



SCHOOL AID ALLOWABLE GROWTH RATE FOR FY 2012

Allowable Growth Rates Deferred. Enactment of SF 2045 (Regular School Finance Formula Allowable Growth Act) and SF 2046 (State Categorical Supplement Allowable Growth Act) postponed establishment of the FY 2012 allowable growth rates for regular school aid and the State categorical supplements until the 2011 Legislative Session. The Governor signed both bills on January 20, 2010.

School Aid Estimates. School aid estimates for FY 2012 are available from the Legislative Services Agency (LSA) upon request. Additional school aid information is available on the LSA website at: http://staffweb.legis.state.ia.us/lfb/docs/k-12_ed/k-12_ed.htm

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UPDATED FY 2011 SCHOOL AID ESTIMATES

Enrollments Finalized. October 2009 enrollments used for the calculation of FY 2011 School Aid have been finalized. Finalized FY 2011 data includes budget enrollments, special education weightings, and supplementary weightings. Data still outstanding includes final property valuations by school district and at-risk weightings. It is anticipated that information will be available by April 2010.

FY 2011 School Aid. The following table provides FY 2011 School Aid estimates including State aid, property tax, and combined district cost. Estimates are based on current law and include a 2.0% allowable growth rate for regular school aid and each of the State categorical supplements (Teacher Salary Supplement, Professional Development Supplement, and the Early Intervention Supplement) for FY 2011. State School Aid is estimated to total \$2.661 billion, an increase of \$514.7 million. The increases include:

- \$21.2 million for regular school aid due to the 2.0% allowable growth rate.
- \$14.9 million for preschool formula aid due to the 2.0% allowable growth rate and the addition of 56 districts with new preschool programs eligible for preschool formula funding.
- \$5.9 million for the State categorical supplements due to the 2.0% allowable growth rate.
- \$238.5 million to backfill the 10.0% across-the-board General Fund reduction implemented in October 2009.
- \$31.7 million to backfill the State aid shortfall due to the FY 2010 State aid appropriation cap.
- \$202.5 million to backfill American Recovery and Reinvestment Act (ARRA) Education Stabilization funding used in lieu of State General Fund dollars to fund State school aid in FY 2010.

Property Taxes. Additionally, FY 2011 school foundation property taxes are estimated to total \$1.247 billion, an increase of \$23.8 million compared to FY 2010. Included in the total is additional property tax relief totaling \$49.4 million estimated to reduce property taxes in 149 of 361 school districts (41.3%).

More Information. Additional information regarding school foundation formula estimates is available on the LSA website at: http://staffweb.legis.state.ia.us/lfb/docs/k-12_ed/k-12_ed.htm

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School Foundation Formula Funding			
(Dollars in Millions)			
	Estimated FY 2010	Estimated FY 2011	Change
Total Regular School Aid	\$ 2,276.9	\$ 2,298.1	\$ 21.2
Preschool Aid	\$ 33.3	\$ 48.2	\$ 14.9
Teacher Salary Supplement	251.3	256.0	4.8
Professional Development Supplement	28.5	29.0	0.5
Early Intervention Supplement	29.3	29.8	0.6
Total State Categorical Supplement	\$ 309.0	\$ 314.9	\$ 5.9
State Aid Shortfall	-31.7	0.0	31.7
State Aid Change for ARRA Funding	-202.5	0.0	202.5
State Aid Reduction due to ATB Reduction	-238.5	0.0	238.5
Total State Aid Adjustments	\$ -472.7	\$ 0.0	\$ 472.7
Total State Aid without ARRA	\$ 2,146.5	\$ 2,661.2	\$ 514.7
ARRA Education Stimulus	\$ 202.5	\$ 0.0	\$ -202.5
Total School Aid State/ARRA Funding	<u>\$ 2,349.0</u>	<u>\$ 2,661.2</u>	<u>\$ 312.2</u>
Total Unadjusted Foundation Property Tax	\$ 1,247.6	\$ 1,296.8	\$ 49.2
Property Tax Adjustment Aid (from GF)	-24.0	-24.0	-0.0
Property Tax Adjustment Aid (from PTER)	N.A.	-25.4	-25.4
Total Foundation Property Tax	<u>\$ 1,223.6</u>	<u>\$ 1,247.4</u>	<u>\$ 23.8</u>
Combined District Cost	<u>\$ 3,808.0</u>	<u>\$ 3,885.7</u>	<u>\$ 77.7</u>
Notes:			
ARRA = American Recovery and Reinvestment Act.			
ATB = Across-the-Board			
GF = General Fund.			
PTER = Property Tax Equity and Relief Fund.			
FY 2011 estimates are based on a 2.0% allowable growth rate and a statewide 3.9% increase in taxable valuations.			
Combined district cost represents the total school foundation funding amount and is not impacted by a reduction in State school aid.			
Totals may not sum due to rounding.			

