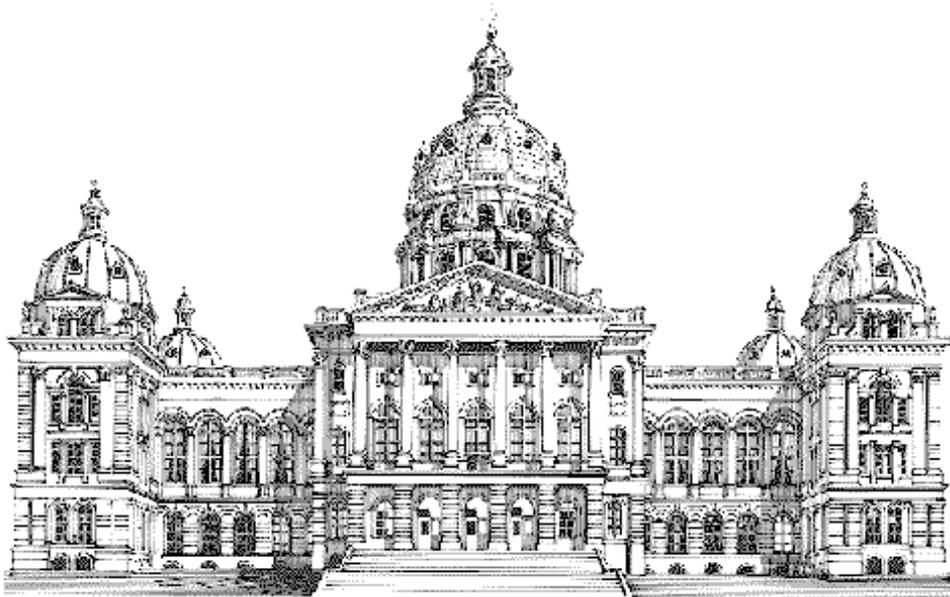


**SUMMARY OF FY 2004 BUDGET
AND
DEPARTMENT REQUESTS**



LEGISLATIVE FISCAL BUREAU

DECEMBER 2002

FOREWORD

The purpose of this document is to provide the General Assembly with information concerning FY 2004 General Fund estimated receipts and department requests. This information provides an overall summary of the State budget and is intended to help the General Assembly take a proactive approach toward the budgetary process.



This document is intended to present an overview of the General Fund, including revenues, expenditures, and Full-Time Equivalent (FTE) positions to the General Assembly. The Legislative Fiscal Bureau (LFB) will be preparing a similar document reviewing the Governor's Recommendations for FY 2004 in January.

The LFB has developed a series of computer programs to allow legislators and legislative staff on-line access to several LFB products. The explanation and list of products are detailed in Appendix E, entitled "Electronic Publishing of Information." The LFB web site address is <http://staffweb.legis.state.ia.us/lfb/>.



If you need additional information regarding a department request, Appendix F contains a list of LFB staff members. Individual analysts can provide detailed information concerning each request.



Questions concerning this document should be directed to Dennis Prouty, LFB Director, (515) 281-5279.

TABLE OF CONTENTS

	Page
Document Notes	1
2003 Iowa Legislative Session Timetable	3
Expenditure Limitation Accounts	
Explanation of Accounts	5
Table – Flow of General Fund Revenues After Expenditure Limitation	9
Flowchart – Flow of General Fund Revenues After Expenditure Limitation.....	10
Revenues	
FY 2004 Revenue Estimates.....	11
Table – Projected Condition of the General Fund.....	13
Chart – General Fund Receipts and Percent of Growth FY 1994-FY 2004.....	15
Chart – FY 2004 Estimated General Fund Receipts.....	16
Table – FY 2002 – FY 2004 Revenue Projection for the General Fund	17
General Fund Issues	
Overview of FY 2004 General Fund Department Requests.....	19
Chart – FY 2004 General Fund Department Requests.....	21
Economy, Revenues, and Impact on FY 2003 Budget	23
Salaries and Collective Bargaining.....	29
Criteria for Evaluation of Tax Policies	33
FY 2004 Tax Issues.....	37
Property Tax Issues.....	41
Federal Funding Issues	51
Governor’s Proposed Administrative Reorganization.....	55
Tobacco Securitization	57
Children’s Health Insurance Program.....	65
Senior Living Trust Fund	67
Senior Issues	71
Iowa Corrections System.....	77
Iowa School Foundation Formula.....	89

Table of Contents

Education Issues	95
Environmental Initiatives.....	101
Infrastructure, Deferred Maintenance, Major Maintenance, and New Construction	105
Legislative Fiscal Committee Major Issues	113
Legislative Oversight Committee Major Issues	119
Program Elimination Commission	123
Estimated General Fund Expenditure Increases and Decreases	129
FY 2004 Budgets and Subcommittee Issues	
Overview.....	131
Administration and Regulation Appropriations Subcommittee	133
Agriculture and Natural Resources Appropriations Subcommittee	141
Economic Development Appropriations Subcommittee	149
Education Appropriations Subcommittee	155
Health and Human Rights Appropriations Subcommittee	163
Human Services Appropriations Subcommittee.....	173
Justice System Appropriations Subcommittee	183
Transportation, Infrastructure, and Capitals Appropriations Subcommittee	199
Appendices	
A-1 – General Fund Appropriations Tracking by Subcommittee.....	213
A-2 – Other Funds Appropriations Tracking by Subcommittee	238
A-3 – FTE Appropriations Tracking by Subcommittee	258
B – Projected FY 2004 Built-in and Anticipated Expenditures	285
C – Glossary of Budget Terms	305
D – Issue Review Series	310
E – Electronic Publishing of Information.....	311
F – LFB Staff Listing	313

DOCUMENT NOTES

When Reviewing This Document, Please Note The Following:

Section 8.35A(2), Code of Iowa, requires the Department of Management (DOM) to transmit all department requests in final form to the Legislative Fiscal Bureau (LFB) by November 15. This document is based on the December 9, 2002, budget tape received by the LFB. It must be noted that while a department has “finalized” a budget request, in past years, certain department budget request numbers have changed before the Governor presents budget recommendations in January. **Figures in this document must therefore be considered “preliminary” and not finalized.** Other items worth noting when reviewing this document include:

- Revenues and expenditures are estimated for FY 2003 and FY 2004.
- FY 2002 data includes across-the-board reductions, deappropriations, supplemental appropriations, and salary adjustments, but not appropriation transfers or reversions. FY 2003 data does not include deappropriations, supplemental appropriations, appropriation transfers, or reversions.
- **Appendix A** is an appropriations tracking document showing General Fund, Other Fund, and FTE position appropriations by subcommittee.

FY 2003 General Fund data is delineated in three columns. The Estimated FY 2003 column reflects legislative action adjusted by deappropriations or supplemental appropriations made during the regular and special 2002 Legislative Sessions. The column does not include any current requests for supplemental appropriations. The FY 2003 salary adjustment allocations, which were not funded from the General Fund, are shown in a separate column. A third column, FY 2003 with Salary Adjustment, reflects the sum of the previous two columns.
- **Appendix B** is a listing of the projected FY 2004 built-in increases and decreases compared to estimated FY 2003.
- **Appendix C** is a glossary of budget terms.
- **Appendix D** contains a listing of the *Issue Reviews* completed by the LFB during the 2002 Interim.
- **Appendix E** contains an explanation of products available through the LFB’s Electronic Publishing of Information
- **Appendix F** contains the LFB staff listing and assignments.



The LFB will issue two documents in mid-January:

Document Notes

- ▶ A summary document analyzing department requests and the Governor's budget recommendations.
- ▶ A detail document for each appropriations subcommittee analyzing department requests and the Governor's budget recommendations.

2003 IOWA LEGISLATIVE SESSION TIMETABLE

(If Legislative Rules remain unchanged)

- ▶ **January 13** - First day of Session.
- ▶ **February 21** - Final day for individual requests for bill drafts to be submitted to the Legislative Service Bureau.
- ▶ **March 21** - Final day for House bills to be reported out of House committees and Senate bills out of Senate committees.
- ▶ **March 24 - March 28** - House considers only House bills and unfinished business and Senate considers only Senate bills and unfinished business.
- ▶ **March 31 - April 11** - Debate not limited by rule.
- ▶ **April 11** - Final day for Senate bills to be reported out of House committees and House bills to be reported out of Senate committees.
- ▶ **April 14 - 18** - House considers only Senate bills and unfinished business and Senate considers only House bills and unfinished business.
- ▶ **April 21** - Amendments need not be filed on the day preceding floor debate.
- ▶ **April 21** - Only the following bills are eligible for consideration:
 - ◆ Appropriations bills
 - ◆ Ways and Means bills
 - ◆ Legalizing Acts
 - ◆ Co-sponsored by Majority and Minority Leaders
 - ◆ Companion bills sponsored by House and Senate Majority Leaders
 - ◆ Conference Committee Reports
 - ◆ Bills passed by both Houses in different forms
 - ◆ Concurrent or Simple Resolutions
 - ◆ Bills on the Veto Calendar
 - ◆ Administrative Rules Review Committee bills and delayed committee bills.
 - ◆ Joint Resolutions nullifying Administrative Rules
 - ◆ Unfinished business
- ▶ **May 2** - 110th day of Session.

EXPENDITURE LIMITATION ACCOUNTS

Cash Reserve Fund

- ▶ The Cash Reserve Fund Account requires a balance of 5.0% of the adjusted revenue estimate for the General Fund. House File 2625 (FY 2002 Adjustments and Transfers Act) increased the maximum percentage to 7.5% beginning with FY 2004.
- ▶ Beginning with FY 2004, if the balance in the Cash Reserve Fund is not at the statutory maximum of 7.5%, a standing appropriation from the General Fund refills the reserve in an amount up to 1.0% of the adjusted revenue estimate.
- ▶ The beginning balance in the Fund for FY 2002 was \$235.6 million. The estimated beginning balance for FY 2003 is \$140.1 million.
- ▶ Any year-end General Fund surplus (ending balance) is appropriated to the Cash Reserve Fund.
- ▶ Interest on moneys deposited in the Fund is credited to the Rebuild Iowa Infrastructure Fund (RIIF). For FY 2002 and FY 2003, the Legislature notwithstanding this provision and credited the interest to the General Fund.
- ▶ Moneys in the Cash Reserve Fund may be used for cash flow purposes, but shall be returned by the end of the fiscal year.
- ▶ Appropriations from the Fund are allowed if:
 - ◆ The appropriation is for a non-recurring emergency expenditure.
 - ◆ Funding is contained in a bill or resolution in which the appropriation is the only subject matter.
 - ◆ The appropriation is approved by a majority of the members of both chambers and the Governor if the Fund is not reduced to below 3.00% (3.75% starting FY 2004). Approval of 60.00% of the members of both chambers and the Governor is required if the Fund is to be reduced below 3.00% (3.75% starting FY 2004) of the adjusted General Fund revenue estimate.



Generally Accepted Accounting Principles (GAAP) Deficit Reduction Account

- ▶ The Generally Accepted Accounting Principles (GAAP) Account receives the amount of Cash Reserve Fund moneys in excess of the required balance. If no GAAP deficit exists, the money is transferred directly to the Economic Emergency Fund.

Expenditure Limitation Accounts

- The Department of Management must annually file with both houses of the General Assembly a schedule of the items for reducing the GAAP deficit.
- Moneys exceeding the amounts required to retire the GAAP deficit are appropriated to the Economic Emergency Fund.

Iowa Economic Emergency Fund

- The maximum balance of the Economic Emergency Fund Account is 5.0% of the adjusted revenue estimate for the General Fund. House File 2625 (FY 2002 Adjustments and Transfers Act) decreased the maximum percentage to 2.5% beginning with FY 2004. Moneys in excess of the required balance are transferred to the General Fund.
- The beginning balance in the Fund for FY 2002 was \$169.6 million. The estimated beginning balance for FY 2003 is \$25.2 million.
- Interest on moneys deposited in the Economic Emergency Fund is credited to the Rebuild Iowa Infrastructure Fund. For FY 2002 and FY 2003, the Legislature notwithstanding this provision and credited the interest to the General Fund.
- Moneys in the Economic Emergency Fund may be used for cash flow purposes, but shall be returned by the end of the fiscal year.
- Appropriations from the Fund require approval of a majority of the members of both chambers and the Governor's signature for an emergency expenditure.
- Transfers of up to \$50.0 million are allowed from the Economic Emergency Fund to the General Fund to reduce a negative ending balance in the State General Fund.

Rebuild Iowa Infrastructure Fund (RIIF)

- Funds in the Rebuild Iowa Infrastructure Fund (RIIF) Account shall be used for public infrastructure-related expenditures.
 - All State racing and gaming receipts in excess of \$60.0 million shall be credited to the Rebuild Iowa Infrastructure, the Vision Iowa Fund, and the School Infrastructure Fund.
 - Interest on moneys deposited in the Cash Reserve Fund and the Economic Emergency Fund is credited to the Rebuild Iowa Infrastructure Fund. For FY 2002 and FY 2003, the Legislature notwithstanding this provision and credited the interest to the General Fund.
-

- Interest generated from the Rebuild Iowa Infrastructure Fund remains in the Fund.
- The General Assembly may provide that all or part of the moneys deposited in the GAAP Account may be transferred to the Rebuild Iowa Infrastructure Fund Account instead of the Economic Emergency Fund Account.

Flow of General Fund Revenues After Expenditure Limitation

The flowchart on page 10 illustrates the flow of General Fund revenues after expenditure limitation.

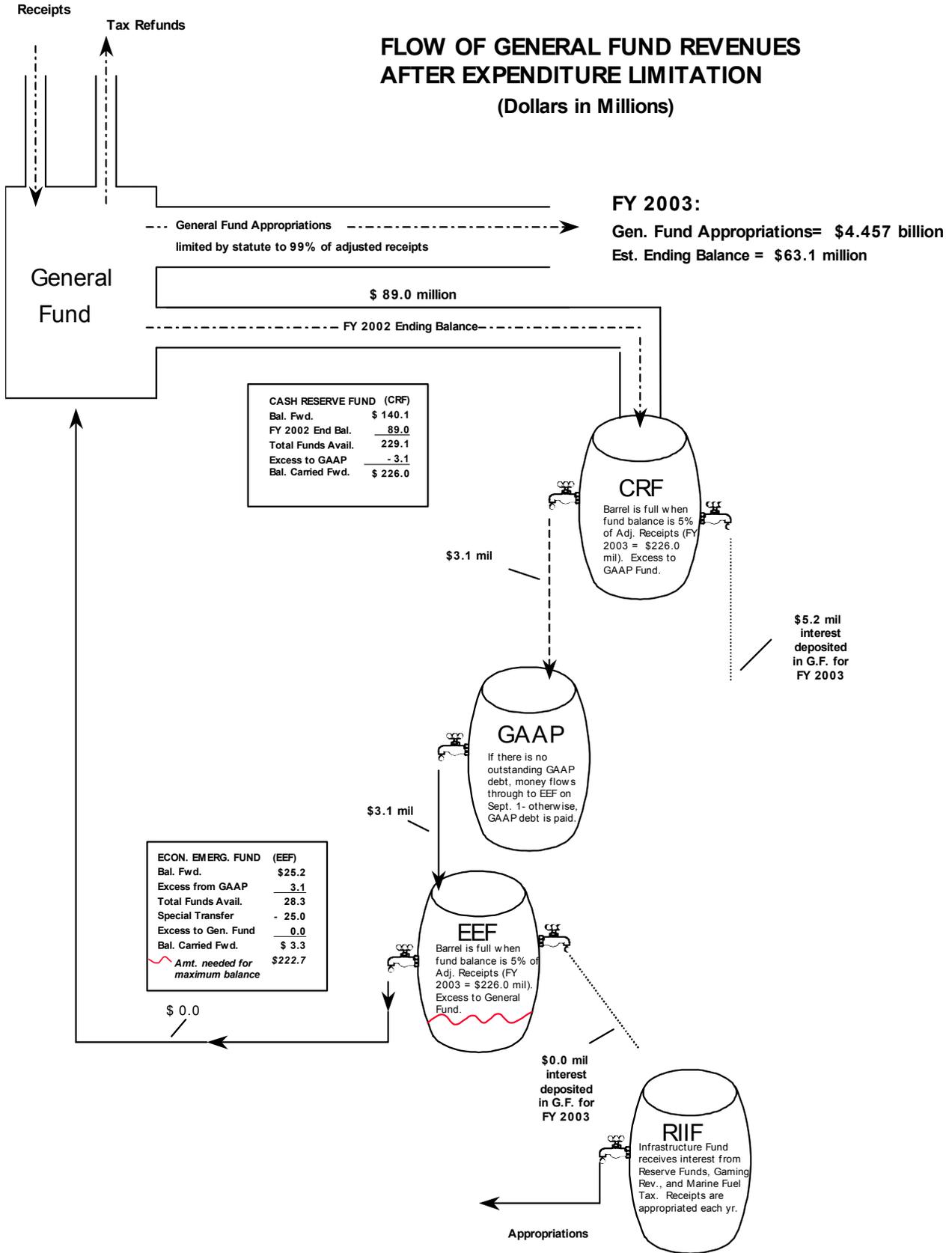
STATE OF IOWA
FLOW OF GENERAL FUND REVENUES AFTER EXPENDITURE LIMITATION

(Dollars in Millions)

CASH RESERVE FUND (CRF)	Actual FY 2000	Actual FY 2001	Estimated FY 2002	Estimated FY 2003	Estimated FY 2004
Balance Brought Forward	\$ 221.9	\$ 229.9	\$ 235.6	\$ 140.1	\$ 226.0
Estimated Revenues:					
General Fund Ending Balance	283.8	175.6	0.0	89.0	63.1
Transfer From Econ. Emergency					
Total Funds Available	505.7	405.5	235.6	229.1	289.1
Special Transfer to/from Gen. Fund			-90.0		45.3
Excess Transferred to GAAP	- 275.8	- 169.9	- 5.5	- 3.1	0.0
Balance Carried Forward	<u>\$ 229.9</u>	<u>\$ 235.6</u>	<u>\$ 140.1</u>	<u>\$ 226.0</u>	<u>\$ 334.4</u>
Maximum			<u>\$ 230.1</u>	<u>\$ 226.0</u>	<u>\$ 339.4</u>
GAAP DEFICIT REDUCTION ACCOUNT	Actual FY 2000	Actual FY 2001	Estimated FY 2002	Estimated FY 2003	Estimated FY 2003
Balance Brought Forward	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Estimated Revenues:					
Excess Transferred from CRF	275.8	169.9	5.5	3.1	0.0
Total Funds Available	275.8	169.9	5.5	3.1	0.0
Excess Transferred to EEF	- 275.8	- 169.9	- 5.5	- 3.1	0.0
Balance Carried Forward	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>
IOWA ECONOMIC EMERGENCY FUND (EEF)	Actual FY 2000	Actual FY 2001	Estimated FY 2002	Estimated FY 2003	Estimated FY 2003
Balance Brought Forward	\$ 221.9	\$ 229.9	\$ 169.6	\$ 25.2	\$ 3.3
Estimated Revenues:					
Excess from GAAP	275.8	169.9	5.5	3.1	0.0
Transfer To Cash Reserve Fund					0.0
Special Transfer to General Fund					0.0
Total Funds Available	497.7	399.8	175.1	28.3	3.3
Excess Transferred to Gen. Fund	- 267.8	- 164.1			
Special Transfer to Gen. Fund		- 66.1	-149.9	-25.0	
Balance Carried Forward	<u>\$ 229.9</u>	<u>\$ 169.6</u>	<u>\$ 25.2</u>	<u>\$ 3.3</u>	<u>\$ 3.3</u>

Flow of General Fund Revenues

FLOW OF GENERAL FUND REVENUES AFTER EXPENDITURE LIMITATION (Dollars in Millions)



FY 2004 REVENUE ESTIMATES

State General Fund revenues are estimated by a three-member Revenue Estimating Conference (REC), which meets quarterly. Members are the Director of the Legislative Fiscal Bureau, the Governor or the Governor's designee, and a third member agreed to by the other two members. The REC was created by statute in 1987 during government reorganization.

The December estimate is required to be used by the Governor in the preparation of the budget message and by the General Assembly in the budget process. If the April estimate reduces the December revenue estimate, the Governor must adjust the budget recommendations to account for the reduction in revenue. If the REC increases the April estimate above the December figure, the Governor and General Assembly shall continue to use the lower projection established in December.

On December 6, 2002, the REC estimated FY 2004 total State General Fund tax revenues, prior to transfers, accruals, and refunds, at \$5.107 billion. This reflects growth in revenue of \$81.8 million (1.6%) compared to estimated FY 2003.

The December REC also estimated transfers to the General Fund and General Fund tax refunds. Fiscal year 2004 transfers were estimated at \$42.0 million, a decrease of \$85.4 million compared to estimated FY 2003. Fiscal year 2004 tax refunds were estimated at \$635.0 million, a decrease of \$3.0 million.

Therefore, net General Fund FY 2004 revenues, after transfers, refunds, and accrued revenues, were estimated at \$4.526 billion, which represents \$5.4 million in net new money (0.1%) compared to estimated FY 2003.

The statutory limitation on expenditures is 99.0% of the adjusted revenue estimate plus any General Fund balances from the prior year in excess of reserve requirements.

Projected Condition of the General Fund

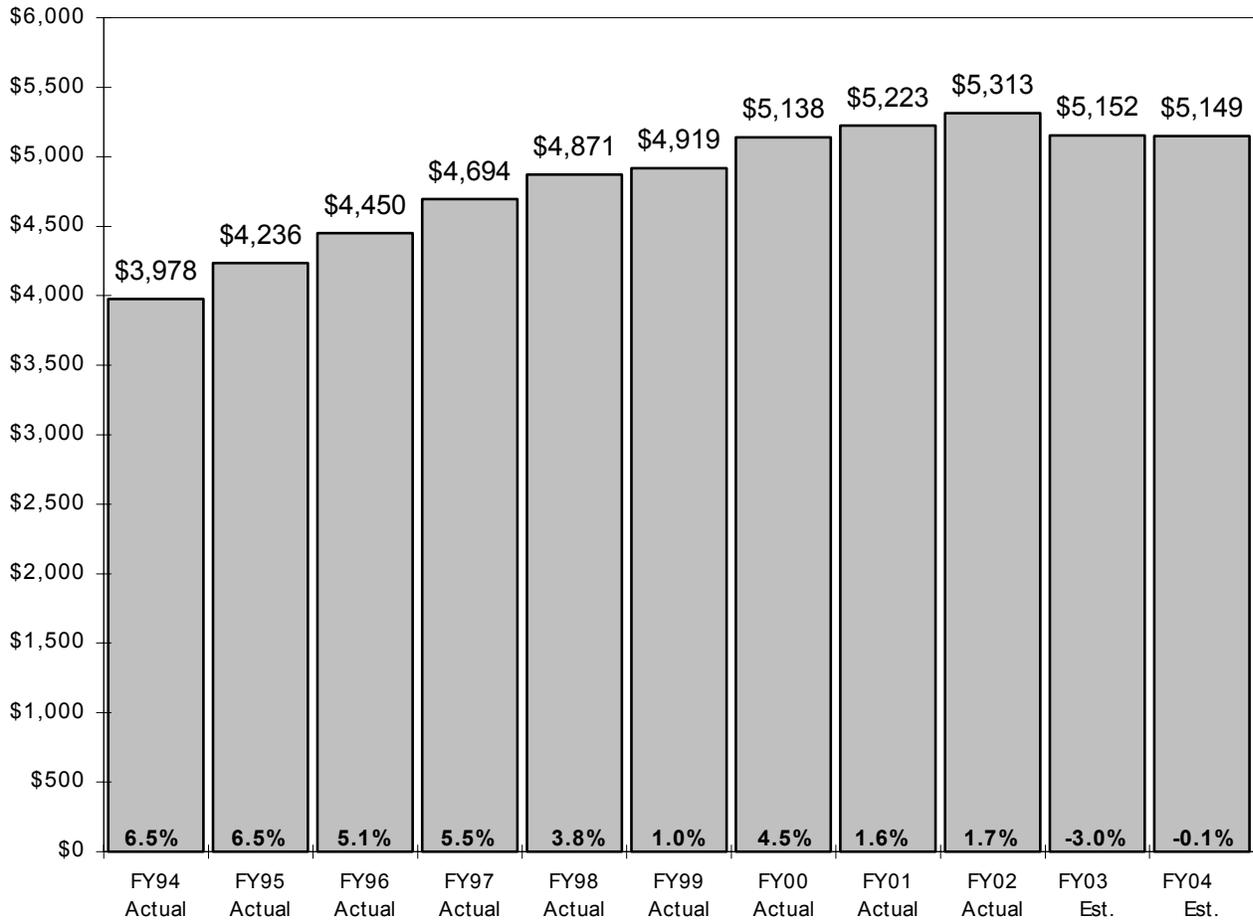
STATE OF IOWA
PROJECTED CONDITION OF THE GENERAL FUND

(Dollars in Millions)

	<u>FY 2002</u>	<u>FY 2003 Adjusted To-date</u>	<u>FISCAL YEAR 2004</u>		
			<u>Adjustments for a Base Budget</u>		<u>Base</u>
			<u>Description</u>	<u>Amount</u>	
ESTIMATED RECEIPTS					
Rev. Est. Conf. (R.E.C.)	\$ 5,007.5	\$ 5,025.0	R.E.C. estimate as of Dec. 2002	\$ 5,106.8	
Tax Refunds	- 663.1	- 638.0		- 635.0	
Accruals	28.7	6.0		12.0	
Special Session Transfers	203.8	0.0		0.0	
Transfers	103.0	127.4		42.0	
TOTAL FUNDS AVAILABLE	<u>4,679.9</u>	<u>4,520.4</u>		<u>4,525.8</u>	
APPROPRIATIONS	4,610.6	4,469.8	FY 2003 used as a base for a projection less the anticipated reversions	4,457.3	
			Built-in and anticipated expenditures	449.5	
			Ending Balance necessary for 1% expenditure limitation	45.3	
Less:					
Reversions	- 19.7	- 12.5		- 12.5	
NET APPROPRIATIONS	<u>4,590.9</u>	<u>4,457.3</u>		<u>4,939.6</u>	
ENDING BALANCE	<u>\$ 89.0</u>	<u>\$ 63.1</u>		<u>\$ -413.8</u>	

STATE GENERAL FUND RECEIPTS AND PERCENT OF GROWTH FY 1994 - FY 2004

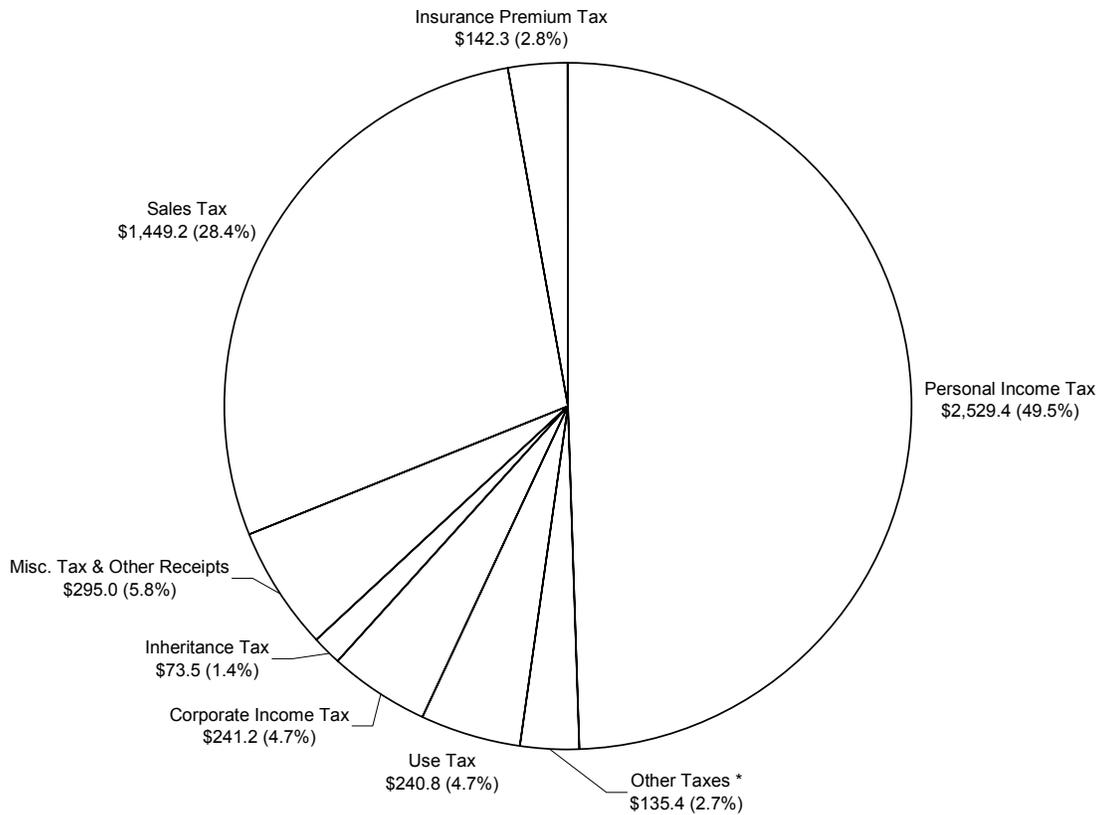
(Dollars in Millions)



Note: FY 2003 and FY 2004 figures are as estimated by the December 6, 2002, Revenue Estimating Conference. The amounts reflect tax revenues, other receipts, and transfers deposited to the General Fund. The amounts are not adjusted for tax refunds and accrued revenue adjustments.

