



October 2, 2009

### UPDATE ON AMERICAN RECOVERY AND REINVESTMENT ACT FUNDING FOR STATE REVOLVING LOAN FUND

**Fund Overview:** The Iowa State Revolving Fund (SRF) provides low interest loans for drinking water and wastewater treatment infrastructure improvements and non-point source water quality projects. Federal funding is provided under an agreement with the federal Environmental Protection Agency (EPA) and the SRF is administered by the Department of Natural Resources (DNR) in partnership with the Iowa Finance Authority (IFA).

**ARRA Funding Update:** The DNR provided an update to the Environmental Protection Commission on September 15, 2009, regarding the American Recovery and Reinvestment Act (ARRA) funding received for the SRF. Iowa received a total of \$77.3 million with \$53.0 million allocated to the Clean Water SRF and \$24.3 million to the Drinking Water SRF. Clean Water SRF funds are used for projects such as wastewater treatment, sewer rehabilitation, stormwater quality improvements, and non-point source projects. Drinking Water SRF funds are used for treatment plants, improvements to existing drinking water facilities, water line extensions for unserved properties, water storage facilities, wells, and source water protection efforts. Current ARRA projects include:

- 37 wastewater treatment infrastructure projects
- 20 drinking water infrastructure projects
- 15 green energy efficiency projects
- 8 green stormwater infrastructure projects
- 1 green environmentally innovative project for decentralization of wastewater

**Supplemental Funding:** Regular SRF funds are being used to supplement the ARRA funds to leverage a total of \$196.5 million for construction activity. All information related to the projects must be submitted by December 14, 2009, as all funding must be committed and have a signed loan agreement by February 17, 2010. The following is a breakdown of projects being funded:

<b>ARRA State Revolving Fund Project Categories</b>	
Drinking Water SRF Green Projects	\$ 20,227,465
Clean Water SRF Infrastructure	94,965,838
Clean Water Green Projects	16,961,178
Drinking Water SRF Infrastructure	64,339,260
<b>Total Funds</b>	<b>\$ 196,493,741</b>

**Additional Information:** <http://www.iowadnr.gov/water/srf/stimulus.html>.

STAFF CONTACT: Deb Kozel (Ext. 16767)

**IN THIS ISSUE:**

Watershed Improvement Board Awards Grants, pg 2	Hypoxia Task Force Meeting, pg 5
Sac City Parole Office Closing, pg 2	Interoperable Comm. System Board Meeting, pg 6
FY 2009 Appeals Board Summary, pg 2	Board of Corrections Meetings, pg 6
Department of Public Safety Reallocation Notice, pg 4	Recent Publications, pg 7
Medicaid Forecast, pg 4	Meetings Monitored, pg 7
Pseudoephedrine Advisory Council Meeting, pg 5	

**WATERSHED IMPROVEMENT REVIEW BOARD AWARDS GRANTS**

**Meeting:** The Watershed Improvement Review Board (WIRB) met on September 21 in Ankeny. The Board approved 13 projects with grant funding of \$5.1 million. The projects have matching money of \$13.3 million for a total of \$18.4 million in project costs. The approved projects include:

<b>Watershed Name</b>	<b>County/Counties</b>	<b>Organization</b>	<b>Project Length</b>	<b>Grant Amount</b>
Bear Creek Watershed	Delaware	Delaware Soil & Water Conservation District (SWCD)	2 years	\$ 347,950
Beaver Creek Watershed	Polk	City of Johnston	2 years	299,518
Fox River	Appanoose, Davis	Fox River Ecosystem Development Inc.	5 years	493,750
Hawthorn Lake	Mahaska	Mahaska SWCD	4 years	360,900
Hewitt Creek Watershed	Dubuque	Hewitt Creek Watershed Improvement Association	5 years	482,035
Indian Springs Pond Watershed Project	Allamakee	Allamakee SWCD	3 years	201,660
Little River Lake	Decatur	Decatur SWCD	3 years	423,900
Lost Creek Watershed	Lee	Lee SWCD	4 years	445,800
Lytle Creek	Jackson	Limestone Bluffs Resource Conservation & Development	2 years	500,000
Rathbun Lake Watershed	Appanoose, Clarke, Decatur, Lucas, Monroe, Wayne	Rathbun Land and Water Alliance	5 years	491,800
Silver Creek	Clayton	Clayton SWCD	4 years	365,950
Upper Buffalo Creek Watershed	Buchanan, Fayette	Buchanan SWCD	4 years	494,569
Walnut Creek Watershed	Poweshiek	Poweshiek SWCD	3 years	213,000
Total				<u>\$ 5,120,832</u>