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DECEMBER MEDICAID FORECAST

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 January 4, 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 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 \$157.5 million. The ARRA also provides for additional FMAP increases based on state unemployment rates that will save the State an additional \$58.7 million for a total of \$216.2 million.

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 brought 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 \$40.7 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 \$18.0 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 Appropriations 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. The balance available for FY 2010 is \$17.7 million.

FY 2010 Across-Board-Reduction. On October 8, 2009, the Governor announced a 10.0% across-the-board (ATB) reduction for all General Fund appropriations and the Health Care Trust Fund. This reduction amounted to \$83.7 million for the Medicaid Program. With the ATB reduction, the new funding total for the Medicaid Program for FY 2010 is \$781.0 million.

FY 2010 Range. For FY 2010, the forecasting group agreed to a range of a supplemental need of \$10.0 million to a surplus of \$16.0 million, with a midpoint of a \$3.0 million surplus. The range includes the 6.2% ARRA FMAP adjustment and both tier one and two unemployment FMAP increases. The budget reduction plans submitted to the Governor by the DHS were also included in these estimates.

FY 2011 Range. For FY 2011, the forecasting group agreed Medicaid will have a supplemental need of \$151.0 to \$216.0 million, with a midpoint of \$183.5 million, when compared to the adjusted FY 2010 appropriation. The adjusted FY 2010 appropriation includes the 10.0% across-the-board reduction and statutory appropriations for a total of \$730.8 million. The range includes the 6.2% FMAP increase,

including tier one and two of the FMAP unemployment increase. The range also assumes there will be \$37.0 million in funding available from the Senior Living Trust Fund for FY 2011 and that a minimum of \$28.0 million from the Department's reduction strategies submitted to the Governor will continue in FY 2011.

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 six months of FY 2010, the program added an additional 15,519 individuals for total program enrollment of 360,911.

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
October	1,539	977	32	264	2,812
November	3,048	533	70	391	4,042
December	960	(561)	(61)	(2)	336
Total	10,983	3,001	199	1,336	15,519

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APPROPRIATION REALLOCATION - STATE PUBLIC DEFENDER'S OFFICE

The LSA received notice that the State Public Defender will reallocate \$2.1 million from the Indigent Defense Fund to the State Public Defender's Office. The transfer will permit local public defender offices to be fully staffed to manage caseloads. This reallocation partially backfills the 10.0% across-the-board budget reduction.

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IOWA EMPOWERMENT BOARD MEETING

LEAN Design Recommendations for Redesigning Empowerment. The Board met on January 8, 2010. Molly Kottmeyer, the Governor's Education Policy Liaison, told the Board that the bill being drafted on behalf of the Governor's Office follows the recommendations of the LEAN Design Team with one exception. The Governor's proposal moves the Office of Empowerment from the Department of Management to the Department of Education to make it easier to use the unique student identifier system for children receiving services through Community Empowerment. It was noted that the Polk County Empowerment Board already uses the unique student identifier, so it is possible to do so without moving the Office into the Department of Education.

The Board voted 8-5 to endorse the LEAN Design Team's recommendations and specified a preference for keeping the Office of Empowerment in the Department of Management.

Redesignation of Local Boards. The Board considered the recommendations of the Technical Assistance Team for redesignation of local boards. Local boards must be redesignated every three years. There are currently 58 local boards. The Technical Assistance Team works with one-third of the boards each year to evaluate their performance and make recommendations to the Iowa Empowerment Board.