FY 2004 Estimated General Fund Receipts

(Dollars in Millions)



Total Estimated FY 2004 General Fund Receipts: \$5.107 billion

Note: As estimated by the December 6, 2002, Revenue Estimating Conference.

Cash basis total revenues. Does not include transfers, accrued revenues, or refunds.

Totals may not add due to rounding.

* Other Taxes include: Cigarette, Tobacco, Beer, and Franchise Tax

**FY 2002 - FY 2004 REVENUE PROJECTION
FOR THE GENERAL FUND**

(Dollars in Millions)

	% Change FY 2002 vs.		% Change FY 2003 Est.		% Change FY 2004 Est.	
	FY 2002 Actual	FY 2001 Actual	FY 2003 Estimate	vs. FY 2002 Actual	FY 2004 Estimate	vs. FY 2003 Estimate
Tax Receipts						
Personal Income Tax	\$2,372.1	-2.2%	\$2,444.4	3.0%	\$2,529.4	3.5%
Sales Tax	1,453.0	0.8%	1,449.2	-0.3%	1,449.2	0.0%
Use Tax	238.5	-4.4%	240.8	1.0%	240.8	0.0%
Corporate Income Tax	221.2	-22.3%	226.2	2.3%	241.2	6.6%
Inheritance Tax	100.4	-4.0%	85.5	-14.8%	73.5	-14.0%
Insurance Premium Tax	135.4	7.0%	139.3	2.9%	142.3	2.2%
Cigarette Tax	88.0	-1.8%	86.0	-2.3%	84.0	-2.3%
Tobacco Tax	7.1	6.0%	6.8	-4.2%	6.2	-8.8%
Beer Tax	13.8	1.5%	14.0	1.4%	14.3	2.1%
Franchise Tax	30.9	-1.0%	30.9	0.0%	30.9	0.0%
Miscellaneous Tax	1.5	15.4%	1.5	0.0%	1.5	0.0%
Total Tax Receipts	4,661.9	-2.4%	4,724.6	1.3%	4,813.3	1.9%
Other Receipts						
Institutional Payments	48.6	3.0%	16.6	-65.8%	14.6	-12.0%
Liquor Profits	38.5	2.7%	39.0	1.3%	39.0	0.0%
Liquor Gross Revenues	9.0	0.0%	9.0	0.0%	9.0	0.0%
Interest	25.3	39.0%	18.0	-28.9%	10.6	-41.1%
Fees	70.2	-3.2%	66.3	-5.6%	68.2	2.9%
Judicial Revenue	51.9	6.4%	55.0	6.0%	55.0	0.0%
Miscellaneous Receipts	42.1	-6.9%	36.5	-13.3%	37.1	1.6%
Racing and Gaming	60.0	0.0%	60.0	0.0%	60.0	0.0%
Total Other Receipts	345.6	2.1%	300.4	-13.1%	293.5	-2.3%
Total Taxes & Other Receipts	5,007.5	-2.1%	5,025.0	0.3%	5,106.8	1.6%
Transfers						
Lottery	40.0	16.6%	34.0	-15.0%	32.4	-4.7%
Other Transfers	265.8	258.2%	93.4	-64.9%	9.6	-89.7%
Total Transfers	305.8	181.8%	127.4	-58.3%	42.0	-67.0%
Total Receipts & Transfers	5,313.3	1.7%	5,152.4	-3.0%	5,148.8	-0.1%
Accrued Revenue (net)	31.7	-215.7%	6.0	-81.1%	12.0	100.0%
Tax Refunds	-663.1	20.4%	-638.0	-3.8%	-635.0	-0.5%
Net General Fund Receipts	\$4,681.9	0.8%	\$4,520.4	-3.4%	\$4,525.8	0.1%

Note: The Revenue Estimating Conference estimated FY 2003 and FY 2004 General Fund revenues on December 6, 2002. The individual revenue items are projected on a July 1 to June 30 fiscal year basis and do not reflect accruals. The revenue total is adjusted for accruals by the Accrued Revenue (net) line at the bottom of the table. Tax refunds are reported on an accrual basis.

OVERVIEW OF FY 2004 GENERAL FUND DEPARTMENT REQUESTS

The department budget requests were due to be submitted to the Department of Management by October 1, 2002, and finalized by November 15. Most departments developed budgets in late summer and early fall. All departments have developed FY 2004 budget requests. The July 19, 2002, instructions from Cindy Eisenhauer, Director of the Department of Management (DOM), included:

“For FY 2003, the Legislature approved a general fund budget that provided less general fund resources than the previous year for all Executive Branch departments. Given that they also built their budget on a number of one-time resources, it is likely that FY 2004 will be a similarly tight budget.”

We must realign on-going expenditures with on-going revenues. The state and national economy continues to show signs of weakness, and the data from the University of Iowa’s Institute for Economic Research suggests that revenue growth for both FY 2003 and 2004 will be close to zero. Meanwhile, the phase-out of sales taxes on residential utilities and estate taxes will reduce revenue collections by about \$35 million. Given these circumstances, it will be even more important that the FY 2004 budget requests reflect this fiscal reality.”

The normal departmental requests contain 75.0% of the prior year's budget as a base, with individual decision packages to justify an increase in funding above the 75.0% level. The DOM continued the option for departments requesting a status quo budget in which the preparation of decision packages was not required.



For FY 2004, the departmental request totals \$4.801 billion from the General Fund. This is an increase of \$330.8 million (7.4%) compared to estimated FY 2003. This request does not include any required salary adjustment or requests for FY 2003 supplemental appropriations. The FY 2004 request, listed by appropriations subcommittees and unassigned standings, appears in the following table and charts.

General Fund Department Requests

Department FY 2004 General Fund Requests

(Dollars in Millions)

Subcommittee	Est. FY 2003	Dept. Req. FY 2004	FY 2003 vs. FY 2004
Administration & Regulation	\$ 77.6	\$ 108.2	\$ 30.6
Agriculture & Natural Resources	31.9	33.6	1.7
Economic Development	25.0	26.0	1.0
Education	849.9	892.9	43.0
Health & Human Rights	47.0	48.4	1.5
Human Services	732.6	879.5	147.0
Justice System	457.6	495.2	37.5
Trans, Infrastructure, & Capitals	0.0	2.8	2.8
Unassigned Standings	2,248.3	2,313.9	65.7
TOTAL	<u>\$ 4,469.8</u>	<u>\$ 4,800.7</u>	<u>\$ 330.8</u>

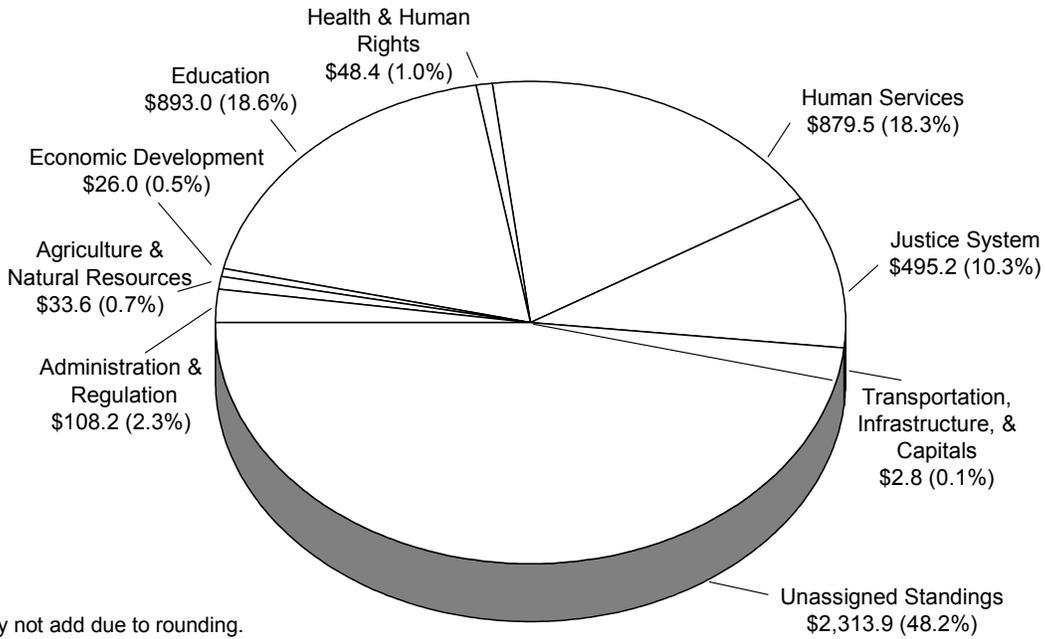
Notes:

The FY 2004 department requests were submitted to the DOM and transmitted to the LFB on December 9, 2002.

The dollar amounts may not add due to rounding.

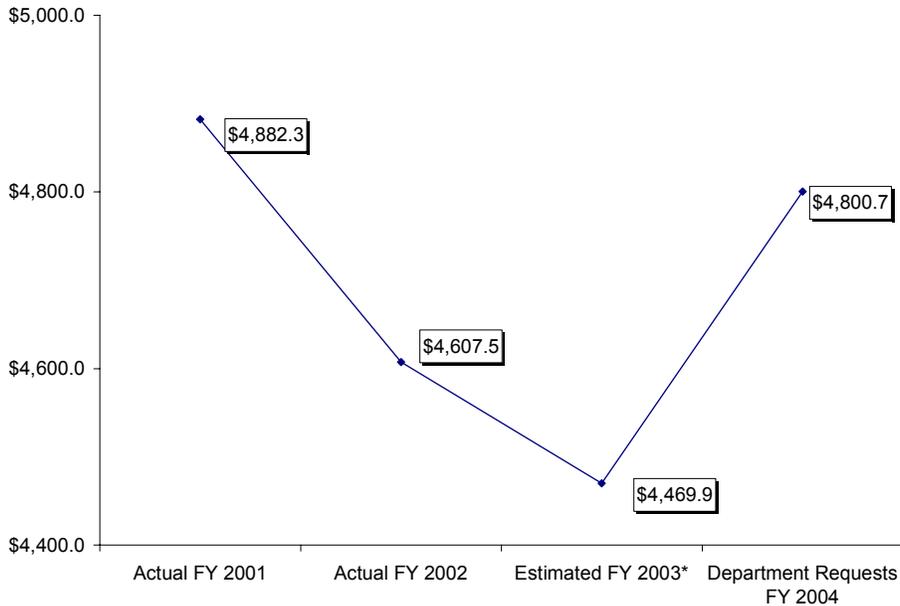
FY 2004 GENERAL FUND DEPARTMENT REQUESTS

Total FY 2004 Requests: \$4,800.7 million
(Dollars in Millions)



Appropriations and Department Requests FY 2001 - FY 2004

(Dollars in Millions)



*Before salary adjustment allocation from non-General Fund sources.

ECONOMY, REVENUES, AND IMPACT ON FY 2003 BUDGET

National Economy

National Recession – There are several national economic groups that classify U.S. economic periods as either expansion or recession. One of the most often-cited is the Business Cycle Dating Committee of the National Bureau of Economic Research. On November 26, 2001, this Committee announced the longest business expansion in the nation's history had ended during March of 2001, ten years after the end of the previous recession.

The Committee defines a recession as a period of significant decline in total output, income, employment, and trade, usually lasting six months to one year, and marked by a wide-spread contraction in many sectors of the economy. The Committee does not define a recession as simply two consecutive quarters of decline in real Gross Domestic Product.



According to the Committee, "A recession begins just after the economy reaches a peak of activity and ends as the economy reaches its trough. Between trough and peak, the economy is in an expansion. Expansion is the normal state of the economy; most recessions are brief and they have been rare in recent decades." A recession involves a substantial decline in output and employment. In the past six recessions, industrial production fell by an average of 4.6% and employment by 1.1%. The Committee waits until the data show whether or not a decline is large enough to qualify as a recession, before declaring a turning point in the economy is a true peak marking the onset of a recession. The Committee's announcement for the onset of the newest national recession stated that for the four major indicators:

- Industrial production reached a peak in September 2000 and declined 6.0% over the next 12 months, faster than the average rate of decline during a recession.
- Employment reached a peak in March 2001 and has declined about 0.7% since that time.
- Real manufacturing and trade sales peaked in November 2000.
- Real personal income has not yet reached a peak.

Through October 2002, the Committee had not declared an end to the recession that started in March, 2001. In the October analysis, the Committee states that although the U.S. economy has been experiencing growth in production and income, there has been no significant growth in employment.

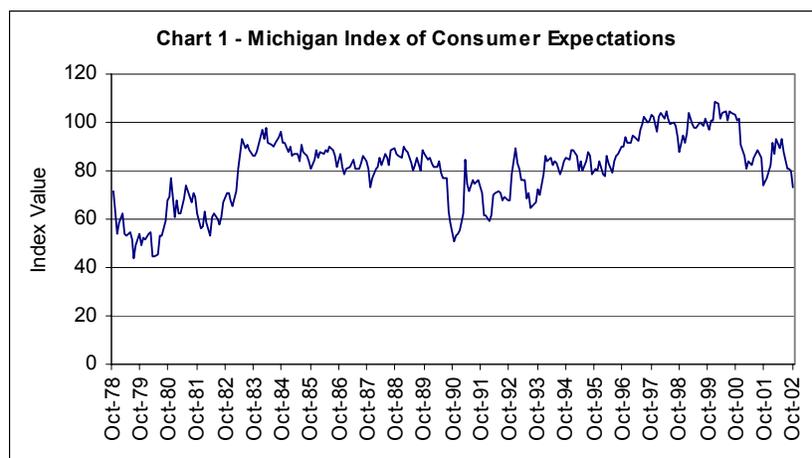
Economy, Revenues, and Impact on FY 2003 Budget

Institute for Supply Management Index – The Institute for Supply Management (formerly the National Association of Purchasing Management) has conducted a monthly survey of business purchasing officers since 1948. The survey's results produce a Purchasing Manager's Index (PMI). The PMI is a composite index based on the seasonally adjusted diffusion indexes for five of the indicators (New Orders, Production, Supplier Deliveries, Inventories, and Employment) with varying weights. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change and the scope of change. A PMI reading above 50.0% indicates the manufacturing economy is generally expanding; below 50.0%, indicates it is generally declining. A PMI over 42.7%, over a period of time, indicates the overall economy, or Gross Domestic Product (GDP), is generally expanding. A PMI below that level indicates the economy is generally declining. In February, 2002, an index above 50.0 was recorded for the first time in 18 months. The index remained above 50 until September, 2002, when an Index value of 49.5 was recorded. The Index for October was 48.5. According to the Association, a strike by west coast dock workers contributed to the decline in October. An historical graph of the Index is included in the Iowa economy section.

Consumer Confidence – Each month, researchers at the University of Michigan conduct a Survey of Consumers to determine the views and expectation of consumers concerning their sentiment for the present and future direction of the U.S. economy. The survey result is called the Index of Consumer Expectations. The Index focuses on three areas:

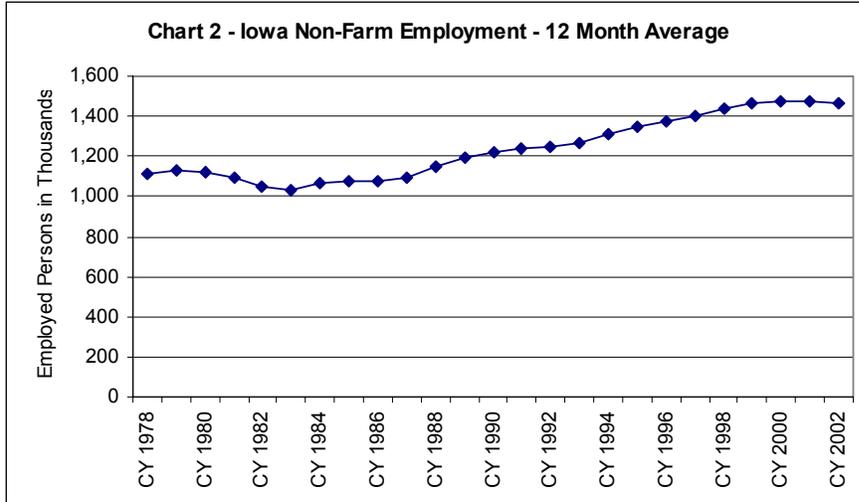
- How consumers view prospects for their own financial situation.
- How consumers view prospects for the general economy for the near term.
- How consumers view prospects for the general economy over the long term.

The Index of Consumer Expectations for October 2002 reached its lowest level in nine years. The Index has registered a decrease in each of the past seven months. Chart 1 shows the value of the Index from 1978 to present. The chart also shows consumer confidence as reported by the Index has been falling since reaching a high in February 2000.

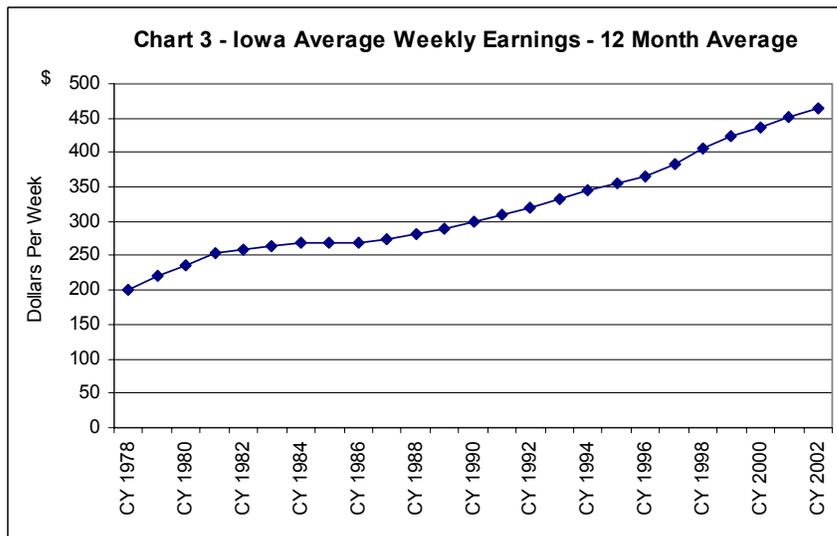


Iowa Economy

Iowa Employment – After recovering in the mid 1980’s from the lingering effects of the farm crisis, Iowa total employment increased each year until the point where Iowa had one of the lowest unemployment rates in the nation. Chart 2 shows the growth period of the 1990’s. From 1987 through 2000, the number of lowans working in the non-farm labor force grew by 380,000 (34.7%), for an average annual increase of 2.7% (October through September data). For 2001 and 2002, employment was less than the previous year’s employment.



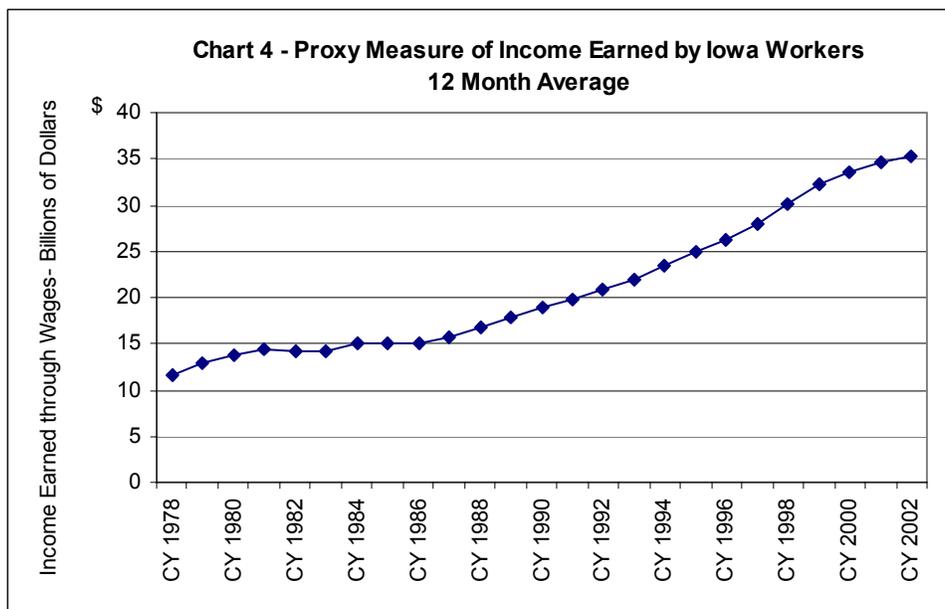
Iowa Average Weekly Wage – From 1987 to 2000, the average weekly wage also increased each year. Chart 3 shows the average weekly wage for the previous 12 month period (October through September). Also during the same period, the average weekly wage in Iowa increased from \$274 per week to \$436 per week, for an average annual increase of 4.6%.



Economy, Revenues, and Impact on FY 2003 Budget

The slowdown in the national economy has clearly impacted the employment and earnings of Iowans. Although charts 2 and 3 show good news throughout the 1990's, the news is not as good for 2001 and 2002. Employment in Iowa during September 2002 was down 1.0% from two years earlier. In addition, the growth in Iowa's average weekly wage, while still positive, slowed somewhat in the past two years. Both employment and wage numbers for September 2002 are initial federal government estimates and are subject to revision in the coming months.

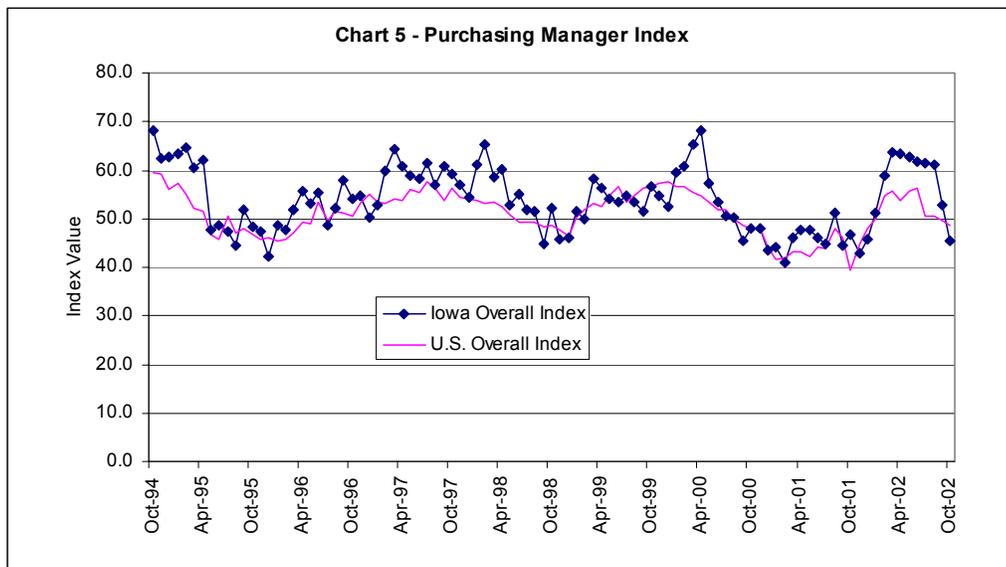
Wage Income – Chart 4 combines the information from the two previous charts. Through a multiplication of the 12-month average of monthly non-farm employment numbers and the 12-month average of Iowa's average weekly wage, a proxy value for total Iowa wage income through employment can be determined. From 1987 to 2000, the dollar value of this multiplication grew from \$15.6 billion to \$33.5 billion, for an average annual increase of 8.8%. For 2001 and 2002, the growth was 3.1% and 2.2% respectively. Although smaller decreases in the average weekly wage played a part, the major cause of the reduced growth rate was the reduction in employment.



As mentioned above, this chart is a proxy characterization of the changes in Iowa income from year to year. This analysis reflects \$33.5 billion in personal income in 2000, far below the \$77.9 billion reported as Iowa personal income by the United States Department of Commerce for that year. Besides being only an approximate indicator of labor force income, this analysis does not consider many forms of personal income, including interest, rent, farm income, government transfer payments, etc. This analysis was also done on a 12-month basis, with October being the first month and September the last because September is the latest data available for 2002. The Department of Commerce data series on personal income would be a better source for this type of analysis, but it is always a number of months behind.

Iowa Purchasing Managers' Index – Creighton University produces a monthly index based on a survey of purchasing managers for businesses within the Mid-American region of the country. The Creighton survey produces index values for the region and for each state in the region. The survey methodology is the same as the national survey completed by the Institute for Supply Management. Chart 5 shows the Iowa index value and the national value graphed together. The chart shows:

- The trend of the Iowa index is very similar to the trend of the national index.
- The Iowa index was above the national index for a majority of the months in the 1990's. However, this could be a result of different researchers completing the two surveys.
- The Iowa index value was above the national level from January 2002 through September 2002. However, significant drops in the Iowa index in September and October have caused the Iowa index to fall below the national index.
- Both indexes are currently below averages for the 1990's.

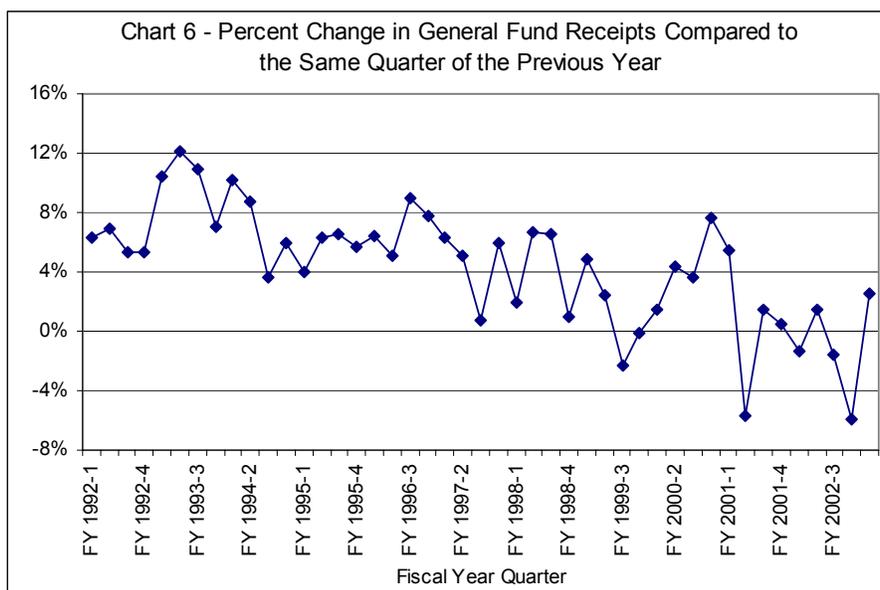


Iowa General Fund Revenues

Iowa's income, sales, use, and corporate taxes raise approximately 84.7% of the revenue deposited to the State General Fund each year (gross cash basis, excluding transfers). The amount of revenue generated by each of these funding sources depends upon the level of economic activity in the State (employment, consumer expenditures, business and government expenditures) during a fiscal year. Assuming other tax factors are equal (tax base and tax rates), a growing economy will produce more tax revenues than a stagnant one. The previous paragraphs on the recent condition of the national and Iowa economy show both have been in a downturn since

Economy, Revenues, and Impact on FY 2003 Budget

the fall of 2000, with an official U.S. recession having started in March 2001. Events of September 11, 2001, also have impacted business and consumer confidence, perhaps deepening and lengthening the recession. Chart 6 shows quarterly growth in Iowa revenues from the beginning of FY 1992 through the first quarter of FY 2003. The chart shows the percentage growth in General Fund revenues from one quarter when compared to the revenues of the same quarter the previous year. Most evident in the graph is the abrupt downturn experienced in the second quarter of FY 2001, when receipt growth fell from a positive value of 5.5% in the first quarter of FY 2001 to a value of negative 5.7% in the second quarter. The next seven fiscal quarters have also shown receipt growth well below the average for the 1990's.



