:
- Department of Natural Resources – \$34,000 for personal injury.
  - Iowa State University – \$24,000 for personal injury caused by a slip and fall and attorney fees.

- University of Iowa Hospitals & Clinics:
  - \$7,500 for medical malpractice settlement attorney fees.
  - \$16,000 for a medical malpractice settlement.
  - \$30,000 for a medical negligence settlement and attorney fees.
  - \$250,000 for personal injury and attorney fees.
- University of Northern Iowa – \$2,500 for a workers' compensation settlement.

**Year-to-Date**

Year-to-date Appeals Board expenditures are \$2.2 million.

STAFF CONTACT: Deborah Helsen (Ext. 16764) Sue Lerdal (Ext. 17794)

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This document can be found on the LSA web site:  
<http://www.legis.state.ia.us/Fiscal/fiscupdt/>