The Board approved the Team's recommendations, including unconditional redesignation for all but the following boards:

- Allamakee, Clayton, Howard, and Winneshiek Counties – The Team recommended a one-year conditional designation to allow the local board to update the Community Plan to meet requirements.
- Clarke County – The Team recommended a one-year conditional designation to allow the local board to review and improve its community-wide indicators.
- Decatur County – The Team recommended a one-year conditional designation for this struggling board and suggested that it be mentored by another local board. Decatur County will be required to merge with at least one other county if the LEAN design recommendations are implemented by legislation. The conditional designation will allow the board to continue providing local services and work toward finding an appropriate merger.
- Marshall County – The Team recommended a one-year conditional designation because of problems with allocation of administrative funds and the need to strengthen fiscal accountability, update bylaws, and improve public record keeping.

Under conditional designation, the Technical Assistance Team will work with the local boards to complete improvement plans. If successful, the Team will recommend unconditional designation next January for the remainder of the three-year term.

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BOARD OF CORRECTIONS MEETING

Meeting. The Board of Corrections met telephonically on January 8, 2010. Director Baldwin reported the schematic design for the new maximum security prison has been approved, and the architects are working on construction documents. Ground breaking should occur in April. Director Baldwin indicated the report by Public Works, LLC for efficiencies in government does impact the Department in the sale of farm ground and merging e-mail systems. The Director updated the Board on the Ex-Offender Re-entry Task Force created by the Governor. They have had one meeting and are creating subcommittees. They plan to have a final report to the Governor by October. Director Baldwin stated the inmate population is going down, and is currently at 8,299 offenders. He credited the Department's focus on evidence-based practices, and doing what works, as primary factors.

Budget. Deputy Director Brad Hier provided a budget document to the Board that shows the net effect of the 10.0% across-the-board reduction and the reallocation of furlough and deferred compensation changes. The current budget reduction for FY 2010 is \$29.6 million, or approximately 8.0% of the General Fund appropriation. There has been a significant impact on treatment, specifically at Mount Pleasant, Anamosa, Fort Dodge, and Fort Madison.

Pending Legislation. Legislative Liaison Gary Sherzan updated the Board on pending legislation:

- Bills from the last legislative session are still under consideration, including Bills dealing with infectious diseases, and central food warehouse.
- New Bills include those that address parole to detainer, language to eliminate the Violator Program from the Code, increase one-time supervision fees from \$300 to \$600 for offenders under Community-Based Corrections (CBC) supervision, and commutation of sentences.

Administrative Rules. The Board approved administrative rules relating to sex offender management and treatment. The rules require all offenders on supervision for a current sex offense and required to be on the Sex Offender Registry to be on the electronic monitoring system. This requirement may change based on risk assessment.

Facility Closures. The Board discussed the closures of certain facilities due to budget reductions. Director Baldwin indicated that Living Unit A and Living Unit D have been closed at Anamosa, part of the second floor has been closed at Mount Pleasant, a small living unit at Clarinda has been closed, and

Buildings 3 and 5 have closed at Mitchellville. This has created more crowded living conditions for offenders.

Next Meeting. The next Board meeting is scheduled for February 18 in Central Office. Please contact the LSA for additional information.

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RECENT PUBLICATIONS

The Fiscal Services Division has recently published the following:

SSB 3030 (Government Reorganization and Efficiency Bill) – [Fiscal Impact Statement](#)

[Monthly Revenue Memo](#)

[Monthly Total Tax Revenue Memo](#)

FISCAL NOTES:

[HF 2075 – Cancer Clinical Trials, Insurance Coverage](#)

[SF 2062 – Early Retirement](#)

[HF 2030 – School District Unexpended Balances](#)

[SF 2033 – Education Programs, Race to the Top](#)

FISCAL TOPICS:

[Legal Representation for Indigent Defendants](#)

ISSUE REVIEWS:

[Court Debt Collection](#)

[Regents Employees FY 2001-FY 2010](#)

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MEETINGS MONITORED

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

Meeting	Date	Staff Contact
Legislative Health Care Commission	12/2/2009	Deborah Helsen (281-6764)
Tobacco Use, Prevention, and Control	12/11/2009	Deborah Helsen (281-6764)
Shelter Care Advisory Council	12/14/2009	Deborah Helsen (281-6764)
E-Health Advisory Council	12/18/2009	Deborah Helsen (281-6764)
Legislative Health Care Commission	1/4/2010	Deborah Helsen (281-6764)
Board of Corrections	1/9/2010	Beth Lenstra (281-6301)

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