The December 2002 Revenue Estimating Conference established an expected General Fund revenue growth rate (excluding transfers, accrual adjustments, and prior to refunds) of 0.3%. Although this growth rate is well below the trend during the 1990's, it is well above the FY 2002 rate of -2.1%. The REC estimate for FY 2003 is based on the Conference's expectation for a low positive economic growth rate for the remainder of the fiscal year.

SALARIES AND COLLECTIVE BARGAINING

The State of Iowa is currently in the process of negotiations with the eight unions representing State employees for salaries and benefits for FY 2004 and FY 2005. Chapter 20, Code of Iowa, establishes the framework and timeline for the bargaining process. The basic deadlines are:



- ▶ September through December – Unions and the State present initial proposals.
- ▶ January through March – Bargaining sessions occur, which may include the appointment of a mediator, fact finding, and binding arbitration.
- ▶ March 15 – Deadline for completion of the agreement.

The need for salary funding for FY 2004 will be increased by two factors outside of collective bargaining:

- The General Fund portion of the FY 2003 salary costs were funded from one-time non-General Fund revenue. Transfers of \$30.0 million from the Board of Regents demutualization proceeds and \$11.1 million from the Underground Storage Tank Fund were made to the Department of Management Salary Adjustment Fund.
- The FY 2003 budgets were reduced by \$33.5 million for savings resulting from employee furloughs and salary reductions.

The following table is a summary of the opening offers of seven of the eight collective bargaining units and the State’s response to five. The Legislative Fiscal Bureau has not yet received the remaining opening offers and responses. The General Assembly will be updated when the offers become available. The table contains only a summary of the major points. Copies of the opening offers will be available through the Legislative Fiscal Bureau. Each 1.0% increase in salaries for all of FY 2004 State employees is estimated to cost the General Fund \$13.0 million.

FY 2004 AND FY 2005 COLLECTIVE BARGAINING OPENING OFFERS AND STATE RESPONSE SUMMARY

Bargaining Unit	FY 2004		FY 2005	
	Wages	Benefits	Wages	Benefits
American Federation of State, County, and Municipal Employees (AFSCME)	5.0% across-the-board increase effective July 1, 2003. 5.0% steps for eligible employees.	Increase State share of health insurance premium. Include domestic partners in health insurance.	5.0% across-the-board increase effective July 1, 2004. Steps for eligible employees.	Same as FY 2004.

Salaries and Collective Bargaining

Bargaining Unit	FY 2004		FY 2005	
	Wages	Benefits	Wages	Benefits
State Response	<p>1.0% across-the-board increase effective July 1, 2003.</p> <p>Reduce value of steps from 5.0% to 2.5%.</p>	<p>Increase the employee health insurance contribution for single plans from 0.0% to 20.0%.</p> <p>Employees and State share equally in health insurance premium increases.</p>	Same as FY 2004.	Same as FY 2004.
Judicial AFSCME	<p>5.0% across-the-board increase July 1, 2003.</p> <p>Steps for eligible employees.</p> <p>Move to a higher pay plan.</p> <p>Increase weekend shift differential to \$1 per hour.</p> <p>Require automatic promotion to Juvenile Court Officers 2 and 3.</p> <p>Employees to receive pay when sent home because of the weather.</p>	<p>Modify seniority, layoff, transfer, recall, leave, termination payout, holiday and work schedule policies.</p> <p>Employer matches 50.0% of employee contribution to deferred compensation program up to \$75 per month effective July 1, 2003.</p> <p>Employer pays 95.0% of family premium for Iowa Select towards the family plan of the employee's choice and 95.0% towards a family dental plan, including same sex domestic partners, effective July 1, 2003.</p> <p>Add mail order prescription benefit and optical benefits.</p> <p>Eliminate incentive to switch to a Preferred Provider Organization health plan.</p> <p>Increase basic and optional life insurance, and disability coverage.</p>	Same as FY 2004.	Same as FY 2004.

Salaries and Collective Bargaining

Bargaining Unit	FY 2004		FY 2005	
	Wages	Benefits	Wages	Benefits
State Response	<p>0.0% across-the-board increases.</p> <p>Step increases for eligible employees.</p> <p>Change to a minimum/maximum pay plan.</p> <p>Increase pay for a second language.</p>	<p>Add mail order prescription benefit.</p> <p>Eliminate cash incentive payment/lower premium to switch to a Preferred Provider Organization from an indemnity plan.</p> <p>Cap employer contribution towards health plan premium at \$375 towards a single premium and \$700 towards a family premium.</p> <p>Increase drug plan co-pays to \$10/\$25/\$40.</p>	<p>Same as FY 2004.</p>	<p>Same as FY 2004.</p>
State Police Officers Council (SPOC)	<p>2.0% across-the-board increase July 1, 2003.</p> <p>Step increases for eligible employees.</p> <p>Employer pays time and one-half, and provides compensatory time off for work on a holiday effective July 1, 2003.</p>	<p>Employer pays 85.0% of family premium under Alliance Select effective July 1, 2003.</p> <p>Change work shifts with effect of reducing work by 23 days per year effective July 1, 2003</p>	<p>2.0% across-the-board increase July 1, 2004.</p> <p>Step increases for eligible employees.</p>	<p>Same as FY 2004.</p> <p>Employer matches 50.0% of employee contribution to deferred compensation program up to \$50 per month effective July 1, 2004.</p>
State Response	<p><i>A State response is not available.</i></p>	<p><i>A State response is not available.</i></p>	<p><i>A State response is not available.</i></p>	<p><i>A State response is not available.</i></p>
Iowa United Professionals (IUP)	<p>6.0% across-the-board increase for Scientific and 5.0% for Social Services effective July 1, 2003.</p> <p>Step increases for eligible employees.</p> <p>\$675 addition to base pay of effective July 1, 2003.</p>	<p>Permanent early out program. State pays 100.0% of health Insurance.</p>	<p>Same as FY 2004.</p>	<p>Same as FY 2004.</p>

Salaries and Collective Bargaining

Bargaining Unit	FY 2004		FY 2005	
	Wages	Benefits	Wages	Benefits
State Response	<i>A State response is not available.</i>	<i>A State response is not available.</i>	<i>A State response is not available.</i>	<i>A State response is not available.</i>
United Faculty of Iowa (UFI)	6.95% average pay increase effective July 1, 2003.	Shared governance with the Board. Tuition remission for the employee, spouse, dependant children and domestic partner. Sick leave bank to be shared by staff. Restrictions on staff reductions.	7.95% average pay increase effective July 1, 2004.	Same as FY 2004.
State Response	<i>Status quo.</i>	<i>Status quo.</i>	<i>Status quo.</i>	<i>Status quo.</i>
Committee to Organize Graduate Students (COGS) – University of Iowa	6.0% across-the-board increase effective July 1, 2003.	Employer pays 100.0% of vision coverage. Tuition remission. Childcare reimbursement.	6.0% across-the-board increase effective July 1, 2004.	Same as FY 2004.
State Response	<i>Status quo.</i>	<i>Status quo.</i>	<i>Status quo.</i>	<i>Status quo.</i>
Service Employees International Union (SEIU) – University of Iowa	6.0% average pay increase effective July 1, 2003. Restrictions on staffing levels and additional payments to staff in understaffed areas. Increase pay and benefits for certain work assignments and longevity. Increased benefits for weekend staff.	Under the cafeteria plan, increase the health insurance maximum contribution by the employer. Increase leave benefits, including days, and changes in procedures. Increase compensatory time and overtime pay to two times the hourly rate for a full-time employee.	6.0% average pay increase effective July 1, 2004.	Same as FY 2004.
State Response	<i>Status quo.</i>	<i>Status quo.</i>	<i>Status quo.</i>	<i>Status quo.</i>

CRITERIA FOR EVALUATION OF TAX POLICIES

Several policy options relating to various taxes have been proposed by members of the General Assembly. The following are eight criteria that can help shape and explain any plan that may be under consideration. Although most of the provided examples relate to the individual income tax, the criteria can be utilized in the development of any proposed change to the State and local tax system.

Simplification

The simplification concept applies to both the State and the taxpayers; that is, initiating changes that ease administrative burdens on the State and also ease compliance efforts on the part of taxpayers. Options relating to the individual income tax include:



- Coupling with the federal tax code, which could be done either in the form of piggy-backing (taxpayers pay a percentage of their federal tax) or coupling federal taxable income (the State would use the federal definition of “taxable income” and apply new rates and brackets).
- Initiating a flat tax, which may involve starting with federal adjusted gross income (AGI). Typically, complexity relating to the definition of “taxable income” is substantially more difficult to comply with and administer than complexity relating to rates and brackets. Thus, the General Assembly may wish to utilize a simple definition of taxable income (such as AGI) and apply a new set of brackets and rates.
- Virtually anything the State does to increase the extent to which Iowa tax law couples with federal tax law will render the system simpler, although doing so may have undesirable consequences relating to the other criteria.

Equity

The concept of equity implies that “equals” should be treated similarly and “unequals” may need to be treated dissimilarly. This concept relates more specifically to how similar individuals in different income classes are taxed; and how dissimilar individuals within the same income class are taxed. The General Assembly may wish to consider specific tax policy related to this issue. Income tax examples that might fall into this area of consideration include: the standard deduction, earned income tax credit, rate structure, dependent exemption, pension taxation, and the tuition/textbook credit.



Criteria for Evaluation of Tax Policies

Competitiveness

It is not known to what extent, if any, the Iowa individual income tax encourages individuals and businesses to migrate into or out of the State. A cross-state comparison analysis has shown that the variance in actual income tax liability is probably too small to have a significant impact. However, if the top rate (rather than actual tax) is resulting in the perception that the Iowa individual income tax is out of line with other states, the General Assembly may wish to consider lowering the rate. The rate could be lowered either in a manner that is revenue neutral or in a manner that results in revenue loss. The options under the simplification section would all have the effect of reducing the top marginal rate.

Revenue Stability/Responsiveness

The General Assembly may wish to consider actions that could be taken to maintain or improve the stability or responsiveness of individual income tax revenues. An example **\$** includes reviewing the effects of the deduction for federal income taxes paid. Specifically, when the federal government increases taxes, federal deductibility results in a decrease in Iowa tax revenues. Conversely, when the federal government decreases taxes, Iowa taxpayers receive a smaller reduction than taxpayers in states without federal deductibility since State income taxes increase.

Stability and responsiveness, however, are often mutually exclusive. A stable tax system is one that maintains consistent revenue streams throughout the business cycle, so that recessions do not result in shortfalls, and expansions do not result in unnecessary surpluses. Responsiveness to the business cycle can be beneficial when strong economic expansion increases government revenues so that increased demand for government services is satisfied. Thus, highly responsive systems tend to be unstable, and highly stable systems tend to be unresponsive. The purpose of a broad-based, multi-tax system is to help balance these two competing goals, such that economic expansions provide sufficient growth in revenues, but contractions do not result in budgetary shortfalls. However, such a system may add complexity.

Neutrality

Neutrality relates to economic efficiency. Changes in tax policy should not cause undue interference in the economic decisions of individuals and businesses. In other words, the administration of the tax should not inadvertently affect the decisions that individuals make with respect to buying or producing a given mix of goods and services.

Exceptions arise when markets function poorly. The State can either tax or regulate an industry so that the true costs of the product are reflected in the price. A good example is taxing (or regulating) emissions from a smokestack. This will result in an increase in

price and a decrease in sales of the item being produced. However, in this case, the tax adds efficiency because neighbors of the smokestack no longer are required to bear the cost of the pollution.

In general, however, a neutral tax policy will maximize the output of the State economy and produce the most goods and services at the least price.

Exportability

Exportability relates to shifting the tax burden to other states. All things being equal, any state would prefer to export the tax burden to residents of other states. However, this often results in competitiveness problems. In some ways, state tax deductibility affects exportability. When Iowa increases income taxes, the burden is shifted to the federal government, because State taxes are an itemized deduction. When Iowa decreases income taxes, the State revenue loss exceeds taxpayer gains for the same reason (the tax burden is imported).

Revenue Adequacy

Revenue adequacy of the tax system relates more to the tax system as a whole, but the income tax is the largest contributor. This criteria emphasizes the importance of overall State fiscal policy so that tax reductions are viewed within the context of the appropriations process.

Accountability

Accountability relates to the extent to which a tax system is transparent, so that tax increases and tax decreases are the result of direct government action rather than an automatic process. Accountability also refers to the portions of the tax system that are formula driven and thus subject to little or no legislative oversight, such as open-ended exemptions or deductions that may have the effect of eroding the tax base.

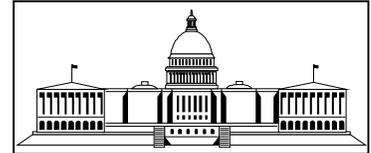


For example, during the 1996 Legislative Session, the General Assembly improved the accountability (transparency) of the individual income tax by approving full indexation of the tax brackets. Prior to indexing, an individual's tax liability could increase with wage inflation, even though the purchasing power of the individual's wages did not change. This process is often referred to as "bracket creep."

FY 2004 TAX ISSUES

Federal Legislation

The U.S. Congress enacted an economic stimulus package in 2001 that provided immediate income tax refunds, reduced income tax rates, and phased-out federal taxation of estates. The Iowa Department of Revenue provided a provision-by-provision analysis of the Iowa tax revenue impact of the legislation and a copy is available from the Legislative Fiscal Bureau.



A significant provision of the federal legislation phased in a repeal of the federal tax on estates. Under federal estate tax law, taxpayers receive a dollar-for-dollar credit against their federal estate tax liability for state estate and inheritance tax payments up to a specified amount. The maximum amount of the credit varies by the size of the estate. This credit is commonly called a “pick up tax.” Prior to the phase-out, Iowa collected approximately \$105.0 million in inheritance tax each year. Of this amount, \$30.0 to \$35.0 million is the result of Iowa’s pick up tax. As the federal estate tax is eliminated, Iowa’s collections from the pick up tax will also be eliminated. The Department of Revenue and Finance estimates the phased-in repeal of the estate tax will reduce Iowa tax revenues by a total of \$358.9 million over 10 years.

Separate federal economic stimulus legislation enacted in March 2002, allowed businesses to deduct additional depreciation for qualified expenditures. This additional amount is typically referred to as “bonus” depreciation. Iowa and many other States did not couple with the federal change. In these States, the expenditures are being depreciated at a slower rate than for federal taxation.

If Iowa were to adopt the federal depreciation schedule in the future, there would be a negative impact on the General Fund.

Streamlined Sales Tax Project

Representatives of government and industry are examining ways to simplify sales and use tax administration. Two organizations in particular are playing roles in that effort: the Streamlined Sales Tax Project (SSTP) and the National Conference of State Legislatures (NCSL).

Iowa is one of 36 states participating in the Streamlined Sales Tax Project’s effort to simplify the current system of state and local sales tax assessment and collection. The goal of the Project is to develop measures to design, test, and implement a sales and use tax system that radically simplifies sales and use taxes.

The Project released a final Streamlined Sales and Use Tax Agreement on November 12, 2002. The document is available at the organization’s web site at www.streamlinedsalestax.org.

FY 2004 Tax Issues

The proposed model legislation is designed to simplify and modernize sales and use tax administration in member states in order to substantially reduce the burden of tax compliance. Participation by a State is voluntary, but participating States must comply with the Agreement. Participation would require Legislative action.

If Iowa alters sales tax laws in order to conform to the Agreement, there could be a positive or negative impact on General Fund revenues, depending on the types of changes implemented in Iowa and other states.

Phase-out of State Sales Tax on Residential Home Energy

House File 1, enacted by the 2001 General Assembly, created a five-year phase-out of the state sales tax on residential household gas and electricity usage. The phase-out reduces Iowa's 5.0% sales tax to 4.0% on January 1, 2002, with additional 1.0% reductions each January 1st until the tax is eliminated starting January 1, 2006. The phase-out was projected to reduce sales tax revenues by:

- ▶ FY 2002 – \$ 8.8 million
- ▶ FY 2003 – \$26.5 million
- ▶ FY 2004 – \$44.2 million
- ▶ FY 2005 – \$61.9 million
- ▶ FY 2006 – \$79.6 million
- ▶ FY 2007 – \$88.5 million

Department of Revenue Tax Expenditure Study

In 2001, the Iowa Department of Revenue and Finance released a study of the total value to taxpayers of FY 2000 tax credits and exemptions for Iowa personal income tax, corporate income tax, sales tax, and use tax. The total reduction in taxes paid by taxpayers due to 218 separate credits and exemptions in FY 2000 was estimated to be \$3.860 billion. The Department was unable to determine estimates for another 62 credits and exemptions. A copy of the report may be found on the Department of Revenue and Finance website at <http://www.state.ia.us/tax>.

Remote Sales – Taxes from Sales Made Over the Internet and From Catalogs

During the 2002 interim, the Iowa Department of Revenue and Finance completed a study of sales and use tax revenue losses associated with out-of-state sales over the Internet and from catalogs. The report was delivered to the September meeting of the Fiscal Committee. The Department analyzed national reports on the subject and also

developed an independent estimate for the impact on Iowa. The Department concluded that the current level of annual revenue loss was \$49.5 million. The Department's estimate for FY 2006 was \$267.3 million and \$380.2 million for FY 2011.

Copies of the report are available from the LFB.

PROPERTY TAX ISSUES

Property Tax Relief

Major property tax relief programs have been created since FY 1996. **Figure 1** summarizes the property tax relief expenditures and projects the cost of each program through FY 2004. Full funding of the homestead, elderly, and military property tax credits is not included since the estimated cost cannot be determined. Below is a description of each program, followed by a discussion of the credits. 

Figure 1

Projected State Funded Property Tax Relief								
Dollars in Millions								
	<u>Actual FY 1997</u>	<u>Actual FY 1998</u>	<u>Actual FY 1999</u>	<u>Actual FY 2000</u>	<u>Actual FY 2001</u>	<u>Actual FY 2002</u>	<u>Estimated FY 2003</u>	<u>Estimated FY 2004</u>
Mach. & Equip.	\$ 6.9	\$ 11.3	\$ 17.1	\$ 23.7	\$ 41.6	\$ 15.1	\$ 35.0	\$ 21.6
Mental Health	78.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0
School Foundation	<u>84.8</u>	<u>88.0</u>	<u>91.9</u>	<u>111.6</u>	<u>123.1</u>	<u>126.5</u>	<u>132.2</u>	<u>130.5</u>
Total	<u>\$ 169.7</u>	<u>\$ 194.3</u>	<u>\$ 204.0</u>	<u>\$ 230.3</u>	<u>\$ 259.7</u>	<u>\$ 236.6</u>	<u>\$ 262.2</u>	<u>\$ 247.1</u>

Machinery and Equipment (M&E)

- The property tax on new M&E was repealed during the 1995 Legislative Session (SF 69, Property and Income Tax Reduction Act), retroactive to all M&E purchases made since January 1, 1994.
- The taxable value of M&E purchased prior to January 1, 1994, is being phased out over a four-year period that began in FY 2001, such that the taxable value on all M&E will be zero beginning in FY 2004. 
- Local governments receive reimbursement for the difference between the base year (FY 1996) M&E valuation and actual valuation for each year through FY 2001. For FY 2002 through FY 2006, the State reimbursement will be reduced to the extent that commercial and industrial valuations have grown since FY 1996. There will be no State reimbursement in FY 2007 and subsequent fiscal years. Reimbursements are paid from a standing unlimited appropriation to the M&E Property Tax Replacement Fund.

The intent of the original legislation was to eliminate the tax on M&E and spur additional commercial and industrial growth that would eventually offset the revenue loss to local governments from the M&E exemption. While it is true that the growth in commercial and industrial classes of property over a 10-year period will offset the Statewide loss of

Property Tax Issues

value from exempting M&E, this is not necessarily the case for an individual taxing authority (i.e., cities, school district, etc.) or an individual taxing district (the lowest geographic entity with a common consolidated tax levy rate).

The 1999 General Assembly directed the Department of Economic Development (DED) to review the impact of the M&E legislation on various taxing authorities and issue a report in January 2000. The final Report was issued March 1, 2000. Observations from this Report are paraphrased as follows:



- ▶ The M&E tax elimination appeared to be working. Through 1998, Statewide commercial and industrial valuation had grown by \$4.1 billion (24.0%) compared to a decline in the valuation of M&E property of \$611.0 million. The net growth in taxable valuation of \$3.5 billion amounted to approximately \$109.0 million in additional tax revenue to local governments. At the county level, only four counties were projected to have a net loss of property tax valuation by 1998.
- ▶ By establishing the replacement claim jurisdiction at the tax district level, the M&E tax elimination legislation guarantees a much larger State financial obligation. If the jurisdiction for determining replacement claims had been set at the county level and not the taxing district, and had the legislation stipulated that M&E losses be offset by commercial and industrial gains immediately, the State outlay for assessment year 1998 would have been about \$1.5 million rather than the \$23.0 million that was paid.
- ▶ The largest share of the money goes to a small number of taxing districts. According to the model developed to complete the Report, of the 718 districts expected to have claims in 2004, ten of those are expected to claim 51.0% of the funds. Two of these are tax increment finance districts, and two have 1998 tax rates of less than \$22 per \$1,000 valuation, considerably below the estimated average tax rate of \$31 per \$1,000 valuation. Beginning in 2001, the 20 highest claiming districts remained relatively unchanged.

Conclusions from the Report include:

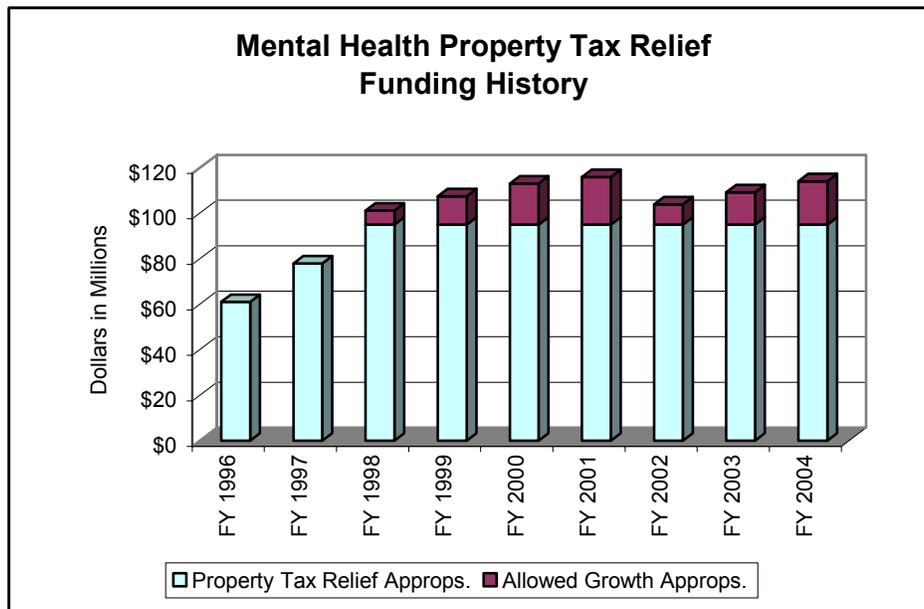
- ▶ The current legislation will result in substantial State outlays to counties and communities with slow growing tax districts since the reimbursement is determined on a tax district basis and not on a taxing authority basis.
- ▶ Large amounts of the replacement fund are going to taxing districts that are charging their own property taxpayers rates that are substantially below the rates of other districts across the State.
- ▶ Some tax increment finance districts qualify to claim replacement funds.

- An extension of the current legislation will not appreciably reduce the State outlays or remedy the problems in those few communities where slow economic growth has been a persistent issue.
- The magnitude of the projected State outlays is considerably higher than that which had been projected by the LFB in 1997 and in mid-1999 due to the issue of the claiming jurisdiction.

Mental Health Property Tax Relief

- The Mental Health Property Tax Relief Fund was created by SF 69 (Property and Income Tax Reduction Act) during the 1995 Legislative Session.
- A standing limited appropriation was established and phased in over a three-year period to complete the State share. The following chart details annual appropriations from FY 1995 through FY 2004. The State share includes \$6.6 million, that is transferred annually from the Property Tax Relief Fund to the Department of Human Services for services for mentally retarded children.

Figure 1



Note: The FY 2003 appropriations for property tax relief and the county expenditure base are assumed at the FY 1998 rate. House File 2623 (FY 2003 Salary, Statutory, and Corrective Changes Act) appropriated \$19.1 million for FY 2004 growth, which is a rate of 2.142%. This is an increase of \$4.9 million or 34.5% compared to estimated FY 2003. The growth rate for FY 2005 is scheduled to be appropriated during the 2003 Legislative Session.

Property Tax Issues

- Mental health funding in each county is triggered by a base year amount. The appropriation of \$95.0 million was originally set at 50.0% of the FY 1996 county base expenditures of \$189.9 million. Over time expenditure bases have been adjusted for a total adjusted county base of \$214.4 million.
- The first \$6.6 million of property tax relief for mental health is transferred annually to the Department of Human Services for Intermediate Care Facilities for the Mentally Retarded (ICF/MR) costs for children. An additional \$5.6 million was appropriated to the Department of Human Services for these same costs in FY 2002.
- The General Assembly has modified the mental health funds distribution method to counties. For FY 2003, the distribution is as follows:

Figure 3

FY 2003 Mental Health Property Tax Relief Distribution Formula

- One-third on the county's share of State population.
- One-third on the county's share of all counties' base year expenditures.
- One-third on the county's share of State's total taxable property valuation assessed for taxes payable.

Figure 4

FY 2003 Mental Health Allowed Growth Distribution Formula

- \$12.0 million for inflation distributed as follows:
 - ◆ 75.0% based upon the county's share of State population.
 - ◆ 25.0% based upon each county's previous fiscal year expenditures for MH/MR/DD services.
- \$14.5 million for a Target Pool. Counties having maximum mental health levies and below the 75th percentile of per capita expenditures are eligible.
- \$17.7 million for distribution of the Mental Health/Developmental Disabilities Community Services Fund. This is not part of the allowed growth appropriation but is included in the distribution formula.
- \$500,000 for a Risk Pool.