**Funding:** For FY 2010, \$5.0 million was appropriated from the Rebuild Iowa Infrastructure Fund (RIIF) to the Treasurer of State for the Watershed Improvement Review Board Fund. The Fund had \$6.2 million available for project funding on September 21, due to refunds and carry forward balances.

**Next Meeting:** The next meeting will be held on November 6, 2009. For more information on the Watershed Improvement Review Board, refer to the following website: <http://www.agriculture.state.ia.us/IWIRB.asp>.

STAFF CONTACT: Deb Kozel (Ext. 16767)

**SAC CITY PAROLE AND PROBATION OFFICE CLOSING DECEMBER 31, 2009**

**Office Closure:** The Second Community-Based Corrections (CBC) District Department is closing the Sac City parole and probation office effective December 31, 2009. The District Department will serve Calhoun, Carroll, Greene, Pocahontas, and Sac Counties from its Fort Dodge office after that date. The closure is the result of budget constraints.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

**FY 2009 APPEALS BOARD ACTION SUMMARY**

**Appeals Board:** The State Appeals Board is comprised of the Director of the Department of Management, the State Auditor, and the State Treasurer. Chapter 25, Code of Iowa, authorizes the State Appeals Board to approve claims against the State. A total \$2.6 million of approved claims were paid from the General Fund for FY 2009. The total for FY 2008 was significantly larger than in recent years due to large settlements paid in eight different lawsuits brought against the State as a result of the elimination of the Iowa Lottery Authority's TouchPlay Program in 2005. The settlements ranged from \$144,000 to \$10.4 million. The following table shows the amount paid on behalf of State agencies for settlements and judgments over the last five fiscal years.