- ▶ After the calculation to determine the county distribution, the allowed growth component of \$27.0 million was then reduced by \$12.8 million, resulting in a net allowable growth appropriation for FY 2003 of \$14.2 million. This occurred to provide the greater allowed growth amount to assist counties with minimal County Fund balances while adjusting the appropriation for counties which may not need as much funding due to greater County Fund balances. The ending balance percentage, comparing balances to mental health expenditures for each county, determines the amount each county receives from the mental health allowed growth appropriation. The counties are required to submit the balances by December 1, 2002. The withholding factor for a county is based upon the following:
 - ◆ For an ending balance percentage of less than 10.0%, the withholding factor is 0.0%.
 - ◆ For an ending balance percentage of 10.0% through 24.0%, the withholding factor is 48.1%.
 - ◆ For an ending balance percentage of 25.0% through 34.0%, the withholding factor is 60.0%.
 - ◆ For an ending balance percentage of 35.0% through 44.0%, the withholding factor is 85.0%.
 - ◆ For an ending balance percentage of 45.0% or more, the withholding factor is 100.0%.

In addition, counties were required to levy at least 70.0% of the maximum allowed for the Services Fund under Section 331.424A, Code of Iowa, to be eligible for the allowed growth funding for FY 2003.

Ending balances in excess of 10.0% of the expenditures by a county for mental health services will result in a decreased share of the allowable growth appropriation for FY 2003, with the possibility that a county may not receive any of the allowable growth appropriation.

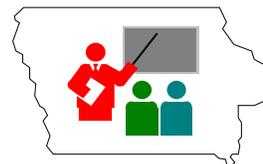
- ▶ The General Assembly may wish to consider the following during the 2003 Legislative Session:
 - ◆ Review county expenditures since the beginning of property tax relief funding, individual county levies for mental health services, and balances of the County Services Funds.
 - ◆ Review local services provided within the State in lieu of a mandated minimum service level.
 - ◆ Review proposals for the FY 2005 allowable growth appropriation and other proposed State funding changes.

Property Tax Issues

- ◆ Review the impact of the distribution of the FY 2003 allowable growth appropriation and the enacted distribution of the FY 2004 allowable growth appropriation.
- ◆ Review the State Auditor's report regarding questionable expenditures which occurred in FY 2002 to reduce Johnson County's Fund balance to become eligible for a greater amount of the allowed growth appropriation.

School Foundation Level

- In the 1996 Legislative Session, the regular program foundation level was raised from 83.0% to 87.5%. Raising the foundation level increased State aid and reduced property taxes for local school districts by \$84.8 million in FY 1997. In general, school districts with the lowest taxable valuation received the biggest tax rate decrease.
- Additional property tax relief was provided by the 1999 General Assembly by raising the foundation level for the special education portion of regular program costs from 79.0% to 87.5%. In addition, funding for the Talented and Gifted Program was shifted from 100.0% property taxes to the foundation formula. This has resulted in the Talented and Gifted Program being funded by a combination of property taxes and State aid. In FY 2000, the State assumed \$16.7 million of the Program costs, and the remaining \$2.4 million continued to be funded by property taxes. These amounts increase annually by the allowable growth percentage.
- Raising the foundation level can provide future property tax decreases. In FY 2004, increasing the regular program foundation level by 1.0% would increase State aid and reduce property taxes by \$22.6 million. Increasing the special education foundation level by 1.0% would increase State aid and reduce property taxes by \$3.2 million.



Property Tax Credits

The major property tax credits include the homestead tax credit, agricultural land tax credit, family farm tax credit, military service tax exemption, and various low-income elderly credits. **Figure 5** shows the amounts claimed by taxpayers and the amounts paid by the State, based on FY 2001 payments. For the military and elderly credits, local governments pay the difference between the amount claimed and the State payment. For the agricultural credits, taxpayers receive pro-rated shares of the State payment.



Figure 5

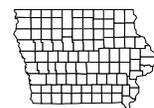
Local Government Claims and Payments			
(Dollars in Millions)			
FY 2002	Amount Claimed	Amount Paid by State	Additional Cost of Full State
Homestead Credits	\$ 115.4	\$ 110.9	\$ 4.5
Agriculture Land Credits	104.9	29.1	75.9
Family Farm Credits	47.4	8.3	39.1
Military Service Tax Exemption	2.6	2.6	0.0
Elderly Credits			
Rent Reimbursement	10.3	10.3	0.0
Property tax	5.8	5.5	.3
Mobile homes	0.1	0.1	0.0
Special Assessments	0.0	0.0	0.0
Elderly Credit Total	16.2	15.9	0.3
Total	\$ 286.5	\$ 166.8	\$ 119.8

Homestead, Elderly, and Military Service Property Tax Credits

During the 1997 Session, the General Assembly passed HF 726 (Tax Credits and Exemptions – Local Budget Practices – Property Tax Statements Act) that required new property tax credits or exemptions to be fully funded by the State. If the new credit or exemption is not fully funded by the State, the credit or exemptions will be prorated to the taxpayer. These requirements also apply to the homestead, elderly and disabled, and military service property tax credits. The Act also removed the appropriation freeze on the homestead, elderly and disabled, and military service property tax credits. Removing the appropriation freeze reinstated the standing unlimited appropriations for these credits.

Property Tax Equalization

Equalization under Section 441.47, Code of Iowa, is a process used to maintain equity for property assessments between counties. The Department of Revenue and Finance (DRF) makes a determination for equalization of specific classes of property in each county. The Department determines, by county, if residential and commercial property is generally assessed too high, too low, or within an appropriate range based on county sales data.



Property Tax Issues

Equalization of commercial and residential classes of property is performed every two years (odd-numbered years).

Equalization is also performed for agricultural property. However, agricultural property is assessed on a productivity basis, rather than market value.

Equalization orders are given to county assessors. Although the assessors have some discretion in allocating increases and decreases within classifications of property, in most cases, assessors apply the percentage change across the board.

Figure 6 displays the Statewide changes to 1999 property tax valuations due to assessor revaluation, equalization order, and the net impact on valuations by class of property. The January 1, 2001, valuations are used to generate property tax revenues in FY 2003. Residential property includes urban and rural residential and agricultural dwellings. The next equalization cycle will begin with valuations effective January 1, 2003, and will conclude with the DRF equalization order in the fall of 2003.

Figure 6

2001 Assessor Revaluation Actions and Equalization Orders

Agricultural	+0.1%	+1.5%	+ 1.6%
Residential	+6.1%	+4.1%	+10.2%
Commercial	+3.9%	+2.5%	+ 6.4%

Assessed Valuation Limitation (Rollback)

Assessment limitations provide for the reduction of property tax valuations to cushion the impact of inflation. The assessment limitations are applied to classes of property as follows:

- For agricultural, residential, commercial, and industrial classes of real estate, the taxable valuation for each class is limited to 4.0% annual Statewide growth from revaluation. In addition, the percent of growth from revaluation is to be the same for agricultural and residential property.
- For utility property, the taxable valuation is limited to 8.0% annual Statewide growth from revaluation.
- For railroad property, the assessed valuation is adjusted by the lowest of the assessment limitation percentages for commercial, industrial, and utility property to determine the taxable valuation.

An assessment limitation percentage is applied uniformly to each assessed value in the State for a class of property. Even though the State's total taxable value will increase by only the allowed percent of growth, the taxable values for individual properties will change by different percentages. **Figure 7** shows historical rollback adjustments due to the assessment limitation.

Figure 7
Percent of Property Valuation after Rollback Adjustment

Assessment Year	Agricultural	Residential	Commercial	Industrial	Utilities	Railroads
1993	100.0000%	68.0404%	100.0000%	100.0000%	100.0000%	100.0000%
1994	100.0000%	67.5074%	100.0000%	100.0000%	97.2090%	97.2090%
1995	100.0000%	59.3180%	97.2824%	100.0000%	100.0000%	97.2824%
1996	100.0000%	58.8284%	100.0000%	100.0000%	100.0000%	100.0000%
1997	96.4206%	54.9090%	97.3606%	100.0000%	100.0000%	97.3606%
1998	100.0000%	56.4789%	100.0000%	100.0000%	100.0000%	0.0000%
1999	96.3381%	54.8525%	98.7732%	100.0000%	100.0000%	98.7732%
2000	100.0000%	56.2651%	100.0000%	100.0000%	100.0000%	100.0000%
2001	100.0000%	51.6676%	97.7701%	100.0000%	100.0000%	97.7701%
2002	100.0000%	51.3874%	100.0000%	100.0000%	100.0000%	100.0000%

Tax Increment Financing (TIF)

A Tax Increment Finance (TIF) area is established when a city or county adopts a resolution establishing an urban renewal project or a community college adopts a jobs training project. The taxable value of the TIF area in the year prior to the establishment of the TIF becomes the base value. The property tax revenue from the base value is distributed to all taxing entities. Any growth above the base is called the incremental value. The property tax revenue on the incremental value goes to the TIF project.

As directed by the 2000 General Assembly in HF 776 (Urban Renewal Act) a comprehensive review of the use of Tax Increment Financing (TIF) is in progress. The legislation required that the Department of Management (DOM) collect a number of data items regarding the level and use of TIF by cities and counties. The DOM is required to provide the data to the Legislative Fiscal Bureau (LFB) for analysis and report to the General Assembly. The original statutory deadline for the submittal of the information to the DOM was September 30. Due to a number of technical issues, this date was not met the first year (1999). Senate File 2459 (Urban Renewal Financial Report Act), passed by the 2000 General Assembly, changed the annual filing deadline to December 1. Senate File 2459 also stipulated that if a municipality has not filed an annual report with the State by December 1, the county treasurer would withhold disbursement of tax increment revenues to the municipality. Currently, the DOM is gathering the information and working with the LFB.

An **Issue Review**, “Tax Increment Financing (TIF),” issued July 31, 1997, provides additional details on TIFs and the impact on the State, local governments, and taxpayers.

FEDERAL FUNDING ISSUES

The 107th Congress was faced with the first budget deficit since Federal Fiscal Year (FFY) 1997. While the surplus for FFY 2001 was \$127.3 billion, the Treasury reported a deficit for FFY 2002 of \$158.5 billion. When the 107th Congress adjourned, it had not finished consideration of the majority of the FFY 2003 budget bills and instead passed a continuing resolution to fund the federal government until the 108th Congress convenes. The new Congress will be faced with decisions on holding down spending for some domestic programs in order to provide the resources needed to fund the military effort against terrorism. This may result in decreases to some programs that provide Iowa with funding.



Current estimates are that in State FY 2003 Iowa will receive approximately \$3.435 billion in federal funding. This is a decrease of \$59.6 million (1.7%) compared to actual State FY 2002 receipts. Over \$1.582 billion (46.1%) of this amount will be received by the Department of Human Services (DHS), primarily for the Medical Assistance (Medicaid), Food Stamps, Children's Health Insurance, and Family Investment Programs. Other departments that will receive large amounts of federal funds include:

- \$389.3 million for the Department of Education.
- \$283.8 million for the Board of Regents Institutions.
- \$306.7 million for the Department of Transportation.
- \$481.1 million for the Department of Workforce Development.

For State FY 2004, it is anticipated that Iowa will receive \$3.056 billion in federal funds. This would be a decrease of \$378.9 million (11.0%) compared to estimated State FY 2003. Over \$1.352 billion (39.3%) of this amount will be received by the DHS. Other departments that will receive large amounts of federal funds include:

- \$364.4 million for the Department of Education.
- \$293.6 million for the Board of Regents Institutions.
- \$261.7 million for the Department of Transportation.
- \$432.6 million for the Department of Workforce Development.

The estimated State FY 2003 and FY 2004 figures for federal funds are likely to be revised for a number of reasons, including:

Federal Funding Issues

- ▶ Prior to adjournment, the 107th Congress passed a continuing resolution and is currently funding most federal agencies at the level of the previous year. When the 108th Congress completes budget work for FFY 2003, it is likely that various federal programs will receive changes in allocations that will result in changes to estimated receipts for states.
- ▶ Some departments historically underestimate the amount of federal funds they are likely to receive to ensure a conservative approach to planning expenditures.
- ▶ A number of adjustments are made each time the books are closed on a federal fiscal year. This could result in reversion of unexpended federal funds and, where federal law allows, the carry-forward of federal funds into the next fiscal year.
- ▶ Rule changes in many federal programs take time to be finalized and published, and those changes could impact the amount of funds states will receive and the distribution of the available funds.

Normally, by November of each year, the Federal Funds Information Service (FFIS) provides an analysis of some of the major federal grant programs and estimated allocations for each state. However, as Congress has not completed work on all appropriations bills and the federal government is operating on a continuing resolution, that analysis will not be available until the FFY 2003 budget is finalized. As soon as the bills are passed and FFIS completes its state funding breakdown, the level of funding that Iowa can expect to receive will be made available.

According to the National Conference of State Legislatures (NCSL), due to the aftermath of September 11, 2001, the 108th Congress and the President will have to continue to confront some major issues that will impact Iowa, including:



- ▶ Homeland Security.
- ▶ The continued war against terrorism.
- ▶ The potential threat of bioterrorism.
- ▶ A sluggish economy.

The General Assembly may wish to review the following issues:

- ▶ Children's Health Insurance Program (CHIP) – Iowa received its first allotment of this federal funding in October 1998. Unused funds for FY 1998 were scheduled to revert in January 2001 to a federal pool for redistribution among states that have exhausted their allotments. Iowa had unused funds of \$6.1 million for FY 1998 and \$11.4 million for FY 1999. As a result of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act, states with unused federal allotments

were allowed to continue availability of part of the unused funds. Iowa was allowed to keep \$4.0 million of the unused FY 1998 allotment and \$4.8 million from FY 1999, in accordance with requirements of the federal Act. Effective October 1, 2002, Iowa had an unspent balance of \$16.7 million from FY 1998, 1999 and 2000, which must revert to the federal treasury. Congress has not finalized legislation that would allow States to keep any portion of these unused funds. There are current Congressional proposals that would allow States like Iowa, which have unspent funds, to keep those funds up to three years instead of one year. This would reduce the amount of funds reverting to the federal funding pool for redistribution to other States. For more information on this issue, please contact Sam Leto (281-6764) or Jennifer Vermeer (281-4611).

- ▶ Temporary Assistance for Needy Families (TANF) – On September 30, 2002, the authorization for receiving TANF federal funds ended. At this time, Congress has not passed legislation to reauthorize funds for this welfare reform initiative, which began on October 1, 1997. States have been receiving TANF dollars under the authorization of continuing resolutions since October 1, 2002. Iowa has received \$131.5 million each year. Without this funding, the General Assembly may want to consider providing other funds to maintain current cash assistance and services. For more information on this issue, please contact Sam Leto (281-6764) or Jennifer Vermeer (281-4611). 
- ▶ Impact of the federal transportation funding legislation – The Transportation Equity Act for the 21st Century (TEA-21) provides an increase of \$565.3 million (42.8%) in Highway Program funds over the six-year authorization period, compared to the six-year apportionments made in the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). The FFY 2003 Federal fund apportionments for public transit assistance and aviation improvements are unknown at this time due to delay in Congressional action. For more information on this issue, please contact Mary Beth Mellick (281-8223).
- ▶ Federal Fiscal Year (FFY) 2002 supplemental appropriations:
 - ✦ The Emergency Management Division, Department of Public Defense, received a Supplemental Funding Grant for FFY 2002. These funds were for three areas of Emergency Management, including: State and Local All-Hazards Operational Planning, Citizen Corps/Community Emergency Response Teams (CERT), and EOC – Phase 1. The grants are 100.0% federally funded. The Planning and Citizen Corps/CERT grants require a 75.0% pass-through to the local governments.
 - ✦ The Emergency Management Division received \$1.0 million for State and Local All-Hazards Operational Planning. The Division received \$285,000 for the Citizen Corps/CERT. The Division also received \$50,000 for the evaluation of the Emergency Operations Center (EOC). The grants are to be used for evaluation and planning.

Federal Funding Issues

- ✦ Emergency Operations Center – Phase 2 funds will be applied for in May of 2003. These additional funds, if received, will be used for enhancements and upgrades to the current Center. According to the Stafford Act, any improvements to an Emergency Operations Center would require a 50/50 cash or in-kind match. Emergency Management is trying to get this changed to a 75/25 match. The application for these additional EOC funds is due May 17, 2003. For more information on this issue, please contact Jennifer Dean (281-7846).
- ✦ The following chart shows what State agencies received Homeland Security appropriations in State FY 2002 and FFY 2002.

Iowa Homeland Security Appropriations FFY 2002 and SFY 2002

	Receiving Entity	Federal
Airport Security	Public Defense	\$ 1,200,000
Animal Disease Surveillance & Response	Agriculture and Land Stewardship	622,166
CDC - Public Health Preparedness	Public Health	429,542
CDC - Public Health Preparedness (separate grant)	Public Health	11,500,000
HRSA - Hospital/EMS	Public Health	1,300,000
Emergency Responder Training Funds	Cedar Rapids Institute	650,000
Emergency Management Performance Grant	Emergency Management	764,330
Emergency Management Performance Grant	Counties	836,190
Hazardous Materials Emergency Preparedness	Emergency Management/passthrough	204,938
Terrorism Consequence Management	Emergency Management	249,329
DOJ Domestic Preparedness Equipment Program	80% Locals/20% State	2,332,000
TOTAL		\$ 20,088,495

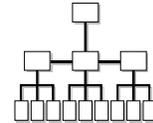
For further information on federal funds received by the Department of Public Defense please contact Jennifer Dean (281-7846).

Some Executive Branch departments have not yet provided the full amount of federal funds anticipated for FY 2004. Others will likely be revising estimates prior to the release of the Governor's budget recommendations, based on the any new federal administrative rules that impact funding formulas or access to discretionary funds. If departmental estimates are revised prior to the beginning of the Legislative Session, the LFB will provide updated estimates in the budget documents that will be distributed to the respective Appropriations Subcommittees.

THE GOVERNOR'S PROPOSED ADMINISTRATIVE REORGANIZATION

During the 2002 Legislative Session, the Governor proposed to reorganize a number of administrative departments and agencies into a single new administrative agency, the Department of Administrative Services. The proposed department would include the following:

- ✦ Information Technology Department
- ✦ Department of General Services
- ✦ Department of Personnel
- ✦ Iowa Communications Network
- ✦ Accounting functions of the Department of Revenue and Finance



The General Assembly did not act on the proposed legislation as the bill was submitted late in the session and the details on how the proposed agency would function had not been clearly developed.

During the 2002 Interim, a work group including the Directors of the Departments of Revenue and Finance and Management and Mary O'Keefe, a private sector expert in reorganization, continued to refine the proposal. Additionally, a Subcommittee of the Legislative Oversight Committee met with the Executive Branch work group several times to review the details of the proposal and offer input.

The initial goal of the reorganization is to merge core services currently provided to all State agencies into one entity. The resulting department would include human resources, training, purchasing, accounting, facilities, maintenance, vehicle fleet, mail, printing, and information technology.

Entrepreneurial management would be added over a period of three to five years. The goal would be to foster customer orientation and continuous cost control. According to the work group, entrepreneurial management changes the focus from regulation to quality service at lower cost. Under this approach, work units would be transformed into one of two kinds of autonomous business units, including:

- **Utilities** – Work units with revolving funds functioning much like cooperatives, with the internal customers as the guiding cooperative members, negotiating service levels and rates, and benefiting from standardization and economies of scale. Customers may be required to purchase a base-level of service, with additional increments of service optional. Examples include e-mail, mainframe computer, and procurement services.

Proposed Administrative Reorganization

- ▶ **Marketplace services** – These work units function as relatively independent business units within government, earning revenues from customers by being cost-competitive and responsive. To the greatest extent possible, the enterprise is freed of bureaucratic requirements and can build a business within state government, including acquisition of work from other governmental jurisdictions. Conversely, customers are free to choose providers, from the public or private sector. Examples include printing/copying, collections, information technology applications development, and recruitment.

These work units give up direct appropriations funding and in return receive flexibility and freedom to operate as independent businesses within state government. They are funded from fees assessed to the customers. The customers have a greater say in the quantity and quality of services received and usually enjoy lower costs, which enable them to improve efficiency and service quality for the lowans they serve.



If the General Assembly would decide to create a new, consolidated department, the funding sources and revolving funds of the various entities would need to be moved to the new department. The work group does not expect any immediate cost savings from the reorganization since the budgets for the individual departments have already been reduced over the past two years. The work group expects the reorganization will help the new department carry-out the obligations of the current individual departments that could go unmet without a more efficient provision of service.

TOBACCO SECURITIZATION

On November 20, 1998, 46 states approved a settlement agreement with the four major tobacco industry manufacturers comprising 99.4% of the United States cigarette market. The manufacturers agreed to a settlement valued at \$206.4 billion to be paid over 25 years to settle tobacco-related lawsuits filed by the states. The Master Settlement Agreement covered 39 states that filed lawsuits and seven states that had yet to sue. The settlement does not apply to the four states that previously settled lawsuits.

Industry Payments – The funding provisions of the settlement include:

- ▶ An annual industry payment in perpetuity to the 46 settling states plus \$12.7 billion for “up-front” payments. Up-front payments were distributed beginning in December 1998 and are scheduled to continue through January 2003. Annual payments will total \$195.9 billion through the year 2025 and will be adjusted annually for inflation and according to cigarette sales volume. Iowa’s total share will be approximately \$1.9 billion.
- ▶ \$8.6 billion for a Strategic Contribution Fund, to be paid to states over a ten-year period beginning April 2008, and to be allocated based on efforts expended to resolve the state lawsuits against tobacco companies. Iowa’s share will be approximately \$234.0 million.
- ▶ \$50.0 million for an Enforcement Fund available to states to prosecute settlement violations. Payments will be made to a national escrow agent and made available to states as needed for prosecution.
- ▶ \$1.45 billion for a sustained advertising program to counter youth tobacco use and educate consumers about tobacco related diseases. Payments will be made to a foundation that will use the funds to administer a national campaign.
- ▶ \$250.0 million to develop programs to reduce teen smoking and substance abuse and to prevent diseases associated with tobacco use. Payments will be made to a foundation that will administer a national campaign.



Iowa will receive approximately \$1.9 billion (0.87%) of the total funds allocated for distribution to the states. Annual payments to Iowa initially increase on an annual basis. From FY 1998 through FY 2001, Iowa has received \$144.4 million. Unadjusted payments for future fiscal years are:



- ▶ \$155.1 million from FY 2002 to FY 2004
- ▶ \$178.9 million from FY 2005 to FY 2007

Tobacco Securitization

- \$189.4 million from FY 2008 to FY 2010
- \$1.1 billion from FY 2011 to FY 2025

The estimated receipts include strategic payments, receipts due from the Master Settlement Agreement, and net litigation payments. The estimate assumes an average annual decline in cigarette sales of 2.6% through 2004. The average annual decline for succeeding years is assumed to be 1.6%. Estimated payment amounts, however, may change significantly once volume and inflation adjustments are computed. An inflation adjustment equal to the greater of the Consumer Price Index or 3.0% is applied to each year's annual payment amount. A volume adjustment is also applied to each year's payment amount to reduce payments if cigarette sales decrease compared to the 1997 sales volume.



2000 Legislative Session

The General Assembly made the following FY 2001 appropriations from tobacco settlement funds: Healthy and Well Kids in Iowa (Hawk-I): \$235,000; Human Services' Provider Rates: \$26.3 million; Tobacco Cessation Programs: \$9.3 million; Healthy Iowans 2010 Programs: \$2.8 million; Substance Abuse Treatment: \$11.9 million; Community-Based Corrections Substance Abuse Treatment: \$610,000; Savings Account for Healthy Iowans: \$3.8 million; Transfer to the General Fund: \$64.6 million.

The General Assembly enacted HF 2579 (Tobacco Securitization Act), creating the Tobacco Settlement Authority with the Governing Board comprised of the Treasurer of State, the State Auditor, and the Director of the Department of Management. The Act began the process necessary for the State to sell its future tobacco settlement payments due from the Master Settlement Agreement.

2001 Legislative Session

The General Assembly enacted the following Acts related to tobacco:

- SF 532 (Tobacco Securitization Act)
- SF 533 (Tobacco Settlement Trust Fund Act)
- SF 537 (Healthy Iowans Tobacco Trust Fund Act)
- HF 413 (Teacher Compensation Reform and Student Achievement Act)
- HF 755 (FY 2002 Standing Appropriations Act)
- HF 742 (FY 2002 Infrastructure Appropriations Act)

Senate File 532, Tobacco Securitization Act, authorized securitization of the tobacco settlement payments. The Act authorized the sale of approximately \$600.0 million of tax-exempt securities and \$50.0 million in taxable securities for 30 years. Interest on the proceeds remains in the Trust. The Act created the Tax-Exempt Bond Proceeds Restricted Capital Fund Account. Funds within the Account are used for litigation payments, qualified capital projects, and certain debt service. The Act also created the Endowment for Iowa's Health Account to hold net proceeds of any taxable or tax-exempt bonds issued to provide funds for health-related programs, any portion of the State's tobacco settlement payments that are not sold to the Tobacco Settlement Authority, and any other moneys appropriated to the Account. Senate File 532 transferred \$55.0 million from the Endowment to the Healthy Iowans Tobacco Trust for health-related programs.

Senate File 533, Tobacco Settlement Trust Fund Act, redirected the State wagering tax allocation to the Endowment for Iowa's Health Account and made General Fund appropriations to the Endowment over a six-year period. The Act made the following allocations from the State wagering taxes:

- ▶ FY 2002: \$80.0 million
- ▶ FY 2003: \$75.0 million
- ▶ FY 2004: \$70.0 million
- ▶ FY 2005: \$70.0 million
- ▶ FY 2006: \$70.0 million
- ▶ FY 2007: \$70.0 million



Prior to enactment of SF 533, these revenues were deposited in the Rebuild Iowa Infrastructure Fund (RIIF). The Act also made the following General Fund appropriations to the Endowment:

- ▶ FY 2002: \$7.2 million
- ▶ FY 2003: \$27.1 million
- ▶ FY 2004: \$28.3 million
- ▶ FY 2005: \$29.8 million
- ▶ FY 2006: \$29.6 million
- ▶ FY 2007: \$17.8 million

Tobacco Securitization

Senate File 537, Healthy Iowans Tobacco Trust Fund Act, appropriated a total of \$60.3 million to the Departments of Human Services, Public Health, Corrections, and Education for health-related initiatives. Of the \$60.3 million, \$57.2 million was appropriated from the Healthy Iowans Tobacco Trust Fund and \$3.1 million from the Savings Account for Healthy Iowans. The Act transferred the FY 2001 ending balance of the Savings Account for Healthy Iowans to the Healthy Iowans Tobacco Trust Fund, and also directed the reversions from the FY 2001 appropriations to the Fund. The FY 2002 beginning balance in the Healthy Iowans Tobacco Trust Fund was \$11.3 million.

House File 413, Teacher Compensation Reform and Student Achievement Act, appropriated \$40.0 million from the Endowment for Iowa's Health Account to the Student Achievement and Teacher Quality Program. The amount of monthly payments needed to implement the teacher salary increases were \$3.5 million over nine months. This amounts to a total of \$31.5 million. The remaining \$8.5 million was used for a variety of other education programs.



House File 755, FY 2002 Standing Appropriations Act, appropriated \$17.9 million from the bond proceeds of the Tobacco Settlement Trust Fund. The appropriations included \$10.6 million for attorney litigation payments and \$7.2 million for FY 2002 debt service payments for the Iowa Communications Network (ICN), Board of Regent's Academic Revenue Bonds, and Prison Debt Service. In prior years, these payments were made from the General Fund and the Prison Infrastructure Fund.

House File 742, FY 2002 Infrastructure Appropriations Act, appropriated \$107.0 million from the tax-exempt bond proceeds of the Tobacco Settlement Trust Fund for numerous infrastructure projects.



2001 Interim

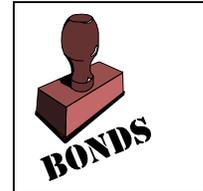
The Tobacco Settlement Authority hired the investment banking firms of Solomon Smith Barney, Senior Manager, and Bear Stearns, Co-Senior Manager. Other firms serving as co-managers included Merrill Lynch, First Albany, Morgan Stanley, Lehman Brothers, US Bancorp, Piper Jaffrey, A.G. Edwards, and Goldman Sachs. Other members of the financial team, hired in the 2000 interim, included financial advisor Public Financial Management; the partnership of Hawkins, Delafield & Wood in conjunction with Ahlers, Cooney, Dorweiler, Haynie, Smith, and Allbee, P.C. as special counsel; and the Dorsey and Whitney Law Firm as legal counsel. The financial team's compensation was contingent upon securitizing tobacco payments.