## APPEALS BOARD CLAIMS PAYMENT HISTORY

Department Names	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	5-YEAR TOTAL
Administrative Services (DAS)	\$ 187,670	\$ 0	\$ 88,000	\$ 0	\$ 1,800	\$ 277,470
Agriculture	0	42,000	0	0	0	42,000
Attorney General's Office	0	0	12,000	0	1,000	13,000
Civil Rights	0	0	0	0	0	0
Commerce-Banking	0	0	0	0	0	0
Corrections						
Administration	1,287,641	406,946	577,317	38,615	110,679	2,421,198
Anamosa State Penitentiary	271,289	0	0	7,700	533	279,522
Clarinda Correctional Facility	2,000	0	0	9,900	0	11,900
Fort Dodge Correctional Facility	73,600	0	0	0	0	73,600
Correct. Inst. for Women (Mitchellville)	27,000	35,000	0	0	141,533	203,533
Iowa Medical Classification Center	23	0	228	30,000	0	30,251
Iowa State Penitentiary	15,652	643	6,115	10,730	5,100	38,239
Mt. Pleasant Correctional Facility	85,000	3,683	1,300	3,914	321	94,218
Newton Correctional Facility	0	0	0	90,000	23,600	113,600
<i>Corrections Total</i>	<i>1,762,206</i>	<i>446,272</i>	<i>584,960</i>	<i>190,859</i>	<i>281,766</i>	<i>3,266,062</i>
Economic Development	0	0	0	0	0	0
Education-Administration	0	200,684	10,000	0	0	210,684
Education-Voc Rehab	0	710	175,055	0	0	175,765
<i>Education Total</i>	<i>0</i>	<i>0</i>	<i>185,055</i>	<i>0</i>	<i>0</i>	<i>185,055</i>
Governor's Office/Secretary of State	0	0	0	11,000	0	11,000
Human Services						
Administration	506,627	58,000	180,000	27,691	15,000	787,318
Cherokee Mental Health Institute	0	19,000	0	0	0	19,000
Glenwood Resource Center	0	480,000	0	0	94,055	574,055
Woodward Resource Center	0	50,000	102,780	0	0	152,780
<i>Human Services Total</i>	<i>506,627</i>	<i>607,000</i>	<i>282,780</i>	<i>27,691</i>	<i>109,055</i>	<i>1,533,152</i>
Inspections & Appeals	0	65,000	0	5,000	0	70,000
Iowa Communications Network (ICN)	0	0	0	0	100	100
Iowa Lottery Authority	0	0	1,671,371	15,827,022	92,500	17,590,892
Iowa State Fair Authority	16,200	9,000	27,200	0	0	52,400
Iowa Veterans Home	0	0	0	75,000	0	75,000
Judicial Department	0	107,691	3,500	0	0	111,191
Natural Resources	89,954	100,714	31,619	67,598	34,606	324,491
Public Defense	700,000	1,102,000	1,043,000	3,284,864	0	6,129,864
Public Defense/Military	0	32,500	1,300,000	0	0	1,332,500
Public Safety	814	4,000	0	205,200	622,765	832,779
Public Safety/DNR	3,073,893	0	0	0	0	3,073,893
Public Strategies Group	91,000	0	0	0	0	91,000
Regents						
Iowa State University	15,765	1,972,108	45,000	369,423	438,505	2,840,801
University of Iowa	57,880	375,844	0	1,438,250	75,000	1,946,974
University of Iowa Hospitals & Clinics	1,867,981	507,296	1,462,478	1,193,007	1,093,031	6,123,793
University of Northern Iowa	50,000	500,000	5,000	36,000	48,184	639,184
<i>Regents Total</i>	<i>1,991,626</i>	<i>3,355,248</i>	<i>1,512,478</i>	<i>3,036,680</i>	<i>1,654,721</i>	<i>11,550,752</i>
Workforce Development	106,325	148,155	0	800,000	-245,500	808,980
<b>TOTAL</b>	<b>\$ 8,526,314</b>	<b>\$ 6,221,012</b>	<b>\$ 6,741,962</b>	<b>\$ 23,530,913</b>	<b>\$ 2,552,812</b>	<b>\$ 47,094,782</b>
Transportation (Primary Road Fund)	\$ 189,688	\$ 5,000	\$ 77,000	\$ 150,000	\$ 0	\$ 421,688

STAFF CONTACT: Joseph Brandstatter (Ext. 52062) Sue Lerdal (Ext. 17794)

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**DEPARTMENT OF PUBLIC SAFETY FY 2009 REALLOCATION NOTICE**

**Reallocation Notice:** The Legislative Services Agency received notice of a reallocation of funding within the Department of Public Safety (DPS). The DPS reallocated \$175,000 from the Iowa State Patrol to the State Fire Marshall's Office in FY 2009. The funds were available to transfer from the Iowa State Patrol primarily due to the suspension of vehicle depreciation payments for six months in FY 2009.

**Shortfall:** The transfer to the Fire Marshall's Office was required due to shortfalls in receipts in the Building Code Office due to the economic downturn, higher than expected costs of fuel and vehicle maintenance, and training costs associated with the fire fighter training program.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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**MEDICAID FORECAST FOR FY 2009 AND FY 2010**

**Forecasting Group.** Staff members from the Department of Management, the Department of Human Services (DHS), and the Fiscal Services Division of the LSA met on September 25, 2009, to discuss estimated Medical Assistance (Medicaid) expenditures for FY 2009 and FY 2010. The forecasting group meets monthly to discuss estimated expenditures and to agree on a range for the current and upcoming fiscal years.

**FY 2009.** The Medicaid Program ended FY 2009 with a surplus of \$36.6 million. The surplus will be carried forward and used to fund the Program in FY 2010. The large carryforward was due to the change in the Federal Medicaid Assistance Percentage (FMAP) rate from the federal American Reinvestment and Recovery Act (ARRA) of 2009. In total, the Program saved \$114.0 million due to the enhanced federal share. Program enrollment increased sharply in FY 2009 with an increase of 32,173 individuals (8.0%) for the fiscal year.

**FY 2010 Stimulus.** For FY 2010, the ARRA provides the same 6.2% FMAP increase in all 12 months and is estimated to offset the amount of State Medicaid funds needed by \$145.1 million. The Act also provides for additional FMAP increases based on states' unemployment rates.

**FY 2010 Unemployment.** On June 19, 2009, the Bureau of Labor Statistics released the latest unemployment rates that showed Iowa's rate jumped from 5.1% in April of 2009 to 5.8% in May, and 6.2% in June. This increase brings Iowa's three-month average above 5.2% and qualifies the State for an additional FMAP increase under the ARRA. The FMAP increase is estimated to offset the amount of State Medicaid funds needed by an additional \$40.0 million in FY 2010.

**Tier Two Unemployment.** To qualify for tier two of the Medicaid FMAP enhancement, Iowa's unemployment rate needs to have a three-month average of 6.2%. In August, Iowa qualified with a three-month average of 6.5%. The FMAP increase is estimated to offset the amount of State Medicaid funds needed by an additional \$17.5 million in FY 2010.

**FY 2010.** House File 811 (FY 2010 Health and Human Services Appropriations Act) included total State funding of \$854.6 million for Medicaid for FY 2010. Other funding sources included \$8.6 million from HF 820 (FY 2010 Federal Funds Act) to annualize hospital rebasing, continued coverage for children, and interpreter services for Medicaid. Senate File 478 (FY 2010 Standing Appropriations Act) provided an additional \$4.3 million to increase funds for disproportionate share hospital payments. The State appropriations from all funding sources for Medicaid for FY 2010 total \$867.5 million. This is an increase of \$35.0 million compared to estimated net FY 2009. Significant program changes include:

- An increase of \$2.4 million to cover additional eligible children.
- An increase of \$1.8 million to annualize the hospital rebase.
- An increase of \$6.0 million to rebase nursing facilities.
- An increase of \$237,000 for interpreter services.
- An increase of \$103,000 for a 5.0% provider rate increase for Family Planning Providers.
- A decrease of \$500,000 to eliminate funding for the Iowa Health Care Collaborative.
- An increase of \$4.3 million to increase payments to disproportionate share hospitals.

**Senior Living Trust Fund.** Due to decreased State revenues in FY 2009, the State will not have sufficient funds to transfer \$39.1 million to the Senior Living Trust Fund for FY 2010 as originally estimated. House File 811 appropriates the balance of the Fund to the Medicaid Program and the balance available for FY 2010 is \$17.7 million.

**FY 2010 Adjustments.** For FY 2010, with the changes to the Senior Living Trust Fund and available carryforward from FY 2009, the new total State appropriation from all sources is \$864.7 million.

**FY 2010 Range.** For FY 2010, the forecasting group agreed that there will be a surplus of \$25.0 million to \$75.0 million with a midpoint of \$50.0 million surplus compared to the FY 2010 appropriation of \$850.0 million. The range includes the 6.2% and tier one unemployment FMAP increases. Tier two has yet to be added to the range.

**FY 2011.** For FY 2011, even with available carryforward from FY 2010, there will be a significant need for additional funds. The ARRA funding expires after the first half of the fiscal year and enrollment growth is expected to continue. Although the estimating group has made no formal estimates, preliminary LSA estimates show the Program could need an additional \$100.0 million to \$150.0 million in State funds for the fiscal year.

**Enrollment Increase.** Medicaid continues to see rapid enrollment growth. In FY 2009 the program added a total of 31,794 individuals, including 25,935 children. In the first three months of FY 2010 the program added an additional 8,329 individuals for total program enrollment of 353,721.

FY 2010	Children	Adults	Aged	Disabled	Total
July	1,427	211	38	32	1,708
August	2,829	1,295	126	443	4,693
September	1,180	546	(6)	208	1,928
Total	5,436	2,052	158	683	8,329

STAFF CONTACT: Jess Benson (Ext. 14611)

### PSEUDOEPHEDRINE ADVISORY COUNCIL MEETING

**Meeting:** The Pseudoephedrine Advisory Council met September 22 in the Governor's Office of Drug Control Policy (ODCP). The Council discussed the goals of its members and the authorizing legislation (SF 237 – Pseudoephedrine Sales and Verification Act). The Council also received a presentation from a software company, APPRISS, Inc. The ODCP received a grant award notice of \$750,000 over two years to implement the requirements of SF 237.