The Tobacco Settlement Authority sold \$644.2 million in securities in October 2001. The \$644.2 million represents approximately 78.0% of receipts due to Iowa under the Master Settlement Agreement. The Series 2001 A bonds were a \$40.0 million issue. These are federal taxable bonds with the yield estimated to be 6.8%. Proceeds of this unrestricted issue were deposited into the Endowment for Iowa's Health Account. The Series 2001 A bond proceeds were distributed as follows:

- \$39.6 million deposited into the Endowment for Iowa's Health Account.
- \$330,000 for the underwriter's discount.
- \$119,000 for the costs of issuance.

The Series 2001 B bonds were a \$604.2 million issue with an original discount of \$9.3 million. These are federal tax-exempt bonds and are split as follows:

- \$61.3 million serial bonds with a yield ranging from 4.6% to 4.9%.
- \$205.8 million medium term bonds with a yield of 5.5%.
- \$337.1 million long term bonds with a yield of 5.7%.



The Series B bonds proceeds are distributed as follows:

- \$139.7 million for refunding and defeasance purposes.
- \$374.4 million for capital projects over the next six years, including FY 2002.
- \$25.5 million for attorney fees related to the Master Settlement Agreement.
- \$200,000 for the operating expenses of the Tobacco Settlement Authority.
- \$48.1 million for the Debt Service Reserve Account.
- \$5.0 million for the underwriter's discount.
- \$1.8 million for the costs of issuance.
- \$200,000 for costs related to enforcing the Master Settlement.

2002 Legislative Session

The 2002 General Assembly passed several Acts which impacted the Endowment, the Restricted Capital Fund, and the Healthy Iowans Tobacco Trust:

- Senate File 2304, FY 2002 Budget Adjustment Act, made an across-the-board reduction of 1.0% for FY 2002 that reduced the General Fund appropriation to the Endowment by \$72,000. The Act transferred \$15.0 million in wagering tax receipts from the Endowment to the General Fund and transferred \$7.0 million from the Endowment to the General Fund.

Tobacco Securitization

- ▶ House File 2245, FY 2002 Medicaid Supplemental Appropriations Act, appropriated \$2.5 million from the Endowment to the Department of Human Services for Medicaid.
- ▶ House File 2075, FY 2002 Endowment Reimbursement Act, committed future General Fund receipts for reimbursing the Endowment up to \$91.5 million for several appropriations made by the 2002 General Assembly.
- ▶ House File 2615, FY 2003 Healthy Iowans Tobacco Trust Appropriations Act, transferred \$9.0 million in FY 2003 wagering tax receipts from the Endowment to the Healthy Iowans Tobacco Trust. The Act also eliminated the FY 2003 General Fund appropriation of \$27.1 million to the Endowment.
- ▶ Senate File 2315, FY 2003 School Foundation Aid Act, appropriated \$20.0 million from the Endowment's FY 2003 wagering tax allocation for School Foundation Aid. The General Fund appropriation for School Foundation Aid was reduced by \$20.0 million.
- ▶ House File 2623, FY 2003 Salary Adjustment Act, amended SF 2315 to eliminate the requirement that the first \$20.0 million in wagering tax receipts be transferred to the General Fund. The money was transferred, but it was no longer required to be the first \$20.0 million. This action was taken due to cash flow concerns.
- ▶ House File 2614, FY 2003 Infrastructure Appropriations Act, appropriated \$16.8 million from the Endowment's wagering tax allocation for the Board of Regent's Tuition Replacement.
- ▶ Senate File 2317, Tobacco Settlement Enforcement Act, provided a FY 2002 supplemental appropriation of \$945,000 to the Treasurer of State for payment of litigation fees incurred pursuant to the Master Settlement Agreement. The appropriation was made from the tax-exempt bond proceeds of the Restricted Capital Fund.
- ▶ House File 2627, FY 2003 Second Omnibus Appropriations Act, transferred \$9.0 million from the Endowment to the General Fund.
- ▶ House File 2625, FY 2002 Adjustments and Transfers Act, increased the amount of money to be repaid to the Endowment from \$91.5 million to \$93.5 million.

Future Funding Issues

The Endowment for Iowa's Health Account was originally envisioned to be used as a stable funding source for future appropriations related to health care programs. The transfers, deappropriations, and appropriations made from the Endowment reduced its long-term earnings potential. The General Assembly has committed future General

Fund receipts to repay the Endowment for transfers, deappropriations, and appropriations made during the 2002 Legislative Session. This action limits future General Assemblies' ability to set funding priorities. Another item that impacts the General Fund in the future is that the Restricted Capital Fund must be expended by the end of FY 2007. Once this Fund is depleted, certain debt service payments (prison infrastructure bonds and a portion of the Regent's Academic Revenue Bonds) will need to be paid from an alternative funding source, such as the General Fund.

Endowment Cash Flow Issues

The primary function of the Endowment is to provide a stable funding source for health-related programs. Under current law, the Endowment provides a standing appropriation, starting at \$55.0 million in FY 2002, to the Healthy Iowans Tobacco Trust. This appropriation from the Endowment to the Trust is statutorily increased by 1.5% annually. In turn, the General Assembly appropriates funds from the Healthy Iowans Tobacco Trust for a variety of health-related programs.

In order for programs funded from the Healthy Iowans Tobacco Trust to operate uninterrupted throughout the fiscal year, attention needs to be given to the timing of receipts. The majority of the dedicated revenue sources (i.e., wagering taxes and residual payments) will not begin to be received until approximately December 2002. Therefore, for the first six months of the fiscal year, the Endowment must rely primarily on the balance brought forward from the previous fiscal year to cash-flow the appropriation to the Healthy Iowans Tobacco Trust. The FY 2003 beginning balance of \$22.5 million is lower than originally projected due to the transfers, deappropriations, and appropriations made from the Endowment during the 2002 Legislative Session. Any future decisions to alter revenues and expenditures should include an analysis of the monthly cash flow of the Endowment.

Restricted Capital Fund

The General Assembly will have approximately \$90.0 million available to appropriate for capital projects in FY 2004. This maintains approximately the same level of funding for capital projects that was appropriated in FY 2003. Fiscal Year 2004 will likely be the last year that a significant amount of funding will be available for capital projects until at least FY 2008. In FY 2008, the wagering tax allocation that is currently deposited into the Endowment for Iowa's Health Account will be deposited into the RIF and available for capital projects.

CHILDREN'S HEALTH INSURANCE PROGRAM

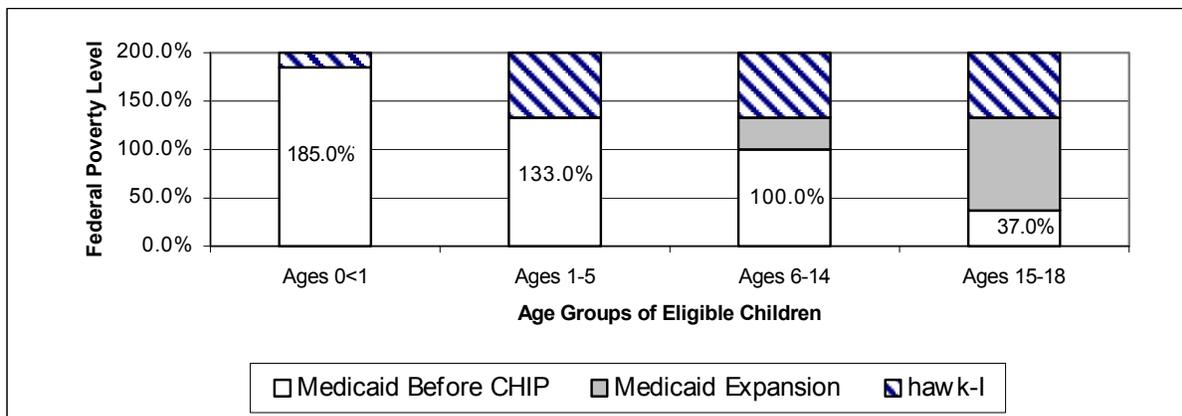
The federal Balanced Budget Act of 1997 (HR 2015) created the Children's Health Insurance Program (CHIP), under Title XXI of the Social Security Act, to enable states to provide health coverage to uninsured, low-income children.



Iowa's Children's Health Insurance Program

Iowa's chosen option for implementing the Program is a combination of Medicaid expansion and the Healthy and Well Kids in Iowa (*hawk-i*) Program. House File 2517 (Healthy and Well Kids in Iowa Program Act) expanded Medicaid coverage for children to 133.0% of the Federal Poverty Level effective July 1, 1998, and created the *hawk-i* Program for children in families with incomes up to 185.0% of the Federal Poverty Level effective January 1, 1999. House File 2555 (FY 2001 Tobacco Settlement Fund Appropriations Act) expanded the *hawk-i* Program to provide coverage for children with family incomes ranging from 185.0% to 200.0% of the Federal Poverty Level effective July 1, 2000.

The following graphic indicates by Federal Poverty Level and age group which Program options cover eligible low-income children:



The Department of Human Services (DHS) estimates that 32,500 children have no health insurance coverage in the State. As of June 30, 2002, 26,000 children had enrolled in Iowa's Children's Health Insurance Program, with approximately 12,200 (47.0%) enrolled in the Medicaid expansion and 13,800 (53.0%) enrolled in the *hawk-i* Program. The FY 2003 appropriation for the Children's Health Insurance Program was based on 25,600 children being enrolled in the Program by the end of FY 2003. For FY 2002, the actual enrollment was higher than projected in the budget for FY 2003.

Children's Health Insurance Program

State and Federal Funds Appropriated

The federal FY 2002 allotment for Iowa was \$22.4 million, based on the estimate of 67,000 uninsured children in Iowa by the federal Centers for Medicare and Medicaid Services (formerly Health Care Financing Administration). The FY 2003 General Fund appropriation for the Program is \$11.4 million. The DHS is also expected to expend \$2.8 million of funds carried forward in the *hawk-i* Trust Fund and \$0.2 million from the Tobacco Trust Fund. The combined \$14.4 million is eligible for a federal match of \$16.7 million, for total FY 2002 funding of \$28.2 million.



Iowa was one of 39 states reverting federal funds to the Children's Health Insurance Program redistribution account in January 2001. Federal legislation allowed states three years to spend each year's federal allocation. Iowa received its first federal allotment in October 1997, and had unspent balances of \$6.1 million of the federal FY 1998 allotment and \$11.4 million of the federal 1999 allotment. Federal statute authorizes the redistribution and retention of unused allotments that would otherwise revert. Iowa was allowed to retain \$4.0 million of the unspent 1998 balance and \$4.8 million of the unspent 1999 balance. As of October 1, 2002, Iowa had an unspent balance of \$16.7 million from FY 1998, FY 1999, and FY 2000, that must be returned to the federal treasury.

Implementation Issues

The General Assembly may wish to consider the following issues:

- Buy-in options for low-income parents or families above 200.0% of the poverty level.
- Simplification of the application process, including electronic application.
- Presumptive eligibility to provide immediate coverage for applicants until actual eligibility can be determined.
- Coverage for special needs children.
- Coverage of unborn children, including pre-natal care for pregnant women, pursuant to new federal regulations published October 1, 2002.



SENIOR LIVING TRUST FUND



The Senior Living Trust Fund was established by the 2000 General Assembly to receive deposits from intergovernmental transfers that resulted from the State’s ability to draw down federal matching funds calculated as if all nursing facilities in the State are reimbursed at the federal Medicare rate. The federal Medicare rate is higher than the Iowa Medicaid rate.

Section 249H.2(2), Code of Iowa, specifies that the goal of the Senior Living Program is to create a comprehensive long-term care system that is consumer-directed, provides a balance between the alternatives of institutionally and non-institutionally provided services, and contributes to the quality of the lives of Iowans. Appropriations from the Fund have been used to fund other Medicaid long-term care expenses.

The Fund is a time-limited revenue source, and it is estimated that deposits into the Fund will cease after the first quarter of FY 2004 due to the phase-out of this intergovernmental transfer mechanism. If appropriations for future fiscal years continue at the FY 2003 levels and appropriations for nursing facility conversion grants resume after FY 2003, it is projected that the Fund will be depleted in FY 2005. The following table provides the revenues and expenditures for the Fund beginning with FY 2001 and projected to FY 2005.



SENIOR LIVING TRUST FUND PROJECTIONS

(Dollars in Millions)

	Actual FY 2001	Actual FY 2002	Est. FY 2003	Projected FY 2004	Projected FY 2005
Revenues					
Beginning of SFY Fund	\$ 0.0	\$ 60.9	\$ 127.0	\$ 176.8	\$ 111.8
Intergovt Transfer	95.6	129.9	120.6	24.6	2.0
Intergovt Transfer (Hospital Trust Fund)	0.0	13.2	0.0	0.0	0.0
Medicaid Transfer	0.0	6.0	0.0	0.0	0.0
Interest	3.8	4.4	6.0	5.7	3.4
Total Revenues	\$ 99.4	\$ 214.4	\$ 253.6	\$ 207.1	\$ 117.2
Expenditures					
Nursing Facility Conversion & Service Grants	\$ 0.5	\$ 7.9	\$ 2.6	\$ 20.0	\$ 45.4
DHS Service Delivery					
Assisted Living Rent Subsidy	0.0	0.1	0.7	0.7	0.7
Medicaid Elderly Waiver	0.0	0.7	0.7	0.7	0.7
Nursing Facility Case-Mix Reimbursement	33.7	24.8	30.0	30.0	30.0
Medical Assistance Program (Medicaid)	0.0	48.5	36.0	36.0	36.0
DHS Administration & Contracts	0.3	0.0	0.3	0.3	0.3
Dept. of Elder Affairs Service Delivery & Adm.	\$ 4.1	\$ 5.3	\$ 6.6	\$ 7.6	\$ 7.5
Total Expenditures	\$ 38.5	\$ 87.3	\$ 76.8	\$ 95.3	\$ 120.6
Ending Trust Fund Value	\$ 60.9	\$ 127.0	\$ 176.8	\$ 111.8	\$ -3.4

The sum of the numbers may not equal totals due to rounding.

Senior Living Trust Fund

FY 2003 Senior Living Trust Fund Appropriations

For FY 2003, the General Assembly appropriated a total of \$76.8 million from the Senior Living Trust Fund to the Department of Human Services (DHS) and the Department of Elder Affairs for the following:

- \$36.0 million to the DHS to supplement the Medical Assistance Program (Medicaid).
- \$30.0 million to the DHS for nursing facility provider reimbursements due to the gradual phase-in of a case-mix reimbursement system that began reimbursing nursing facilities in FY 2002 based on acuity and need levels of residents instead of a per diem rate.
- \$1.7 million to the DHS to provide reimbursements for health care services and rent expenses to persons eligible for home and community-based services under the Medicaid Elderly Waiver.
- \$6.6 million to the Department of Elder Affairs for the Senior Living Program. The majority of the funding is passed through to the 13 local Area Agencies on Aging to provide non-Medicaid home and community-based services for seniors, such as personal care, homemaker, chore, respite, and meals on wheels that are designed to delay the use of institutional care by seniors with low and moderate incomes.
- For FY 2003, the General Assembly placed a moratorium on the DHS nursing facility conversion grant funds for the period beginning April 1, 2002, and ending June 30, 2003. The grants are used to convert nursing facility beds to assisted living or for the development of long-term care service alternatives. House File 2613 (FY 2003 Senior Living Trust Fund and Hospital Trust Fund Appropriations Act) permitted any unspent FY 2002 conversion grant funds to carry-forward into FY 2003. An estimated \$2.6 million was carried forward into FY 2003.



2002 Legislative Repayment Provisions

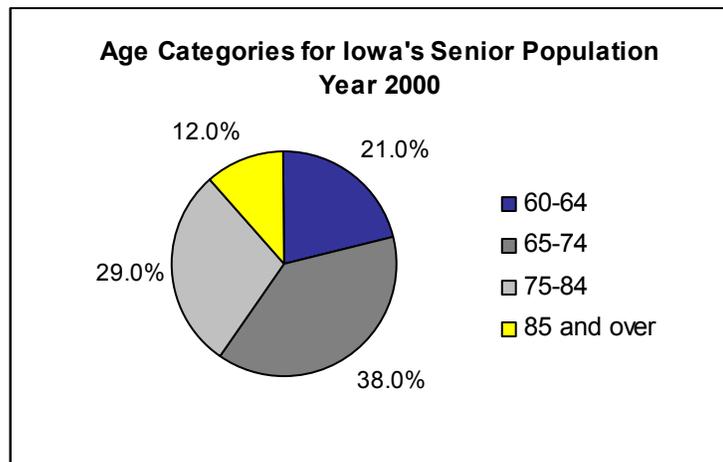
The General Assembly appropriated a total of \$84.5 million from the Senior Living Trust Fund to supplement the Medical Assistance Program (Medicaid) in FY 2002 and FY 2003. The 2002 General Assembly made the following provisions for repayment of the Fund:

- House File 2245 (FY 2002 Medicaid Supplemental Appropriations Act) required the remaining FY 2002 Hospital Trust Fund balance, after the appropriation to Medicaid, be transferred to the Senior Living Trust Fund. In June 2002, \$13.2 million was transferred to the Fund.

- ▶ House File 2627 (FY 2003 Second Omnibus Appropriations Act) required all FY 2002 State funds remaining from Medicaid be transferred to the Senior Living Trust Fund. In September 2002, \$6.0 million was transferred to the Fund.
- ▶ House File 2627 also requires that all FY 2003 State funds remaining from Medicaid be transferred to the Senior Living Trust Fund.
- ▶ House File 2075 (FY 2002 Endowment Reimbursement Act) requires the transfer of \$35.5 million from future excess revenues of the Economic Emergency Fund to the Senior Living Trust Fund, after the Economic Emergency Fund has reached its maximum balance as required by the Code of Iowa, and the first \$40.0 million of excess funds are transferred to the Endowment for Iowa's Health Account. The current estimate assumes this repayment of the Senior Living Trust Fund will not occur before FY 2008.

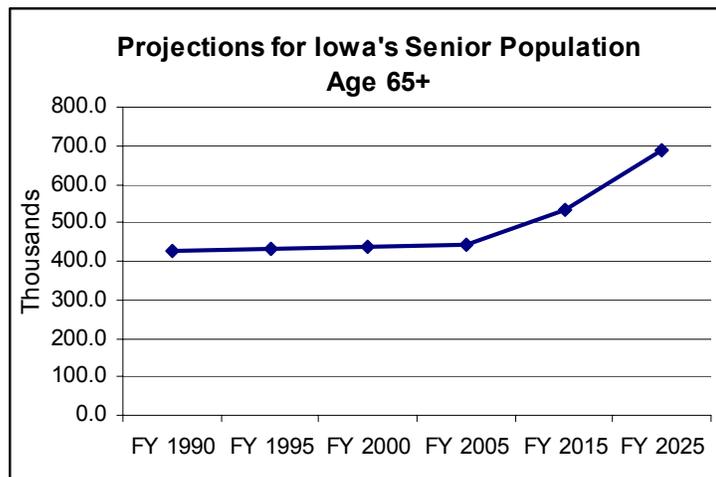
SENIOR ISSUES

According to the 2000 U.S. Census, Iowa has an increasing proportion of individuals aged 60 and over. The State's population is an estimated 3.0 million with approximately 555,000 (19.0%) aged 60 and over and approximately 436,000 (14.9%) aged 65 and over. Iowa's proportion of older adults in the State population ranks fourth in the nation and exceeds that of the nation as a whole.



While some states such as Florida have a higher overall older population, Iowa ranks second in the nation in the percentage of individuals aged 85 and older who are considered to be the oldest old in the nation. As a result, Iowa is more likely to have a higher number of seniors with frail health status compared to states with larger, but younger overall populations of seniors. Iowa seniors aged 85+ are more likely to live alone, have annual incomes below \$10,000, and are more frequently women. In addition, Iowa ranks fourth in nation in the percentage of individuals aged 75 and older and fifth in the nation in the percentage of individuals aged 65 and older.

The growth of Iowa's older population was slower in the 1990's due to the relatively small number of babies born nationwide during the Great Depression. As the Baby Boom Generation reaches age 65, Iowa's older population is projected to increase significantly between the years 2010 and 2030. By the year 2025, the federal Administration on Aging estimates that Iowa's population of individuals aged 65 and older will be 686,000, an increase of 250,000 (57.3%) compared to the year 2000. As this growth occurs, the demand for services and housing options that promote independence for seniors is also likely to increase. As a result, access to less expensive home and community-based services is likely to continue as a viable alternative to institutional care both in terms of consumer choice and as a method of cost containment for the State.



Senior Issues

2002 Legislative Interim

During the 2002 Interim, the Legislative Oversight Committee examined the following issues relating to seniors:

- ▶ **Assisted Living Regulation** - On April 19, 2002, the Governor ordered the oversight of Iowa's assisted living programs be transferred from the Department of Elder Affairs to the Department of Inspections and Appeals. The two Departments now have a shared services agreement pursuant to Chapter 28E, Code of Iowa. Under the agreement, the Department of Inspections and Appeals monitors programs and conducts complaint investigations and the Department of Elder Affairs has responsibility for certification and enforcement actions. At this time, fines are not levied as part of enforcement and the suspension or revocation of a certification is the only enforcement action that may be taken.



The Department of Inspections and Appeals has determined in at least one case that certain tenants in an assisted living program had declined in health status over time and required a higher level of care than the program was certified to provide. Currently, Iowa assisted living programs are based on a social model of care defined under Chapter 231C, Code of Iowa, and may only provide licensed nursing services on an intermittent basis. In order to provide 24-hour nursing care, the programs would need to be licensed nursing facilities that are based on a medical model of care and regulated under Chapter 135C, Code of Iowa.

In order to provide more definitive guidelines for determining whether an assisted living program is providing a higher level of care than allowed, the Department of Elder Affairs has amended the administrative rules related to these programs and has established benchmarks to assist in determining whether a transfer to a higher level of care is necessary.

- ▶ **Adult Day Care Regulation** - The 2001 General Assembly passed HF 655 (Adult Day Service Oversight Establishment Act) that directed the Department of Elder Affairs to implement a system of oversight for the adult day service industry by July 1, 2002, or at such time as the General Assembly appropriated sufficient funds. The Act did not include an appropriation for FY 2002, no appropriation was made for FY 2003, and the Department is not requesting funding for FY 2004.

Adult day service providers are not required to register with the State, therefore, no records of the actual number of providers or clients receiving these services are available. Providers may self-identify without meeting any minimum standards and are not required to provide any core set of services. As a result, the quality and type of services offered across the State is inconsistent. In addition, outcome based data, such as delayed nursing facility placement, quality indicators for changes in client health status, and client satisfaction rates are not monitored and recorded.

During the 2002 Interim, the Legislative Fiscal Committee examined the following issue relating to seniors:

- ▶ **Iowa Priority Program** - The Program, begun in January 2002, is designed to reduce the cost of prescription drugs for the 274,000 Medicare-eligible lowans who are not enrolled in Medicaid and have no prescription drug insurance coverage. The Program is operated as a non-profit organization that works collectively with an alliance of consumers, pharmacists, and physicians.

For an annual individual membership fee of \$20, members receive discounted prescription medication prices and a coupon for a free, first-year comprehensive review of all prescription, over-the-counter, and herbal medications and remedies taken to prevent adverse reactions and duplications, and assist in reducing prescription medication costs.



The Program works with a pharmacy benefit manager (PBM) to negotiate lower prescription medication prices with pharmaceutical manufacturing companies. Currently, three manufacturers participate in the Program, including Merck, Bristol Meyers Squibb, and Schering-Plough Corporation. Members receive greater discounts for prescriptions on the Priority Preferred Drug List that are manufactured by these pharmaceutical manufacturers.

As of November 1, 2002, an estimated 24,000 lowans were enrolled in the Program. The first year of the Program generated concerns from seniors that significant savings were not being realized. No State funds are used for the Program and the first year was funded with a \$1.5 million federal grant and membership fees. A second federal grant of \$1.5 million is expected to be received. After the second federal grant is expended, the Program will be required to seek an alternative funding source if it cannot be maintained through membership fees.

Other Significant Issues

- ▶ **Senior Living Program** - The Department of Elder Affairs has received appropriations from the Senior Living Trust Fund since FY 2001. The majority of these appropriations have been used to provide home and community-based services for seniors through the local Area Agencies on Aging. These services include, but are not limited to, personal care, homemaker, chore, respite, transportation, and adult day care. This funding source provided services for an estimated 10,000 clients in both FY 2001 and FY 2002.

In FY 2002 and FY 2003, these funds were used to offset a reduction to the Department's General Fund allocation for Elderly Services. Current projections for the Senior Living Trust Fund indicate the Fund may be depleted in FY 2005. The Department reports that if the General Fund allocation for Elderly Services is not restored and the Senior Living Trust Fund is depleted in FY 2005, it is possible that

Senior Issues

parts of the service system providing home and community-based services for seniors may collapse in the future. For FY 2004, the Department of Elder Affairs is requesting \$7.6 million and 6.0 FTE positions from the Senior Living Trust Fund, an increase of \$1.0 million (15.2%) and no change in FTE positions compared to estimated FY 2003.

► **Governor's Task Force on the Department of Elder Affairs** - In July 2002, the Governor appointed a statewide Task Force to provide recommendations on how to strengthen the core mission of the Department to best serve the interests of seniors. The Governor identified three specific goals for the Task Force:

- ◆ Identify and determine how the core mission of the Department could be strengthened.
- ◆ Identify the work the Department does and make recommendations on how to improve effectiveness in performance of these tasks.
- ◆ Identify the tasks that would be the primary responsibility of the Department.

In October 2002, the findings and recommendations of the Task Force were released. Copies of the report may be accessed via the Department of Public Health web site at: www.idph.state.ia.us/dir_off/DEA/deataskforcefinal.pdf.

The Task Force identified six core functions for the Department, including:

- ◆ Advocate for older Iowans.
- ◆ Develop policy relative to the current and future needs of older Iowans.
- ◆ Assure that public and private services addressing the needs of older Iowans are available and accessible to all.
- ◆ Assess the current and future needs of older Iowans through the regular collection, analysis, and sharing of information.
- ◆ Inform, educate, and empower older Iowans on aging issues.
- ◆ Research new insights and innovative solutions to meet the service expectations of younger, healthy, and retired Iowans.



Within the six core functions, the Task Force identified 17 tasks as the primary responsibilities for the Department. In summary, these responsibilities include:

- ◆ Remaining as an independent State department and continuing to advocate for older Iowans
- ◆ Expanding data analysis on program evaluation, needs assessment, client satisfaction, and overall performance
- ◆ Providing a leadership role in enhancing the system designed to respond to elder abuse

- ◆ Assisting in the development of a single point of entry to access home and community-based services and reviewing and streamlining Iowa's case management system
- ◆ Assisting in the development of standards and administrative rules for services such as assisted living and adult day care, but moving regulatory functions for these industries to the Department of Inspections and Appeals.
- ◆ Assisting in the development of a statewide aging policy that directs resources to home and community-based services as an alternative to institutional care and advocating for an equitable distribution of resources between these two services.
- ◆ Advocating to restore and preserve the Senior Living Trust Fund for use for home and community-based services.
- ◆ Enhancing communication by expanding and updating the Department web page and by initiating a monthly newsletter.
- ◆ Assuring that those serving as resident advocates receive approved training.
- ◆ Requesting funding from the Workforce Investment Act to address the employment and training issues of older workers.
- ◆ Assuring that older Iowans with dementia and their families have access to services and support.
- ◆ Retaining and strengthening ombudsman functions.