**Agenda:** The agenda and meeting minutes are available at: <http://www.state.ia.us/government/odcp/>

STAFF CONTACT: Beth Lenstra (Ext. 16301)

### GULF OF MEXICO HYPOXIA TASK FORCE HOLDS MEETING IN DES MOINES

**Task Force Meeting:** The Department of Agriculture and Land Stewardship (DALs) hosted a meeting and tour for the Gulf of Mexico Hypoxia Task Force in the Des Moines area on September 23 and 24. The Task Force consists of members from five federal agencies and ten state agencies with the goal of addressing environmental concerns associated with the Gulf of Mexico hypoxia zone. The zone was created from the runoff of nitrogen and phosphorus from the Mississippi watershed in the Gulf of Mexico.

**Hypoxia:** Hypoxia refers to low oxygen levels in a waterbody that can be caused by numerous factors that include the runoff of nutrients into the water, such as nitrogen and phosphorus. The lack of oxygen is detrimental to aquatic organisms living in the waterbody.

**Tour:** On September 23, the tour included stops at the Barrett farm in Dallas Center, the Iowa State University South Reynoldson Research Farm in Ames, and a visit to a nitrate removal wetland system created by the Conservation Reserve Enhancement Program. The tour ended with a reception at Reiman Gardens at Iowa State University in Ames.

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**Annual Meeting:** On September 24, the Task Force held their annual meeting that included presentations on a number of topics related to hypoxia. This included a presentation from Dean Lemke, DALs, on the Iowa Drainage and Wetland Landscape Systems Initiative for Reducing Nutrient Transport from Cropped Lands to the Gulf of Mexico.

**More Information:** <http://www.epa.gov/msbasin/>.

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STAFF CONTACT: Deb Kozel (Ext. 16767)

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## **IOWA STATEWIDE INTEROPERABLE COMMUNICATIONS SYSTEM BOARD MEETING**

**Meeting:** The Iowa Statewide Interoperable Communications System Board met September 14 at the Department of Public Safety's (DPS) Headquarters Building. The agenda, meeting minutes, and information distributed at the meeting are available at: <http://isicsb.iowa.gov/index.html>

**Next Meeting:** The next meeting date is September 30 at the DPS Headquarters Building.

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STAFF CONTACT: Beth Lenstra (Ext. 16301)

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## **STATE BOARD OF CORRECTIONS MEETINGS AUGUST 28 AND SEPTEMBER 18**

**Meeting – August 28:** The Board of Corrections met August 28 at the Newton Correctional Facility. Warden Terry Mapes provided a brief overview of programs available at the facility. The Board approved the appointment of Patti Wachtendorf as the warden of the Iowa Correctional Institution for Women at Mitchellville. The position was vacant due to the promotion of Diann Wilder-Tomlinson to Deputy Director of the Department of Corrections.

**Public Input:** The Board received citizen input from Jim Noble regarding the recent transfer of lifers, those inmates serving a life sentence, from the minimum-security facility at Rockwell City to medium-security facilities throughout the prison system. Per Department of Corrections policy, lifers will no longer be held in minimum-security facilities.

**Scholarship Awarded:** The Department presented the Susan M. Hunter Scholarship to James Anderson, whose father, Kris Anderson accepted in his absence.

**Gradual Release:** The Parole Board presented information regarding the Board's gradual release requirement for high risk offenders. These offenders will need to be placed in lower security settings within the prison system before the Board will consider them for parole or work release.

**Facility Overviews:** Four of the Community-Based Corrections (CBC) District Departments and five of the Institutions provided an overview of their current activities and FY 2010 budget decisions. The Department plans to submit a status quo budget request for FY 2011.