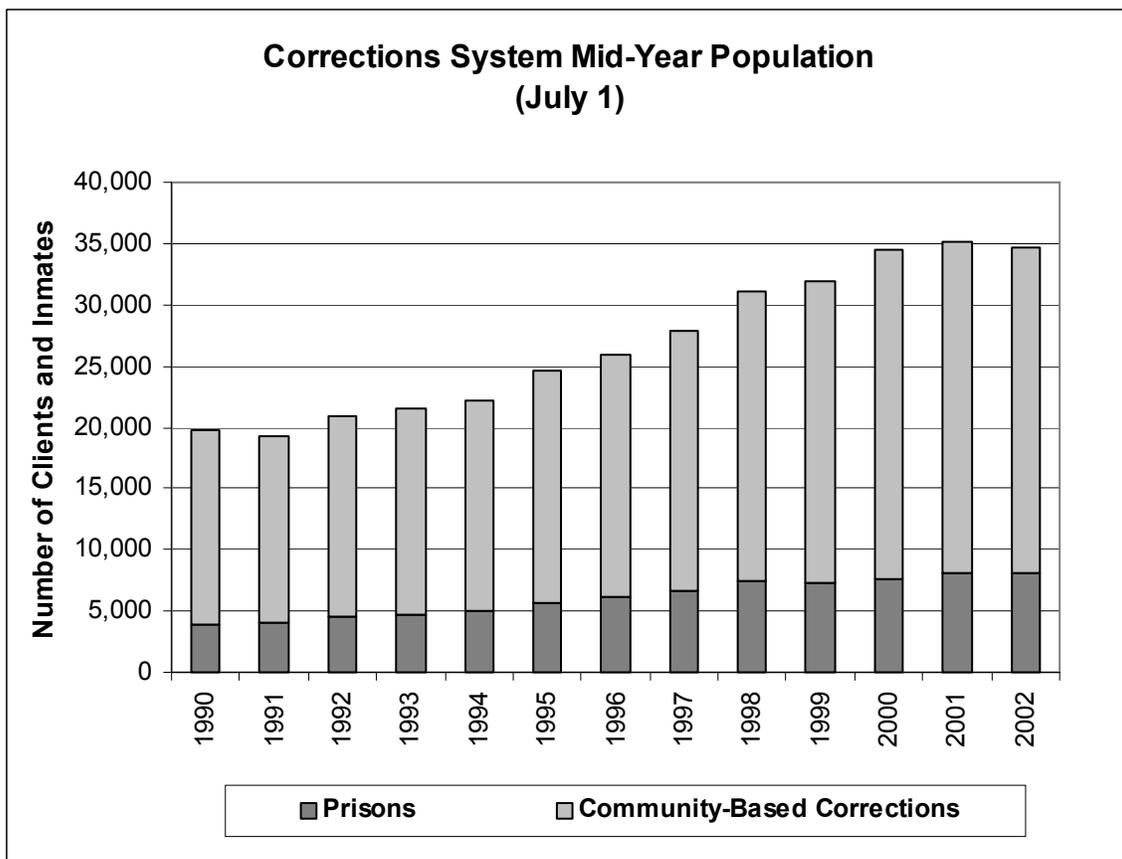
The Task Force also addressed the issue of performance measurement and effectiveness and provided the following recommendations:

- ◆ The Department should develop critical performance measures using the federal Administration on Aging's Performance Outcome Measures Project (POMP) and Accountable Government Act (AGA) measures, task force recommendations, and data from other State departments to identify key issues and develop an annual report that demonstrates effectiveness and progress on goals.
- ◆ The Department should then involve other agencies, public and private, in the development of the State plan for aging services.

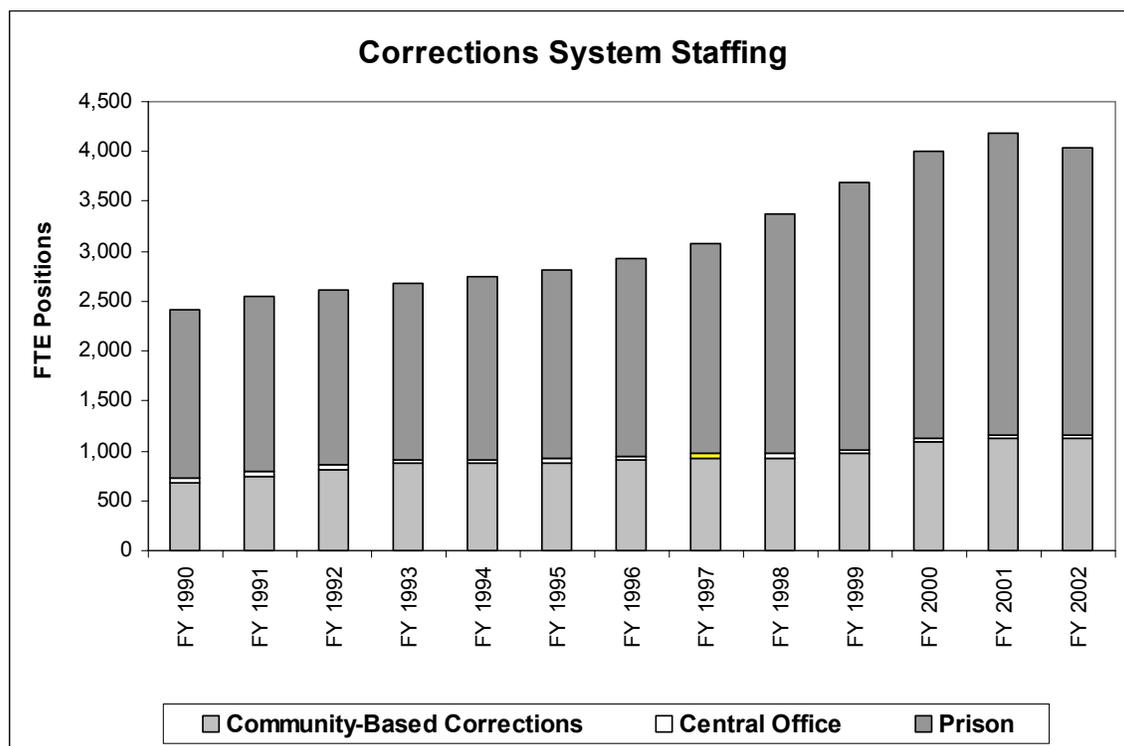
IOWA CORRECTIONS SYSTEM

Present Corrections System

The Iowa corrections system has four parts – administration, prisons, Community-Based Corrections, and Iowa Prison Industries. The Central Office is located in Des Moines and has responsibilities for administration, planning, policy development, program monitoring, and budgeting. Some staff that perform system-wide administrative functions (for example, the medical services director and staff) are located at one of the institutions or Community-Based Corrections (CBC) District Departments. One Regional Deputy Director and his staff are located in the Sixth CBC District Department. The prisons are responsible for incarcerating violent offenders and higher-risk individuals and providing the offenders with services essential to reducing risk to the general public upon release or parole. CBC provides supervision and transitional treatment for probationers, work release clients, Operating While Intoxicated (OWI) inmates, and parolees within a community setting. CBC provides both residential and street supervision. The chart below shows the distribution of prison inmates and CBC clients between FY 1990 and FY 2002.



The following chart shows corrections system staffing between FY 1990 and FY 2002.



The CBC District Departments have responsibility for more than three-fourths of the offenders under correctional supervision while they have approximately 27.4% of the total staff. In FY 1990, CBC supervised 80.5% of the offenders, but by FY 2002, the percentage had declined to 76.4%. Between FY 1990 and FY 2002, the prison population increased from 3,842 to 8,130 inmates, an increase of 4,288 (111.6%) inmates. Over the same time period, the CBC population grew from 19,722 to 26,459 clients, an increase of 6,737 (34.2%).

The table below shows the distribution of FTE positions for the corrections system.

Corrections System FTE Positions

	FY 1990	FY 2002	Percent Change
Prisons	1,693.4	2,882.9	70.3%
CBC	679.7	1,105.1	62.6%
Central Office	42.1	40.4	-4.1%
Total	2,415.2	4,028.4	66.8%

Historically, between two-thirds and three-fourths of the corrections system staff has been employed by the prison system. In FY 1990, the prisons employed 70.2% of the correctional system staff, and by FY 2002, the percentage had increased to 71.6%.

Prison System

The Iowa corrections system operates a continuum of sanctions, ranging from probation with minimal supervision to incarceration. The prisons provide the most severe level of sanction, incarcerating violent offenders and those offenders who cannot be safely managed in community settings. In addition to security, prisons provide for housing; dietary services; medical, mental health and substance abuse treatment; education and job skills training; behavioral and psychological treatment; and recreational activities.



Facilities – The prison system has nine major prison facilities with a total of 6,812 general population beds and 511 medical and segregation beds. The prisons were operating at 120.8% of designed capacity on October 25, 2002, when the system reached a record high population of 8,228 inmates. The following table describes the nine prisons and distribution of the general population beds.



Iowa Prison System

(As of October 25, 2002)

Prison	Current Capacity	Security Type	Population	No. Over Capacity	Emphasis
Ft. Madison	921	Max. - 589 Med. - 152 Min. - 180	588 173 150	-1 21 -30	General-Male
Anamosa	984	Med. - 913 Min. - 71	1,222 47	309 -24	General/Education-Male
Mitchellville	443	Min. - 443	525	82	General-Female
Newton	928	Min. - 166 Med. - 762	219 902	53 140	Pre-Release-Male General
Oakdale	504	Med. - 504	888	384	Reception/Evaluation/ General/Psychiatric
Mt. Pleasant	875	Med. - 875	967	92	Substance Abuse/Sex Offender-Male
Ft. Dodge	1,162	Med - 1,162	1,176	14	General Male/Youthful Offender
Clarinda	750	Med. - 750	899	149	Special Learning-Male
Rockwell City	245	Med. - 245	472	227	General-Male
Total	6,812		8,228	1,416	

Iowa Corrections System

The Iowa State Penitentiary at Ft. Madison, Iowa's oldest prison, was constructed in 1839 and serves as the primary maximum-security facility. The Anamosa State Penitentiary was built before 1900.

Since FY 1990, 3,809 prison beds have been added to the system, an increase of 126.8%. Listed below are recent additions to the system:

Recent Prison Construction

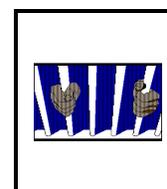
Location	Type of Facility	Design Capacity	Opening Date
Clarinda	Men – general population, medium security, replaced 152-bed facility	750 beds	April 1996
Newton	Men – general population, medium security	750 beds	July 1997
Fort Dodge	Men – general population, medium security	750 beds 400 beds	July 1998 February 2000
Mount Pleasant	Women – special needs	100 beds	April 1999
Mitchellville	Women – general population, medium security	184 beds 48 beds	April 2000 November 2000
Fort Madison	Men – special needs	200 beds	August 2002
Oakdale	Men – special needs	170 beds	FY 2006

Projected Prison Population Growth – On October 25, 2002, there were 8,228 inmates in Iowa's prison system. This is 125 (1.5%) more inmates than one year ago. Prison admissions have outpaced releases for each of the last three years. The DOC and Board of Parole have worked together to increase supervised releases, such as work release and parole.

However, probation and parole revocations to prison (i.e., prison admissions) have increased. This increase is primarily due to increased caseloads in the CBC system, reduced substance abuse treatment, and a lack of alternative sanctions.

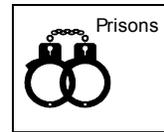


The Criminal and Juvenile Justice Planning Division (CJJP) of the Department of Human Rights has prepared a prison population forecast that adjusts for the recent departmental policy changes and projects prison population growth through FY 2012. If current offender behavior and justice system trends remain unchanged, the prison population will be 12,127 inmates by June 30, 2012, an increase of 48.0%. The growth is attributable to:



- Housing federal detainees.
- Increase in new court-ordered commitments, including probation revocations.
- Increase in the number of inmates who are required to serve at least 85.0% of their maximum sentence. The offenses include Second Degree Murder, First and Second Degree Robbery, Second Degree Sexual Abuse, and Second Degree Kidnapping. Effective July 1, 1998, Vehicular Homicide with Leaving the Scene of the Accident and Attempted Murder were added to the list of offenses. The laws will have a greater impact in future fiscal years.

Addition of Five New Prisons – The forecast creates capacity issues. According to the DOC, for every 1,000 increase in the inmate population, a new 750-bed prison will need to be constructed. This assumes each prison will operate at 130.0% of capacity. If the inmate population reaches 12,127, five new 750-bed prisons will need to be built at an estimated construction cost of \$45.0 million for each prison. Each prison will incur annual operating costs of approximately \$28.0 million.



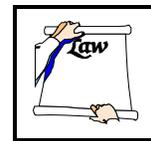
Community-Based Corrections

The CBC system is an alternative to incarcerating persons convicted of low-risk criminal offenses and work release offenders returning to Iowa communities. Chapter 901B, Code of Iowa, requires each CBC District Department to have a “continuum of sanctions”. Chapter 901B, Code of Iowa, applies to all offenders in the CBC system, i.e., offenders on parole, probation, or in residential facilities such as work release and the Operating While Intoxicated (OWI) treatment program. The District Departments’ ability to supervise higher risk offenders depends on responsible caseloads and an adequate amount of probation and parole officers to manage those cases.

The CBC residential capacity provides a structured setting for transitional offenders. The person on probation or parole resides in the community under the supervision of the CBC District Department and participates in treatment programs. In terms of the continuum of sanctions, the CBC District Departments’ level of supervision ranges from low-risk supervision, also called “banked caseloads,” for individuals who need the very least supervision, to residential supervision where the clients live in a facility. Between those extremes fall intensive supervision (with and without electronic monitoring) and regular probation and parole. The level of supervision is matched, on a case-by-case basis, to the offender’s level of self-control and ability to conform to program and supervision requirements. As the client improves, he/she is moved to a less intense level of supervision. Pursuant to Chapter 901B, Code of Iowa, CBC District Departments may make use of the continuum of sanctions to provide incremental sanctions (moving offenders to a higher level of the continuum) for violations of the rules of an offender’s supervision agreement.

Iowa Corrections System

Pursuant to Section 905.7, Code of Iowa, the DOC provides assistance and support to each of the eight CBC District Departments. The DOC has regulatory responsibilities for CBC programs, including statewide planning, budget oversight, establishment of program guidelines, and development of performance measures. The General Assembly appropriates funds to the DOC and allocates those funds to each CBC District Department.



The CBC District Departments are responsible for establishing those services necessary to provide a program that meets the needs of the judicial district. Each CBC District Department contracts annually with the DOC to provide pre- and post-institutional services. Each CBC District Department is under the direction of a board of directors and is administered by a director appointed by the board. Each CBC board sets policy, approves budget requests for submission to the Board of Corrections, and oversees program operations. In addition, each district has one or more citizen advisory boards.

The CBC District Departments offer a continuum of sanctions pursuant to Chapter 901B, Code of Iowa, including a number of programs intended to modify the client's behavior so he/she can live in the community as a law-abiding citizen. Funding for these programs has been significantly reduced due to budget reductions the last two years. Some of the major programs are:



- ▶ Treatment Alternatives to Street Crime (TASC) Program
- ▶ Day Programming
- ▶ Drug Court
- ▶ Youthful Offender Program
- ▶ Domestic Abuse Batterer's Program
- ▶ Sex Offender Program, including a hormonal intervention therapy option
- ▶ Community Work Crew Program
- ▶ Violator Program
- ▶ Community Service Sentencing
- ▶ Pre-trial services
- ▶ Residential facilities

Residential Facilities – The CBC District Departments had 1,404 residential facility beds on July 1, 2002, with an average of 540 offenders waiting to enter the facilities. The DOC and CBC District Directors agreed to reallocate facility space to accommodate 300 additional beds during FY 2000. These beds are used for probationers needing the highest level of community supervision, for inmates leaving prison on work release, and for OWI treatment programming. The District Departments reallocate beds among these programs as program demand changes. The following table shows the distribution of CBC residential beds.

- ▶ There have been 745 CBC residential facility beds added to the system since FY 1990, an increase of 113.1%. The following projects have recently been completed to add residential beds:



- ◆ The Fifth CBC District Department opened Building 68, a 119-bed work release facility at Fort Des Moines, in March 1999. This facility replaced a rented, 40-bed facility. Building 70 (80 residential beds) was opened in May 1999 to move probationers out of Building 65/66 so that it could be renovated. The District Department completed renovation of Building 65/66 in April 2000, which added 24 beds to its OWI capacity.
- ◆ The First CBC District Department added a 36-bed expansion to an existing facility in Dubuque. Construction was completed in July 2001.
- ◆ The Fourth CBC District Department constructed a new 25-bed residential facility for women. Construction is completed, but the facility has not opened due to budget reductions.

Community-Based Corrections Bed Space Distribution

(As of July 1, 2002)

District	Facility	Probation	Work Release	OWI	Total Capacity
1	Waterloo Residential	87	48	15	150
1	Dubuque Residential	46	18	16	80
1	West Union Residential	28	12	8	48
2	Ft. Dodge Residential	22	7	5	34
2	Ames Residential	26	13	6	45
2	Marshalltown Residential	35	16	0	51
2	Mason City Residential	36	9	6	51
3	Sioux City Residential	21	20	16	57
3	Sheldon Residential	19	8	2	29

Iowa Corrections System

District	Facility	Probation	Work Release	OWI	Total Capacity
4	Council Bluffs Residential	40	16	5	61
5	Des Moines Residential/ Work Release	80	119	0	199
5	Des Moines Women's Facility	2	33	13	48
5	Des Moines OWI Facility	0	0	67	67
6	Cedar Rapids Residential	38	34	18	90
6	Cedar Rapids Work Release	68	12	3	83
6	Coralville Residential	26	15	14	55
7	Davenport Residential	54	10	0	64
7	Davenport Work Release	10	50	21	81
8	Burlington Residential	40	16	4	60
8	Ottumwa Residential	24	10	17	51
	Total	702	466	236	1,404

Community-Based Corrections Population Growth – The Criminal and Juvenile Justice Planning Division does not forecast the CBC populations. The following information was prepared using average annual percentage growth rates. The average annual growth rate for the CBC population since FY 1996 (six-year average) has been 5.1%, and since FY 1989, the growth rate has averaged 3.9% (14-year average). Both of these averages are presented to provide a projection range.



With the 3.9% annual growth rate, the CBC population would be 40,261 in FY 2012. This is an increase of 13,802 (52.2%) clients. With the 5.1% annual growth rate, the CBC population would reach 40,723 in FY 2012, which is an increase of 14,264 (53.9%).

Funding to Maintain Current Level of Services – The above projection shows CBC population growth ranging from 52.2% to 53.9% by FY 2012. Assuming the budget needed to fund the current level of services would increase at the same rate as the CBC client population, then by FY 2012, the CBC District Departments would need a budget between \$81.3 million and \$82.2 million.

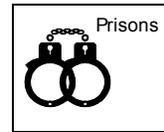
Iowa Prison Industries

Iowa Prison Industries oversees traditional Industries' programs, private sector employment, and the prison farms. Iowa Prison Industries is self-funded and operates without General Fund support. The customer base is restricted to government entities, and no sales may be made to the general public. Iowa Prison Industries must generate operating capital to remain in business and expand traditional programs.

Traditional Prison Industries

Iowa Prison Industries employs 319 inmates a month, on the average, in traditional programs. Inmates interview for these jobs, work 40 hours per week, and are eligible for overtime and bonuses. There are three traditional Industries locations:

- ▶ Fort Madison produces all wood products and has a contract with the Department of Economic Development for tourism. The average number of inmates employed is 127, and the average allowance paid to inmates at this location is \$0.73 per hour.
- ▶ Anamosa manufactures all metal products, has limited printing capacity, and has custom woodworking, auto body program, Braille texts, and cleaning products. The average number of inmates employed is 133, and the average allowance paid to inmates at this location is \$0.79 per hour.
- ▶ Mitchellville manufactures office systems, chairs, printing, and CD-ROM. This location also has an agreement with the Department of General Services to manage the State's surplus property. The average number of inmates employed is 29, and the average allowance paid to inmates at this location is \$0.56 per hour.



Iowa Prison Industries began operating a centralized canteen system for six of the prisons in September 2001 (FY 2002) at the Newton Correctional Facility. The average number of inmates employed is 26, and the average allowance paid to inmates is \$0.56 per hour.

Private Sector Employment

Private sector employment of inmates is managed by Iowa Prison Industries in compliance with federal law. The Department of Workforce Development establishes the prevailing wage that inmates must be paid. Iowa Prison Industries is not currently seeking to expand this program. Space is limited, and Iowa Prison Industries has no funding available to construct buildings. Private sector employment is available at the following locations: Clarinda, Fort Dodge, Mitchellville, Mount Pleasant, Newton, and Rockwell City.



On June 30, 2002, there were 11 companies that employed 166 inmates in private sector jobs. The inmates earned a total of \$2.2 million in FY 2002, which is a decrease

Iowa Corrections System

of \$300,000 (12.0%) compared to FY 2001. Inmate earnings were distributed as follows:

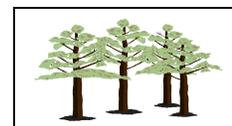
- Deposit to the General Fund: \$706,000, a decrease of \$150,000 (17.5%) compared to FY 2001.
- Inmate savings accounts: \$417,000, a decrease of \$86,000 (17.1%) compared to FY 2001.
- Victim Compensation: \$107,000, a decrease of \$19,000 (15.1%) compared to FY 2001.
- Restitution: \$219,000, a decrease of \$5,500 (2.4%) compared to FY 2001.
- Family and child support: \$185,000, a decrease of \$70,000 (27.5%) compared to FY 2001.
- Taxes: \$490,000, a decrease of \$139,000 (25.4%) compared to FY 2001.



Prison Farms

The State prison farms are located at Anamosa, Eldora, Fort Madison, Glenwood, Newton, Oakdale, Clarinda, Independence, Mitchellville, Rockwell City, and Woodward. There are 7,343.0 acres, distributed as follows:

- 843.9 acres of cropland.
- 1,280.0 acres of pasture.
- 2,612.3 acres rented to the private sector.
- 114.8 acres of prison gardens.
- 83.9 acres operated by the Department of Natural Resources for the State Nursery at Fort Madison.
- 8.7 acres of wetlands.
- 560.0 acres of timber.
- 1,839.4 acres maintained by the Institutions.



The prison farms are self-funded and operate without General Fund support. Prison farms must generate operating capital to remain in operation. The farms' financial statements are reported on a calendar year



basis. Net profit for calendar year 2001 was \$135,000. The average annual gross profit was \$359,000 over the last five years. The average annual net income was \$80,000 during the same period. During calendar year 2001, inmates worked a total of 203,000 hours on the farms. This is the equivalent of 154.0 FTE positions and 26.0 part-time FTE positions. The farms provide 10.0% of the total work performed by inmates through Iowa Prison Industries.

Summary

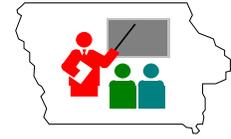
The corrections system can be expected to continue to grow over the next decade, both in prisons and Community-Based Corrections. This growth will require the construction of new prisons, increased need for expansion of Iowa Prison Industries, and an increase in CBC staffing and programming if current levels of services are to be maintained. Alternatively, the General Assembly may choose to review the following policy issues:



- Alternative sanctions for drug offenders.
- Implement intermediate criminal sanctions plans to reduce probation revocations to prison.
- Continued expansion of work release capacity.
- Increased parole for misdemeanants and Class D felons whose crimes are not against persons.
- Reduced admissions to prison of parole and probation violators.
- Expanded use of community service sentencing and increased financial penalties as options within the CBC system.

IOWA SCHOOL FOUNDATION FORMULA

The Iowa School Foundation Formula was created between 1970 and 1972, for the school year beginning July 1, 1972. The Formula is a student-driven financing mechanism that works to equalize revenues from State sources and property taxes. The Formula was revised in 1989 to equalize per pupil spending, provide an enrollment cushion (phantom students), increase property tax relief, and provide for increased local discretion. In 1992, further revisions to the Formula included eliminating advanced funding for increasing enrollment, eliminating the enrollment decline cushion (phantom students), and requiring the Governor and General Assembly to establish the allowable growth rate each year for per pupil expenditures, which was previously established by a formula based on the rate of inflation and State revenue growth. The 1999 General Assembly further revised the School Foundation Formula by raising the foundation level for the special education component of regular program cost from 79.0% to 87.5%. In addition, funding for talented and gifted programs was shifted from 100.0% property tax to the regular program portion of the foundation formula by adding \$38 to the State cost per pupil beginning with FY 2000.



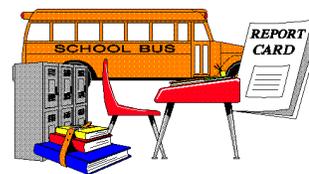
In 1995, the General Assembly established the practice of setting the allowable growth rate two years in advance within 30 days of the submission of the Governor's budget each year. Under current law, the General Assembly will be required to set the allowable growth rate in the 2003 Legislative Session for FY 2005. **Table 1** displays the allowable growth rates since FY 1998.

Table 1
Allowable Growth Rates

Legislative Session	For Fiscal Year	Allowable Growth Rate
1996	1998	3.5%
1997	1999	3.5%
1998	2000	3.0%
1999	2001	4.0%
2000	2002	4.0%
2001	2003	1.0%
2002	2004	2.0%

Iowa School Foundation Formula

The School Foundation Formula is based on budget enrollment, a school district's regular program cost per pupil, State aid determined by a foundation level, and an amount generated by the uniform property tax levy. In addition, school districts may obtain authority to raise additional property tax revenues from the School Budget Review Committee (SBRC) for drop-out prevention programs, to accommodate unusual increases or decreases in enrollment, to meet additional special education program needs, as well as for a variety of unusual circumstances specified in Section 257.31, Code of Iowa. Other optional funding sources available to districts in the general education fund area include the cash reserve levy, management levy, and enrichment levy.



Local school districts have a number of optional funding sources available to them for non-general education fund activities. The levies are used for building construction, building maintenance, equipment purchases, and certain operational expenditures. These include: debt service levy, schoolhouse property tax levy, physical plant and equipment levy, and the educational and recreation levy.

During the 2000 Legislative Session, HF 2496 (The Supplemental Weighting for At-Risk Students Act) was approved. This Act provides an additional supplemental weighting for students and is based on enrollment and on the number of students in grades one through six that qualified for the free and reduced lunch program during the base year.

The Elimination of the Future Repeal of the School Finance Formula Act (SF 2252) was passed by the 2000 General Assembly. The Act repealed a provision that would have sunset the current school foundation aid formula on July 1, 2001. The Act also provided that the school foundation formula is subject to legislative review at least once every five years. The first report by a legislative interim committee is due January 1, 2005.

During the Extraordinary Session in November 2001, the General Assembly passed a 4.3% reduction to FY 2002 State aid for the foundation formula. State aid was reduced to school districts and area education agencies by \$77.5 million. The impact of this reduction to school districts is \$74.1 million; however, it did not reduce their spending authority. School districts could use cash reserves to cover the reduction, borrow money to repay at a future time, or implement the reduction and carry a larger unspent balance into the next fiscal year. The impact of the reduction to area education agencies was \$3.4 million in State aid and spending authority. The area education agencies also received a \$7.5 million reduction in State aid to the Special Education Support Program in HF 755 (Standing Appropriations Act) during the 2001 Legislative Session. However, the area education agencies were given the ability to use funds from their other programs to fully fund the Special Education Support Program.

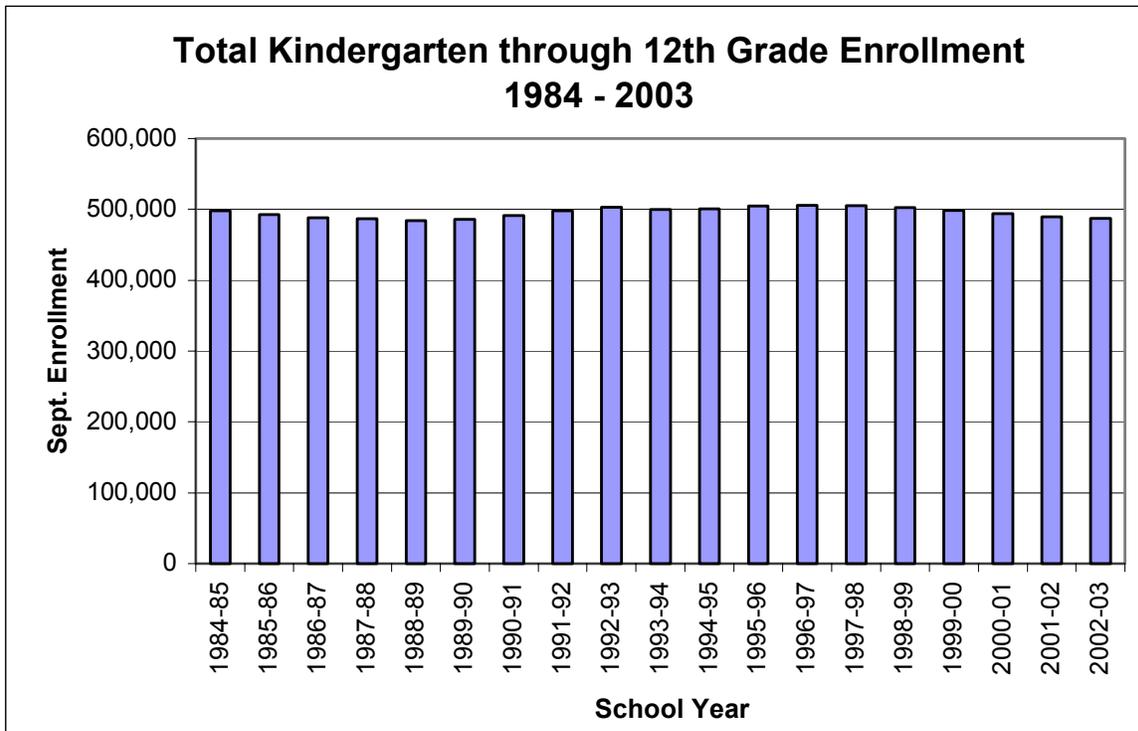


During the 2001 Legislative Session, SF 203 (The School District Reorganization Incentives Act) was approved. This Act provided reorganization incentives that could begin in FY 2003 and included reducing property taxes and sharing enrollment weights for qualifying school districts. The Act also provided additional weights for school

districts that host a regional academy. A regional academy is an educational institution established by a school district that receives grades seven through twelve students from multiple schools; this may include a virtual academy. A regional academy includes in its curriculum advanced-level courses and may include vocational-technical programs. The Act made permanent both a budget guarantee provision and an on-time funding provision to be funded through local property tax.

Statewide total enrollment has had an average annual decline of 0.1% since the 1984-1985 school year. All totaled, there are 11,096.6 (2.2%) fewer students for the 2002-2003 enrollment than in 1984-1985. (See **Chart 1.**) Between 1984-1985 and 2002-2003, 122 (29.7%) of the school districts had increased enrollments, and 287 (69.8%) of the school districts had decreased enrollments. There were 40 school districts that merged with other districts that would affect these changes. In the 1984-1985 school year, there were 108 school districts with enrollments exceeding 1,000; in 2002-2003, there were 112 school districts with enrollments of more than 1,000. In 1984-1985, there were 35 school districts with enrollments of less than 250; in 2002-2003, there were 31 school districts with enrollments of less than 250.

Chart 1

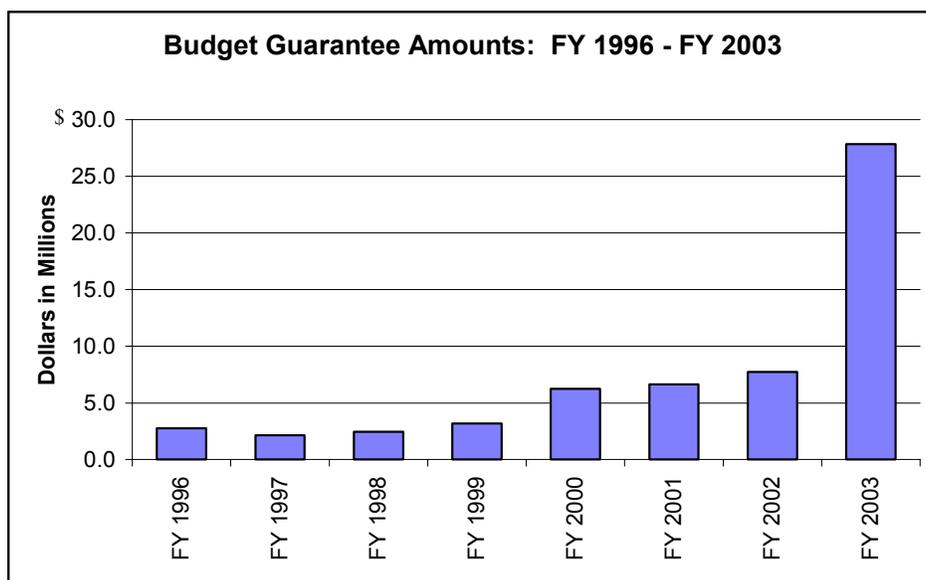


The school-year 2002-2003 enrollment decreased by 2,501.4 (0.5%) students compared to 2001-2002. The decrease represents the sixth straight year of decline in enrollment, and this trend is expected to continue for the next several years. The school-year 2002-2003 enrollment is the basis for the FY 2005 State Foundation Aid.

Iowa School Foundation Formula

School districts with declining enrollments have been eligible to receive a budget guarantee since FY 1996. The budget guarantee is additional funding that increases the current fiscal year's regular program district cost so that it is equal to the previous year's total program district cost. The budget guarantee has been funded entirely from property taxes, except for two years. In FY 1996, the budget guarantee was funded with a combination of local property tax and State Aid, and in FY 2000, it was funded entirely with State Aid. **Chart 2** provides the budget guarantee funding levels since FY 1996.

Chart 2



Senate File 203 (School Reorganization Incentives Act), passed during the 2001 Legislative Session, changed the budget guarantee so that beginning in FY 2005 it is no longer based on providing 100.0% of the total regular program district cost. In FY 2005 and future years, school districts with declining enrollments will be eligible for one of two options. They may receive:

- ▶ 101.0% budget adjustment that is based on the previous year's regular program district cost without any previous adjustment.
- ▶ 90.0% budget guarantee that is based on the FY 2004 total regular program district cost. This percentage will be scaled back 10.0% each year until FY 2014. Only districts that receive this option in FY 2005 will be eligible to receive this budget guarantee in future years.

During the 2001 Legislative Session, HF 191 (FY 2003 Allowable Growth Act) originally set the allowable growth at 4.0% for the 2002-2003 school year (FY 2003). During the 2002 Legislative Session, SF 2315 (School Finance Act) reduced the allowable growth to 1.0% for FY 2003, and then capped State foundation aid at \$1,784.1 million. After

these changes, State foundation aid increased by \$59.2 million (3.4%) for FY 2003 compared to the adjusted FY 2002. Property taxes increased by \$46.6 million (4.9%) for FY 2003 compared to FY 2002. The total controlled FY 2003 budget increased \$119.1 million (4.4%) compared to FY 2002.

During the 2002 Legislative Session, SF 2328 (School Finance Act) set the allowable growth at 2.0% for FY 2004. In the event that the FY 2004 allowable growth percentage issue is revisited during the upcoming legislative session, **Table 3** displays the estimated increases for FY 2004 compared to FY 2003 at various growth rates as estimated by the Legislative Fiscal Bureau (LFB). Contact the LFB for further explanation of the assumptions and any additional detail.

Table 3
Estimated FY 2004 Changes Compared to FY 2003
at Various Allowable Growth Rates

(Dollars in Millions)

FY 2004 Allowable Growth Percentage	State Aid		Property Tax		Total Budget	
	Change	Percent Change	Change	Percent Change	Change	Percent Change
4.0%	\$ 96.3	5.4%	\$ 13.9	1.4%	\$ 96.7	3.5%
3.0%	73.3	4.1%	15.3	1.5%	75.1	2.7%
2.0%	49.7	2.8%	18.3	1.8%	54.5	1.9%
1.0%	27.2	1.5%	23.4	2.3%	37.1	1.3%
0.0%	3.0	0.2%	34.9	3.5%	24.4	0.9%
-1.0%	-20.6	-1.2%	49.7	5.0%	15.6	0.6%
-2.0%	-43.1	-2.4%	65.6	6.5%	9.1	0.3%
-3.0%	-66.7	-3.7%	83.7	8.3%	3.5	0.1%
-4.0%	-89.7	-5.0%	101.9	10.2%	-1.3	0.0%

Estimated FY 2003 State Aid (Current Law)	\$ 1,784,090,498
Estimated FY 2003 Total Foundation Property Tax	1,003,677,165
FY 2003 Reduction to State Aid Appropriation	13,508,535
Estimated FY 2003 Total Budget	<u>\$ 2,801,276,198</u>

September 2002 Enrollments have not been finalized by the Department of Education. Other enrollment weightings are based on assumptions and will not be available until later this year. Property valuation changes are estimated to be 2.0%.

Based on current law, **Table 4** displays the estimated increases for FY 2005 compared to FY 2004 at various growth rates as estimated by the LFB. Any changes made to the FY 2004 allowable growth totals during the 2003 Legislative Session could alter these estimates. For FY 2005, special education weightings are expected to increase by 4.0%. Supplemental weighting for shared programs is expected to increase by 10.0%. The supplemental weighting for Limited English Proficiency is expected to increase by 11.3%. The supplemental weighting for At-Risk Students is not expected to change. Taxable valuations are assumed to increase by 2.0%. Contact the LFB for further explanation of the assumptions and any additional detail.

Table 4
Estimated FY 2005 Changes Compared to Estimated FY 2004
at Various Allowable Growth Rates
(Dollars in Millions)

FY 2005 Allowable Growth Percentage	State Aid		Property Tax		Total Budget	
	Change	Percent Change	Change	Percent Change	Change	Percent Change
4.0%	\$ 90.3	4.9%	\$ 17.7	1.7%	\$ 108.0	3.8%
3.0%	66.1	3.6%	18.5	1.8%	84.6	3.0%
2.0%	41.9	2.3%	22.0	2.1%	63.9	2.2%
1.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
-1.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
-2.0%	-52.4	-2.9%	77.6	7.6%	25.2	0.9%
-3.0%	-76.6	-4.2%	96.1	9.4%	19.5	0.7%
-4.0%	-100.2	-5.5%	114.3	11.2%	14.1	0.5%

Estimated FY 2004 State Aid (Current Law)	\$ 1,833,765,482
Estimated FY 2004 Total Foundation Property Tax	1,021,960,825
Estimated FY 2004 Total Budget	<u>\$ 2,855,726,307</u>

EDUCATION ISSUES

Teacher Pay/Quality Initiative

During the 2001 Legislative Session, the General Assembly passed SF 476 (Student Achievement and Teacher Quality Program Act) and HF 413 (Student Achievement and Teacher Quality Appropriations Act).



House File 413 appropriated \$40.0 million in FY 2002 from the Healthy Iowans Tobacco Trust to the Department of Education for the Student Achievement and Teacher Quality Program. The appropriation was to implement the following programs in SF 476:

- ▶ A Team-Based Variable Pay Pilot Program created by the Department of Education.
- ▶ National Board Certification awards.
- ▶ The Beginning Teacher Mentoring and Induction Program.
- ▶ An Evaluator Training Program.
- ▶ The Career Development Program.
- ▶ Fees and costs related to the Praxis II examination, which is a subject area assessment for a teacher candidate.
- ▶ Enhancement of teacher salaries, subject to minimum salaries specified in the Act and to collective bargaining negotiations.



House File 2549 (Student Achievement and Teacher Quality Program Act), passed during the 2002 Legislative Session made a number of changes to the Program. Highlights of these changes include:

- ▶ Requiring school districts to participate by July 1, 2002, one year earlier than initially established.
- ▶ Extending the period during which teachers can be reimbursed by the State for registering for National Board for Professional Teaching Standards certification from June 30, 2002, to June 30, 2005. The deadline for teachers to qualify for an annual award for achieving certification received the same extension.

Education Issues

- Adding preschool teachers to the definition of “beginning teacher,” thus including preschool teachers in the Beginning Teacher Mentoring and Induction Programs and permitting school districts and Area Education Agencies (AEAs) to receive State assistance under the Program.
- Modifying the requirements for a teacher’s career development plan to make the teacher’s evaluator, rather than the supervisor, responsible for working with the teacher to develop the plan. The evaluator is to consult with the supervisor.
- Requiring school districts to have an Intensive Assistance Program available by July 1, 2004, for teachers who do not meet district expectations indicated under the district’s standards.
- Eliminating the July 1, 2003, deadline for implementation of the Career II Program and Advanced Career Path Program levels. Districts are still required to establish these Programs. Performance reviews are required, and teachers denied advancement in these Programs based upon a performance review may appeal to an adjudicator.
- Extending several deadlines relating to the Evaluator Training Program by one year.
- Requiring the Department of Education to conduct a feasibility study for expanding the Program to contract employees.
- Specifying legislative intent to create a Statewide Career Path Pilot Program during the FY 2004 school year. Recommendations concerning the creation of the Pilot Program are to be presented to the Education Appropriations Subcommittee by December 15, 2002.
- Making several changes to definitions, requirements concerning standards, and grievance procedures.



House File 2623 (FY 2003 Salary, Statutory, and Corrective Changes Act) increased the FY 2003 General Fund appropriation from \$7.8 million to \$16.1 million and transferred \$8.9 million from the Underground Storage Tank Fund, \$10.0 million from insurance tax revenues, and \$5.0 million from the Rebuild Iowa Infrastructure Fund (RIIF), for a total appropriation of \$40.0 million in FY 2003 for this Program.

The Department of Education has published a list of the school districts participating in the Student Achievement and Teacher Quality Program Act (SF 476). Of the 371 school districts, the following number of school districts are participating:

- ✦ Option 1 – Mentoring and Induction Program. School districts without first-year beginning teachers did not need to participate this fiscal year. There are 351 participating in this Program.
- ✦ Option 2 – Career Paths Program. Participation in Option 1 is a prerequisite for participation in this Option. There are 348 school districts participating in this program.
- ✦ Option 3 – Team-Based Variable Pay Pilot Program. There are 10 school districts participating in this Option.
- ✦ No participation in any of the above options. There are three school districts that are not listed as participating in any of the above three options.
- ✦ For a list of school districts that are participating, please contact the Legislative Fiscal Bureau.

Tuition Increases for Higher Education

Board of Regents

The Board of Regents approved an increase of 17.6% in tuition at the November 2002 Board meeting. This will result in an undergraduate tuition rate of \$4,342 for FY 2004 (Fall 2003) at each of the three Regents universities. This is an increase of \$650 compared to the current rate of \$3,692. Tuition increases for the last five years are illustrated in **Table 1**.

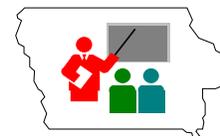


Table 1
Regents Tuition Rates FY 2000 through FY 2004

Academic Year	Residency	University of Iowa	Percent Increase	Iowa State University	Percent Increase	University of Northern Iowa	Percent Increase
1999-2000	Resident	\$ 2,786	4.50%	\$ 2,786	4.50%	\$ 2,786	4.50%
	Non-Resident	10,228	4.50%	9,346	4.49%	7,546	4.50%
2000-2001	Resident	2,906	4.31%	2,906	4.31%	2,906	4.31%
	Non-Resident	10,668	4.30%	9,748	4.30%	7,870	4.29%
2001-2002	Resident	3,116	7.23%	3,116	7.23%	3,116	7.23%
	Non-Resident	11,544	8.21%	10,450	7.20%	8,438	7.22%
2002-2003	Resident	3,692	18.49%	3,692	18.49%	3,692	18.49%
	Non-Resident	13,334	15.51%	12,384	18.51%	10,000	18.51%
2003-2004	Resident	4,342	17.61%	4,342	17.61%	4,342	17.61%
	Non-Resident	14,634	9.75%	13,684	10.50%	11,300	13.00%

The increase in tuition for FY 2004 is expected to result in a gross tuition revenue increase of \$46.4 million. Of this total, \$7.4 million is budgeted to be set aside for financial aid, leaving a net tuition revenue increase of \$39.0 million.

Education Issues

Community Colleges

All 15 community colleges in Iowa raised resident tuition rates for the first semester of the 2002-2003 school year (FY 2003). The statewide average increase was 8.6%. All but one college also raised non-resident rates, for a statewide average increase of 7.2%. Western Iowa Tech Community College did not increase its non-resident rates.

Tuition rates for FY 2003 are illustrated in **Table 2**.

Table 2
FY 2003 Community College Tuition Rates
as of September 2002

College	FY 2002** Resident	FY 2003 Resident	Percent Increase	FY 2002** Non-Res.	FY 2003 Non-Res.	Percent Increase
Northeast Iowa	\$78.00	\$86.00	10.3%	\$78.00	\$86.00	10.3%
North Iowa Area	74.75	78.00	4.3%	110.00	117.00	6.4%
Iowa Lakes	73.00	82.00	12.3%	75.00	84.00	12.0%
Northwest Iowa	71.00	80.00	12.7%	106.50	120.00	12.7%
Iowa Central	69.00	75.00	8.7%	103.50	112.50	8.7%
Iowa Valley	74.00	81.00	9.5%	75.00 *	82.00 *	9.3%
Hawkeye	74.00	81.00	9.5%	152.00	162.00	6.6%
Eastern Iowa	72.00	75.00	4.2%	108.00	112.50	4.2%
Kirkwood	73.00	78.00	6.8%	146.00	156.00	6.8%
Des Moines Area	70.00	72.00	2.9%	140.00	144.00	2.9%
Western Iowa Tech	74.00	79.00	6.8%	133.00	133.00	0.0%
Iowa Western	80.00	86.00	7.5%	120.00	129.00	7.5%
Southwestern	67.00	77.00	14.9%	100.50	110.50	10.0%
Indian Hills	69.00	79.00	14.5%	104.00	119.00	14.4%
Southeastern	76.00	80.00	5.3%	89.75	92.00	2.5%
Averages	\$72.98	\$79.27	8.6%	\$109.42	\$117.30	7.2%

* Iowa Valley Community College provides a "scholarship" to each non-resident which reduces tuition and fees of \$121.50 to \$1.00 above the resident rate.

** Several colleges had mid-year tuition increases in FY 2002. These are spring semester rates.

Five colleges have reciprocal agreements with institutions in other states that nullify the established non-resident rates. They are: Northeast Iowa, Iowa Lakes, Eastern Iowa, Western Iowa Tech, and Southeastern community colleges.

 The Chronicle of Higher Education reports that tuition at public two-year institutions increased nationwide an average of 7.9% for the fall of 2002. The Chronicle's Higher Education Almanac 2001-2002 reports that Iowa's average community college tuition is 58.1% above the national average.

Tuition and fees as a percentage of unrestricted revenue for Iowa's community colleges increased from 39.0% in FY 2001 to 43.4% in FY 2002, surpassing State general aid for

the first time. State general aid as a percentage of unrestricted revenue decreased from 46.3% in FY 2001 to 41.5% in FY 2002.

Area Education Agency Reorganization

As a result of Senate File 535 (FY 2002 Education Appropriations Act), the Department of Education made recommendations to the AEAs in 2001 for the voluntary reorganization of the 15 agencies. In 2002, AEAs 3 (Cylinder) and 5 (Fort Dodge) submitted a reorganization plan that has been approved by the Board of Education and will merge the two agencies effective July 1, 2003.

Under the plan approved by the board, the new AEA will be divided into nine director districts. The two existing AEA boards will continue to function through FY 2003, but a new joint board was elected in director district conventions in September and is now directing the transition. The two AEAs have been sharing an administrator and a business manager as a result of retirements, but the new joint board will make all future appointments and hiring decisions. Among the reorganization plan's features are the creation of three service centers, utilizing existing AEA facilities and each serving multiple field offices. School districts within the new AEA will be no farther than the adjacent county from one of the service centers.

In November, the Board of Education will be considering a reorganization plan submitted by AEAs 2 (Clear Lake), 6 (Marshalltown), and 7 (Cedar Falls). That plan also has an effective date of July 1, 2003. Under the merger plan, the new AEA will be based in Cedar Falls, but the Clear Lake and Marshalltown service centers will remain open.

Neither merger plan anticipates a significant reduction in total staff. However, both foresee a reduction in administrative and supervisory positions and a reduction in overhead costs, allowing increased spending on direct programs. Specific estimates of cost reallocation have not been provided.

ENVIRONMENTAL INITIATIVES

The Department of Natural Resources (DNR) has identified initiatives to improve the environment, including:

- ▶ Implementation of animal confinement regulations as specified in SF 2293 (FY 2003 Animal Agriculture Act).
- ▶ Decentralization of Department employees.
- ▶ Upgrading and streamlining environmental reporting with the One Stop Project.
- ▶ Development and construction of a destination park that provides outdoor experiences similar to those in national parks across the nation.
- ▶ Funding for Environment First Fund programs.

Details regarding these issues are as follows:

Animal Agriculture Regulation

The 2002 General Assembly passed SF 2293 (FY 2003 Animal Agriculture Act) and amended statutory requirements regarding animal feeding operations and created the Animal Agriculture Compliance Fund. The following is a summary of the changes:



- ▶ The Act requires animal feeding operations to pay an annual fee of \$0.15 per animal unit that will be deposited into the Assessment Account of the Animal Agriculture Compliance Fund. The fees are used to fund 12.0 FTE positions for enforcement of regulations. As of November 1, 2002, 3.0 FTE positions have been filled.
- ▶ The General Account within the Animal Agriculture Compliance Fund is composed of State appropriations, federal funds, donations, interest, and fees collected when operators submit construction permits or manure management plans.
- ▶ The Act requires the Department to develop water quality standards for phosphorus and to complete a study analyzing the effects of phosphorus originating from municipal, industrial, farm, lawn care, and garden sources on State waterbodies.
- ▶ The Act establishes a Master Matrix Technical Advisory Committee to assist in the development of the Master Matrix. The Master Matrix is a scoring system used by a County Board of Supervisors and the Department to determine if a new animal confinement construction permit should be issued. The Committee held several meetings and made recommendations to the Department for development of the

Environmental Issues

Master Matrix. Public comment on the Master Matrix will be accepted until December 5, 2002. The Master Matrix becomes effective on March 1, 2003.

- The Act requires the Department to conduct a field study to monitor airborne pollutants emitted from animal feeding operations. For FY 2004, the Department is requesting \$500,000 from the Environment First Fund to purchase air-monitoring equipment to monitor animal feeding operations.

Decentralization of Employees

The DNR began reorganizing in FY 2002. Changes include:

- A reduction in the number of operating divisions from seven to three and a reduction in the number of operating bureaus from 21 to 16.
- The Department is transferring employees from the Des Moines office to regional field offices to improve customer service.
- The Department is requesting \$175,000 from the General Fund for FY 2004 to expand field offices and relocate employees.



One Stop Project Environmental Reporting System

The DNR submitted a FY 2004 budget request to implement the One Stop Project. The Project includes:

- Transformation of the existing environmental reporting systems to the National Environmental Information Exchange Network.
- The Department is requesting \$150,000 from the General Fund for FY 2004 for a contractor to implement the Project.
- The contractor will work with employees of the Department and the federal Environmental Protection Agency (EPA) to upgrade environmental databases.

Destination Park Development

The destination park will be located in the area of Rathbun Lake and Honey Creek State Park. Employees of the Department are working in conjunction with the local steering committee that includes Chariton Valley Resource Conservation and Development, and Rathbun Lake Resort, Inc. The following summarizes funding requests and activities:

➤ The Department completed the following activities during FY 2002, which include:

- ◆ An archaeological survey.
- ◆ A biological assessment survey.
- ◆ A wetland survey.
- ◆ A design and engineering study.
- ◆ Construction of small road ponds.
- ◆ Construction of a road at the entrance of the destination park.



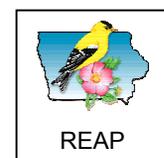
➤ The Department received \$1.0 million from the Capital Account of the Tobacco Settlement Trust Fund for FY 2003. Funds will be used for the design and development of the destination park facility and for access roads to the park.

➤ The Department is requesting \$3.0 million from the Capital Account of the Tobacco Settlement Trust Fund for FY 2004. Funds will be used for development of public use facilities and to begin construction of sanitary systems and access roads. The Department will be soliciting private businesses to create partnerships for development of the main lodge, golf course, conference facilities, and an equestrian center.

Environment First Fund Programs

The Environment First Fund was created by the 2000 General Assembly in SF 2543 (FY 2001 Infrastructure Appropriations Act) to provide funding for environmental programs. A standing appropriation of \$35.0 million was established for the Environment First Fund with funding from the Rebuild Iowa Infrastructure Fund (RIIF). The Transportation, Infrastructure, and Capitals Appropriations Subcommittee makes recommendations to the General Assembly regarding projects that should receive appropriations from the Environment First Fund.

The original FY 2003 appropriation to the Environment First Fund was \$35.0 million. The General Assembly passed HF 2627 (FY 2003 Second Omnibus Appropriations Act) during the Second Special Session that deappropriated \$18.5 million from the FY 2003 Environment First Fund appropriation. This included a deappropriation of \$8.0 million to the Resource Enhancement and Protection (REAP) Fund.



The Department of Natural Resources has requested \$29.0 million for program funding from the Environment First Fund for FY 2004. This is an increase of \$20.6 million compared to estimated FY 2003.

Environmental Issues

Department Request Funding Summary

The following table details the Department of Natural Resources budget requests:

Budget Unit	Funding Source	Department Request	Purpose
Environmental Protection	General Fund	\$ 175,000	Move employees from Des Moines office to field offices.
Environmental Protection	General Fund	150,000	One Stop Project to transform environmental reporting
Destination Park	Tobacco Settlement Trust Fund	3,000,000	Development of public use facilities and road construction
REAP	Environment First Fund	15,000,000	Increase of \$13.0 million
Lake Restoration Program	Environment First Fund	5,000,000	Increase of \$4.7 million
Water Quality Monitoring	Environment First Fund	3,000,000	Increase of \$400,000
Marine Fuel Tax Capitals	Environment First Fund	2,700,000	Increase of \$400,000
State Parks	Environment First Fund	2,000,000	Increase of \$2.0 million for State Park operations
Geographic Information System (GIS)	Environment First Fund	195,000	Increase of \$195,000
Environmental Protection	Environment First Fund	500,000	Purchase air monitoring equipment for animal feeding operations
Water Quality Protection Fund	Environment First Fund	500,000	Maintain funding
Keepers of the Land	Environment First Fund	100,000	Maintain funding

INFRASTRUCTURE, DEFERRED MAINTENANCE, MAJOR MAINTENANCE, AND NEW CONSTRUCTION

The State of Iowa owns 50.5 million square feet of gross building space. The following table shows the square footage of building space owned by State agencies. The Department of General Services coordinates the maintenance and construction for all State agencies except for the Board of Regents and the Departments of Transportation, Public Defense, and Natural Resources.

State Agency	Gross Sq. Ft. of State-Owned Buildings	Percent of Total
General Services	10,936,300	21.6%
Board of Regents	31,400,000	62.2%
Transportation	3,534,698	7.0%
Natural Resources	1,923,600	3.8%
Blind	100,000	0.2%
Public Defense	2,622,058	5.2%
Total	50,516,656	100.0%

In FY 2000, the Department of General Services completed a comprehensive inventory of state-owned infrastructure that included a detailed assessment of the structural and internal needs of the facilities. The assessment identified major maintenance and improvement needs of State facilities under the purview of the Department of General Services. According to the assessment, there was over \$480.0 million of facility improvement needs at State facilities.