**Meeting – September 18:** The Board met September 18 at the Department of Corrections (DOC) Central Office. The Board received construction updates for the projects at the Iowa Correctional Institution for Women (ICIW) at Mitchellville and the new maximum security prison at Fort Madison. The construction timelines indicate equipment and operating costs will be requested in FY 2012.

**New Position:** Dr. Deol was introduced as the Director of Medical Services for the DOC, which is a new position. Dr. Deol updated the Board on proposed policies for the H1N1 virus in the DOC and CBC facilities.

**Budget Information:** Department staff provided the Board with information on recent cost reduction measures, as well as the FY 2011 budget request. The Board approved the FY 2011 General Fund operating budget request of \$356.6 million. This is the same amount as FY 2010. However, the FY 2010 budget includes \$14.0 million in ARRA funds that are not included in the FY 2011 request. The Board also approved the FY 2011 capital projects request of \$56.2 million.

**Policy Revisions:** Department staff provided information on proposed revisions to policies and procedures of treating and supervising sex offenders. These revisions are due to the enactment of SF 340 (Sex Offender Act). Staff training for sex offender supervision is scheduled for October 20.

**Agendas and Minutes:** The agendas and meeting minutes are available at:  
<http://www.doc.state.ia.us/BoardofCorrections.asp>

**Next Meeting:** The next meeting is scheduled for October 2 at the Luster Heights Prison Camp.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

## RECENT PUBLICATIONS

**Recent Publications:** Fiscal Services Division has recently published the following documents:

**Monthly Revenue Memo:** <http://www.legis.state.ia.us/Isadocs/MonMemo/2010/MMSLS001.PDF>

**Fiscal Topics:**

[School Aid Formula – Additional Levy Components](#)

[FY 2009 State Gaming Revenues](#)

[Environment First Fund](#)

[Community-Based Corrections](#)

**Issue Review:** [Community Empowerment](#)

## MEETINGS MONITORED

**Meetings Monitored:** Following is a list of meetings attended and monitored by Fiscal Services staff. Please contact the staff listed for more information.

Meeting	Date	Staff Contact
Iowa Native Distillery Forum	8/27/2009	Joe Brandstatter (52062)
Board of Corrections	8/28/2009 & 9/18/2009	Beth Lenstra (16301)
Electronic Health and Technology Advisory Council	8/28/2009	Deborah Helsen (16764)
Specific Crimes Sub. - Criminal Code Reorganization Study Com.	9/2/2009	Beth Lenstra (16301)
Iowa Empowerment – Fiscal Accountability Work Group	9/3/2009	Robin Madison (15270)
Sentencing Sub - Criminal Code Reorganization Study Com.	9/3/2009 & 9/9/2009	Beth Lenstra (16301)
State Soil Conservation Committee	9/3/2009	Deb Koziel (16767)
Legislative Health Care Commission	9/9/2009	Deborah Helsen (16764)
State Government Reorganization Commission	9/9/2009	Deborah Helsen (16764) Sue Lerdal (17794)
Criminal Code Reorganization Study Committee	9/9/2009	Beth Lenstra (16301)
State Child Care Advisory Council	9/10/2009	Deborah Helsen (16764)
Iowa Empowerment Board	9/11/2009	Robin Madison (15270)
Iowa Statewide Interoperable Communications System Board	9/14/2009	Beth Lenstra (16301)
Transportation Commission Workshop	9/14/2009	Mary Beth Mellick (18223)
Environmental Protection Commission	9/15/2009	Deb Koziel (16767)
Prevention and Chronic Care Management Advisory Council	9/16/2009	Deborah Helsen (16764)
Tobacco Use and Prevention Commission	9/18/2009	Deborah Helsen (16764)
Water Resources Coordinating Council	9/18/2009	Deb Koziel (16767)
Watershed Improvement Review Board	9/21/2009	Deb Koziel (16767)
Pseudoephedrine Advisory Council Meeting	9/22/09	Beth Lenstra (16301)
Veterans Affairs Commission	9/23/2009	Deborah Helsen (16764)
Hypoxia National Task Force	9/24/2009	Deb Koziel (16767)
Comprehensive Recycling Task Force	9/24/2009	Deb Koziel (16767)