In an effort to address the facility improvements needs, the General Assembly began to appropriate funds annually for major maintenance and routine maintenance. However, in FY 2003, funding for routine maintenance was deappropriated due to the State’s General Fund budget difficulties. The following table shows the appropriations for major and routine maintenance since FY 2000.

Maintenance Funding

(Dollars in Millions)



	Actual FY 2000	Actual FY 2001	Actual FY 2002	Est. FY 2003	Dept. Req. FY 2004
Major Maintenance	\$ 6.7	\$ 10.5	\$ 11.5	\$ 15.8	\$ 16.7
Routine Maintenance	0.8	2.0	2.0	0	19.2
Total	\$ 7.5	\$ 12.5	\$ 13.5	\$ 15.8	\$ 35.9

The Governor’s Vertical Infrastructure Advisory Committee prioritizes the major maintenance projects and allocates the funds to the various projects. The projects are then submitted to the Governor for approval. The routine maintenance appropriation is

Infrastructure, Deferred Maintenance, Major Maintenance, and New Construction

allocated to the State agencies based on the total square footage of building space under the control of each agency.

INFRASTRUCTURE FUNDING

In Iowa, State funding for construction and improvements of vertical infrastructure is provided through either direct appropriations or through the issuance of debt. Appropriations for infrastructure projects are typically made from either the Rebuild Iowa Infrastructure Fund (RIIF) or the Restricted Capital Funds Account of the Tobacco Settlement Trust Fund. The type of debt used has involved the issuance of revenue bonds and certificates of participation (a type of lease purchase). In the case of revenue bonds, a dedicated revenue source is pledged for the repayment of the bonds. Certificate of participation debt service has been paid with appropriated funds.



The amount of new funding available for facility maintenance and construction for the next four years will be extremely limited compared to previous years spending. This is due combination of factors which includes: the transfer of wagering tax revenues from the RIIF to the General Fund; the transfer of expenditures typically funded from the General Fund to the RIIF and the Restricted Capital Fund; and the Supreme Court ruling last summer which lowered the tax rate at pari-mutuel racetracks.

Below is a more in depth discussion of the Rebuild Iowa Infrastructure Fund, the Restricted Capital Fund, and the State's Net Tax Supported Debt.

Rebuild Iowa Infrastructure Fund

FY 2004 Estimates

Based on preliminary estimates for FY 2004, the RIIF is estimated to receive a total of \$41.1 million. In addition, there is \$42.0 million of existing FY 2004 appropriations from the Fund, which will result in a projected shortfall of \$900,000. The major sources of revenue are discussed below.

- ▶ State Wagering Tax Allocations – In FY 2004, the RIIF will receive an allocation from the State Wagering Tax after the first \$150.0 million is allocated elsewhere. The following shows the funds and programs that will receive State Wagering Taxes in FY 2004, in order of priority.

State Wagering Tax Allocation

(Dollars in Millions)

	FY 2004
General Fund	\$ 60.0
Vision Iowa Fund	15.0
School Infrastructure Fund	5.0
Endowment for Iowa's Health Account	70.0
Rebuild Iowa Infrastructure Fund	31.1
Total	<u>\$ 181.1</u>

Infrastructure, Deferred Maintenance, Major Maintenance, and New Construction

- ▶ Interest – The RIIIF receives interest earnings from the Cash Reserve and Economic Emergency Funds, the Environment First Fund, and the interest earned by the RIIIF. In FY 2002 and FY 2003, the Cash Reserve and Economic Emergency Fund interest was transferred to the General Fund. In FY 2004, interest from the reserve funds is estimated at \$5.5 million and the interest from the Environment First Fund and RIIIF is estimated at \$2.0 million.
- ▶ Marine Fuel Tax - The RIIIF receives a portion of the Marine Fuel Tax receipts after the first \$400,000 is transferred to the General Fund. This is estimated at \$2.3 million annually.

The General Assembly has enacted \$42.0 million in appropriations from the RIIIF in FY 2004. This includes a standing appropriation of \$35.0 million to the Environment First Fund and \$7.0 million to the Board of Regents for construction costs associated with the Engineering Building at Iowa State University.

Projected FY 2003 Budget Deficit

The RIIIF is projecting a budget deficit of \$17.7 million for FY 2003 due to the Supreme Court decision that reduced the tax rate on the State's racetrack establishments from 32.0% to 20.0% on the tracks' adjusted gross receipts. The reduced tax rate was effective June 12, 2002. The decision will result in an estimated reduction of \$40.4 million to the RIIIF in FY 2003 and \$46.4 million in FY 2004.

This reduction also has funding implications for the General Fund. The General Assembly transferred \$15.5 million from the RIIIF to the General Fund in FY 2003, as well as \$18.4 million from the Environment First Fund (which receives all of its funding from the RIIIF). The estimated FY 2003 revenues will not be sufficient to cover all the transfers to the General Fund and appropriations enacted by the General Assembly. The FY 2003 appropriations total \$46.2 million, which includes \$35.0 million to the Environment First Fund. The General Assembly will need to address this issue by either increasing revenue to the RIIIF or decreasing appropriations.



Rebuild Iowa Infrastructure Fund

(Dollars in Millions)

	Actual FY 2002	Estimated FY 2003	Estimated FY 2004
Resources			
Balance Forward	\$ 10.3	\$ 13.8	\$ 0.0
Gambling Receipts	50.0	26.3	31.3
Interest			
Reserve Fund Interest	4.4	0.0	5.5
RIIF Interest	3.3	1.5	1.5
Environment First Fund Interest	0.7	0.0	0.5
Interest Accrual Adjustments	-5.3	0.0	0.0
Total Interest	3.2	1.5	7.5
Marine Fuel Tax	2.3	2.3	2.3
Transfer to the Gen. Fund	0.0	-15.5	0.0
Adjustments	0.4	0.0	0.0
Environment First Reversions	1.3	0.0	0.0
Total Resources	\$ 67.5	\$ 28.5	\$ 41.1
Appropriations			
	\$ 54.0	\$ 46.2	\$ 42.0
Deappropriation	-0.2	0.0	0.0
Reversions	-0.2	0.0	0.0
Ending Balance	\$ 13.8	\$ -17.7	\$ -0.9

The sum of the numbers may not equal totals due to rounding.

Restricted Capital Funds Account of the Tobacco Settlement Trust Fund

In FY 2002 and FY 2004, the General Assembly funded the majority of infrastructure projects from the Restricted Capital Funds Account Tobacco Settlement Trust Fund. The Restricted Capital Fund was established in FY 2002 to receive \$540.0 million in tax-exempt bond proceeds that resulted from the securitization of Iowa's tobacco settlement payments. The \$540.0 million and the interest it earns is "one-time" money that must be expended by FY 2007.



Because the resources in the Restricted Capital Fund are from tax-exempt bonds, the proceeds must be used for qualified capital projects in accordance with Internal Revenue Code regulations. This includes expenditures for depreciable assets such as construction and renovation of facilities, and equipment purchases. Unqualified expenditures would include operational expenses and routine facility maintenance.

The Master Settlement Agreement from the tobacco settlement also allows the tax-exempt bond proceeds to be used for payment of attorney litigation fees associated with the Master Settlement Agreement and the refunding of certain outstanding tax-exempt bonds (i.e., Iowa Communications Network (ICN) bonds, prison construction bonds, and a portion of the Regents academic revenue bonds).

Infrastructure, Deferred Maintenance, Major Maintenance, and New Construction

The General Assembly has enacted appropriations from the Fund for FY 2002 through FY 2006 that total \$401.6 million. In addition to the enacted appropriations are the projected debt service payments for FY 2004 through FY 2007 for the ICN bonds, prison infrastructure bonds, and a portion of the Regents academic revenue bonds (Tuition Replacement). Although not appropriated, these debt service payments are considered an obligation of the tax-exempt bond proceeds. The scheduled debt service payments for FY 2004 through FY 2007 total \$91.8 million. The obligations of the Fund (appropriations plus projected debt service) total \$493.4 million.

Based on the current assumptions for interest earnings, the General Assembly will have approximately \$90.0 million available to appropriate for capital projects in FY 2004. Assuming the General Assembly appropriates the \$90.0 million in FY 2004, the remaining carry-forward balances will be needed to fund the current obligations of the fund in FY 2005 through FY 2007. The following table shows the balances of the Restricted Capital Fund beginning with FY 2002 and projected to FY 2007 (the year all proceeds must be expended).



Restricted Capital Fund of the Tobacco Settlement Trust Fund

(Dollars in Millions)

	Actual FY 2002	Legislative Action and Out-Year Estimates				
		FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Resources						
Balance Forward	\$ 0	\$ 427.7	\$ 257.6	\$ 78.8	\$ 34.6	\$ 15.4
Tax-Exempt Bond Proceeds	540.0	0	0	0	0	0
Interest	13.2	16.7	10.0	3.1	1.3	0.6
TSA Operations	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2
Total Available Resources	\$ 553.1	\$ 444.2	\$ 267.5	\$ 81.7	\$ 35.7	\$ 15.8
Expenditures						
Enacted Appropriations	125.4	186.6	69.3	17.9	2.5	0
Projected Debt Service Payments	0 ¹	0	29.4	29.2	17.8	15.4
Total Expenditures	\$ 125.4	\$ 186.6	\$ 98.7	\$ 47.1	\$ 20.3	\$ 15.4
Available for Capital Projects in FY 2004	0	0	90.0	0	0	0
Ending Balance	\$ 427.7	\$ 257.6	\$ 78.8	\$ 34.6	\$ 15.4	\$ 0.4

TSA = Tobacco Settlement Authority

¹ The debt service appropriations for FY 2002 and 2003 are included in the Enacted Appropriations amounts.

Infrastructure, Deferred Maintenance, Major Maintenance, and New Construction

Debt Financing of Infrastructure

The State of Iowa has issued debt to pay for a variety of programs and projects that the State otherwise would not have been able to afford within a given fiscal year. The following provides information on the State's outstanding debt classified as Net Tax-Supported Debt.

\$ Net Tax Supported Debt includes debt which the General Assembly and the Governor have authorized and committed specific revenues to retire the debt. The debt includes revenue bonds, certificates of participation (COP), and certain lease purchase agreements entered into by State agencies. The debt service on the revenue bonds is paid from dedicated revenue sources which would otherwise be available for appropriation by the General Assembly. The debt service on the lease purchase agreements is typically paid from funds appropriated to various agencies' operating budgets.



The outstanding principal for the Net Tax Supported Debt as of June 30, 2002, was \$639.4 million. Based on the current debt service schedules, and assuming no refinancing, the amount of interest to be paid on this debt will be \$304.1 million. The total amount of outstanding principal and interest is \$943.5 million.

State of Iowa Debt

For the Fiscal Year Ending June 30, 2002
(Dollars in Millions)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Net Tax Supported Debt			
Vision Iowa Bonds	\$ 188.4	\$ 113.5	\$ 301.9
Prison Construction Bonds	76.0	31.1	107.1
Underground Storage Tank Bonds	73.0	25.2	98.2
School Infrastructure Bonds	44.5	21.9	66.4
Iowa Communications Network Bond	57.3	9.5	66.8
State Agency Lease Purchases	8.8	1.9	10.7
Judicial Districts COPs	3.2	0.7	3.8
Subtotal	<u>451.1</u>	<u>203.8</u>	<u>655.0</u>
Regents Academic Revenue Bonds ¹	188.3	100.3	288.5
Total	<u>\$ 639.4</u>	<u>\$ 304.1</u>	<u>\$ 943.5</u>

The sum of the numbers may not equal totals due to rounding.

¹ Regents Academic Revenue Bonds are backed by student tuition fees and, therefore, are not a part of the Net Tax Supported Debt. However, the General Assembly annually appropriates funds to the Board of Regents to reimburse the universities for tuition fees used for debt service on the bonds.

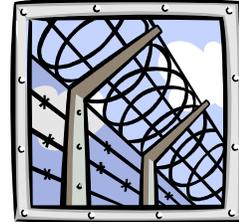
Below is a summary of the debt types listed on the above table.

- Vision Iowa Bonds – This Program was created to provide State financial assistance in the form of grants, loans, forgivable loans, and loan guarantees to communities

Infrastructure, Deferred Maintenance, Major Maintenance, and New Construction

for the development and construction of major tourism projects. In FY 2002, the Vision Iowa Board issued \$196.4 million in bonds to fund the Program which is also matched with local funds. The Vision Iowa Fund annually receives a \$15.0 million allocation from the State Wagering Tax to pay the debt service on the bonds.

- **Prison Construction Bonds** – The General Assembly authorized the issuance of bonds for the construction of prison facilities for FY 1994 through FY 1996. These bonds were issued to construct prisons in Clarinda, Newton, and Fort Dodge. The General Assembly has earmarked the first \$9.5 million in court fines for the Prison Infrastructure Fund for debt service payments. The portion of the \$9.5 million not used for debt service is transferred to the General Fund. In FY 2002 through FY 2007, approximately \$5.5 million of the annual debt service will be appropriated from the Restricted Capital Funds Account of the Tobacco Settlement Trust Fund. As a result, a greater portion of the court fines and fees will revert to the General Fund during this six-year period.



- **Underground Storage Tank Bonds** – These bonds were issued through the Iowa Finance Authority to provide funds for the clean-up of underground fuel storage tanks. The General Assembly created a standing appropriation of \$17.0 million from the Motor Vehicle Use Tax in FY 1991 for the Underground Storage Tank Program, a portion of which are used to pay the debt service on the bonds.

- **School Infrastructure Bonds** – In FY 2002, the State issued \$48.6 million in bonds to fund the School Infrastructure Program. This Program was created to provide State financial assistance to local school districts for the construction and renovation of school buildings. The School Infrastructure Fund annually receives a \$5.0 million allocation from the State Wagering Tax to pay the debt service on the bonds.



- **Iowa Communications Network (ICN) Bonds** – This debt was issued to finance construction of Parts I & II of the ICN. The General Assembly annually appropriates funds for repayment of the debt. Funds are appropriated directly to the Treasurer of State for payment of the debt service. Prior to FY 2002, the ICN debt service was appropriated primarily from the General Fund. However, in FY 2002 through FY 2006 (the year the bonds will be retired) funding for the annual debt service will be appropriated from the Restricted Capital Fund.

- **Lease Purchase and Installment Acquisitions** – State agencies have the authority to enter into lease purchase agreements for the purchase of public property. Lease purchases generally constitute shorter-term debt (three to ten years) than bonds and certificates of participation. The agreements are primarily used by State agencies for the purchase of equipment or facility improvements. The debt service payments are paid from State agencies' operating appropriations.

Infrastructure, Deferred Maintenance, Major Maintenance, and New Construction

- ▶ Judicial Districts Certificates of Participation (COP) – The General Assembly and the Governor authorized the Department of Corrections to issue certificates of participation in the late eighties and early nineties for construction of Community-Based Correctional (CBC) facilities throughout the State. The General Assembly annually appropriates funds from the General Fund to the CBC District Departments for repayment of the debt.
- ▶ Board of Regents Academic Revenue Bonds – These bonds are used for construction, reconstruction, and renovation of facilities and are backed by student tuition fees. The Board must receive authorization from the General Assembly to issue Academic Revenue Bonds. In turn, the General Assembly annually appropriates funds to the Board of Regents to reimburse the universities for tuition fees used to pay the debt service on the bonds.

In FY 2004, the State will pay a total of \$80.9 million in debt service for the bonds and lease purchases. The following table lists the annual debt service payments by debt type for the next three fiscal years. It should be noted that the amount of debt service listed is not necessarily the amount that the General Assembly will be required to appropriate. In certain instances, a portion of the debt service is paid from the interest earnings of the debt service reserve funds. For example, in FY 2003, the debt service on the Regent’s Academic Revenue Bonds is \$29.7 million. Of this amount, the General Assembly appropriated \$27.3 million for tuition replacement. The remainder was funded from reserve fund interest.



Annual Debt Service Payments

(Dollars in Millions)

	FY 2003	FY 2004	FY 2005
Regents Academic Revenue Bonds	\$ 29.7	\$ 27.3	\$ 27.9
Vision Iowa Bonds	15.7	15.8	15.8
Prison Construction Bonds	8.1	8.1	8.1
Underground Storage Tank Bonds	9.7	9.6	9.6
School Infrastructure Bonds	4.9	4.0	3.5
Iowa Communications Network Bonds	13.4	13.4	13.4
State Agency Lease Purchases	2.5	1.9	1.5
Judicial Districts COPs	0.8	0.8	0.6
Total	\$ 84.8	\$ 80.9	\$ 80.4

LEGISLATIVE FISCAL COMMITTEE MAJOR ISSUES

The Legislative Fiscal Committee is a committee of the Legislative Council. Statute specifies that the ten-member committee gather information to aid the General Assembly in properly appropriating money for the functions of government. Other statutory responsibilities include directing the administration of performance audits and visitations, studying the operation of State government, and making recommendations regarding government reorganization to the General Assembly (Section 2.46, Code of Iowa). The Committee also conducts studies and prepares **Issue Reviews** as assigned by the Legislative Council.

During the 2002 Legislative Interim, the Fiscal Committee met four times and a fifth meeting is scheduled for December 19. Dennis Prouty, Director of the Legislative Fiscal Bureau, provided regular revenue updates, and the Committee also received notices of appropriations transfers and lease purchases. The following FY 2002 or 2003 General Fund appropriations transfers were received:



Dollars Transferred	Department/Division Transferred To	Amount	Department/Division Transferred To
\$80,000	Department of Natural Resources, Parks Division	\$80,000	Department of Natural Resources, Environmental Protection Division
\$25,000	Dept. of General Services, Operations	\$25,000	Dept. of General Services, Property Management
\$114,260	Dept. of Personnel, Customer Service	\$114,260	Dept. of Personnel, Admin & Programming
\$3,726	Dept. of Public Health Addictive Disorders	\$8,402	Dept. of Public Health Infectious Diseases
\$6,042	Child and Adolescent	\$21,428	Resource Mgmt
\$2,292	Chronic Conditions		
\$8,367	Community Capacity		
\$1,030	Env. Hazards		
\$8,373	Public Protection		
\$ 7,465	Dept. of Public Health Environmental Hazards	\$22,919	Dept. of Public Health Community Capacity
\$17,822	Injuries	\$46,032	Resource Management
\$43,664	Public Protection		

Legislative Fiscal Committee Major Issues

Dollars Transferred	Department/Division Transferred To	Amount	Department/Division Transferred To
\$21,587	Dept. of Human Rights		Dept. of Human Rights
\$12,035	Community Grant Fund	\$20,000	Persons with Disabilities
\$ 1,378	Status of Women	\$15,000	Status of African Americans
	Latino Affairs		
\$1,027,744	Dept. of Human Services		Dept. of Human Services
	State Supplementary Assistance	\$1,027,744	Medical Assistance
\$35,000	Dept. of General Services	\$35,000	Dept. of General Services
	Operations		Property Management
\$33,000	Governor's Office, Terrace Hill Quarters and Dept. of General Services, Terrace Hill Operations	\$35,000	Governor's Office, General Office
\$3,000			
\$6,000	Dept. of Revenue & Finance, Compliance	\$6,000	Dept. of Revenue & Finance, Cigarette Stamps
\$4,700	Dept. of Revenue & Finance, Cigarette Stamp Printing	\$4,700	Dept. of Revenue & Finance, Compliance
	Dept. of Agriculture & Land Stewardship		Dept. of Agriculture & Land Stewardship
\$358,400	Soil Conservation Division (original request was for \$402,000)	\$48,400	Dairy Inspections
		\$95,000	Fertilizer Program
		\$154,000	Commercial Feed Program
		\$61,000	Pesticide Program
\$7,000	Dept. of Public Safety	\$7,000	Dept. of Public Safety
	Capitol Police Division		Division of Admin. Services
\$70,000	Dept. of Natural Resources	\$70,000	Dept. of Natural Resources
	Environmental Protection Division (original request was for \$100,000)		Parks Division and Energy & Geological Resources Division
\$1,630,000	Dept. of Human Services		Dept. of Human Services
	Field Operations	\$800,000	General Administration
	(\$1,230,000)	\$430,000	Child Support Recovery Unit
	State Supplementary Asst.	\$400,000	MH/MR/DD
	(\$400,000)		

The following lease-purchase acquisitions were discussed:

Lease-Purchase Dollars	Department	Explanation
\$509,300	Dept. of General Services	Lighting and air handler upgrades in several buildings on the Capitol Complex.
\$412,000	Iowa State University	Laptop computers for students in the College of Design.

The Committee also heard periodic updates on:

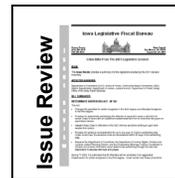
- Healthy and Well Kids in Iowa (*hawk-i*) Program
- Medical Assistance Program
- Securitization of the Tobacco Settlement Funds
- Program Elimination Commission meetings
- Pending court cases against the State of Iowa



The following **Issue Reviews** were presented to the Committee throughout the Interim. More information on any of these topics or is available from the Legislative Fiscal Bureau. A complete listing of all **Issue Reviews** completed during the interim and memos written for the Fiscal Committee is contained in Appendix D.

Issue Reviews Presented

- Iowa Priority Program
- Board of Regents Unit Cost of Instruction
- Community College Governance
- School Aid Funding FY 2002 - 2004



Other Major Agenda Items

- FY 2002 Ending Balance – Discussion of the ending balance and the use of reserve funds, early retirement and early out programs, and the projected Medical Assistance shortfall.
- FY 2002 and estimated FY 2003 balances of various funds – Discussion included the Endowment for Iowa's Health Account, the Restricted Capital Fund, the Healthy Iowans Tobacco Fund, the Rebuild Iowa Infrastructure Fund, and the Environment First Fund.
- FY 2003 Salary Costs and Funding – Discussion of the projected costs of the salary agreement in FY 2003 and FY 2004.
- Fair Labor Standards Act (FLSA) court case involving state troopers, employees of the Departments of Corrections, Transportation, and Natural Resources – Discussion of back pay and the impact to the General Fund.

Legislative Fiscal Committee Major Issues

- ▶ Court case relating to the wagering tax – Discussion of the impact on the State General Fund of the court rulings as well as the impact on the Rebuild Iowa Infrastructure Fund balance.
- ▶ Medical Report for the Medical Assistance Advisory Group mandated by HF 2245 (FY 2002 Medical Assistance Supplemental Act) – Received the report that was due June 1, 2002.
- ▶ Restoration of Old Capitol in Iowa City that was damaged last year by fire – Discussion of cost, payment for the damages, and timeline for repairs. 
- ▶ University of Iowa Hospitals and Clinics – Discussion of funding of the hospitals and clinics.
- ▶ Revenue Estimating – Discussion of current method and history of the Revenue Estimating Conference. The Committee met jointly with the Oversight Committee on this topic.
- ▶ Sales Tax Forecast – Discussion of how Internet sales have impacted the sales tax revenue nationally and in Iowa.
- ▶ Technology needs of the Department of Revenue and Finance – Discussed the needs and associated cost to collect and analyze the information needed to make more accurate forecasts.
- ▶ Capitol Security and Capitol Restoration issues – Discussion of the Capitol Security costs and progress on the Capitol restoration.
- ▶ Iowa Priority Program – **Issue Review** and discussion of the Program. 
- ▶ Restructuring of State Government – Briefing and discussion by Cynthia Eisenhower, Director of the Department of Management.
- ▶ Iowa Public Employment Retirement System (IPERS) – Discussion of the IPERS and how it has been affected by the stock market during 2001 and 2002.
- ▶ Collective Bargaining and Salaries – Discussion about the collective bargaining process and the potential cost of the union offers and the State's counter offers in FY 2004 and FY 2005.
- ▶ Judicial Branch Reorganization – An update on the plan released fall 2002 to reorganize the judicial districts. 

- Pending litigation against the State under the Fair Labor Standards Act – Discussion about the pending lawsuit filed by employees of the following departments: Public Safety, Transportation, Corrections, and Natural Resources for back pay.
- Community College Governance – **Issue Review** and discussion.
- Board of Regents – Historical funding review, discussion of tuition rate increases, enrollment, budget reductions/revised spending plans, organizational review, and bond issuance costs. 
- School Aid Funding – **Issue Review** and discussion.
- State Indebtedness – Report on the amount of debt outstanding.

Materials distributed to the Committee related to these topics are maintained at the LFB office and are available upon request. The agenda, minutes, and handouts for each meeting can be found on the LFB web site at:

<http://staffweb.legis.state.ia.us/lfb/committee/fiscalcomm/fiscalco.htm>.

LEGISLATIVE OVERSIGHT COMMITTEE MAJOR ISSUES

During the 2002 Legislative Session, the General Assembly passed SF 2325 (Oversight and Government Reform Act) creating the Legislative Oversight Committee as a permanent Committee of the Legislative Council. Formerly the Committee had served as a combined appropriations subcommittee during the legislative session and a committee to review government programs and regulations administered or enforced by State government during the Interim periods. Section 74 of the Act specifies the following powers and duties of the Committee:

- ▶ In addition to the duties assigned by the Legislative Council, the Committee shall systematically review the programs, agencies, and functions of the Executive and Judicial Branches of government to ensure that public resources are used in the most efficient manner to benefit the people of Iowa. 
- ▶ The Committee shall implement a systematic process of assessing programs, agencies, and functions. Annually, by October 1, the Committee shall identify the programs, agencies, and functions that will be subject to review and evaluation in the succeeding calendar year. An agency of State government selected by the Committee for review and evaluation shall provide information as required by the Committee, which may include but is not limited to the following:
 - ◆ Identifying the activities, services, products, and functions of the agency, including identifying those that are required and the source of that requirement. At a minimum, the sources identified shall include State law, State administrative rule, federal law, and federal regulation.
 - ◆ Specifying for all activities, services, products, and functions, the users or clientele, and the current level of need for and the level of satisfaction with the activity, service, product, or function.
 - ◆ Listing each discretionary activity, service, product, or function of the agency that is not required by State law, State administrative rule, federal law, or federal regulation.
 - ◆ Identifying the degree of alignment between the agency strategic plan adopted pursuant to Section 8E.206, Code of Iowa, and the requirements of the agency in State law and State administrative rule.
 - ◆ Identifying alternative methods of providing the agency's existing activities, services, products, and functions, and quantifying the impact to Iowans if such activities, services, products, or functions are no longer provided by the agency.

Legislative Oversight Committee Major Issues

During the 2002 Interim, the Committee met six times and has additional meetings scheduled for December 16 and 17. During the Interim, the Committee reviewed the following major areas:

Major Issues Reviewed

- Review of Department of Inspections and Appeals reorganization plan.
- Review of Department of Natural Resources reorganization plan.
- Iowa Central Community College policies and procedures relating to faculty changing student grades. The Committee discussed continuing with a thorough review of the Community College System and possibly include the Area Education Agencies, during the 2003 Legislative Session.
- Iowa's revenue estimating process. The Committee is anticipating receiving input from the members of the Revenue Estimating Conference (REC) relating to the formulation of specific recommendations for potential legislation concerning improvements to the revenue estimating process during the months of November and December. 
- Proposed Department of Administrative Services. The Committee agreed that a request be made to the Legislative Council that the Oversight Committee would continue to pursue the restructuring of an Administrative Services Department during the 2003 Legislative Session.
- Use of State equipment and time for non-State purposes.
- Early retirement incentive programs.
- Employee and citizen complaint reporting options.
- Senator Lundby suggested that the Committee recommend to the Legislative Council that the Civil Rights Commission, Commission on the Status of Women, and Latino Affairs be redesigned.
- Residential Services for Iowa's elderly, including assisted living and nursing facilities. The Committee agreed to recommend to the Legislative Council that the Oversight Committee look at the assisted living nursing home facilities to determine what departments are involved with this issue, and the costs of monitoring and regulation of these facilities. The Committee also agreed to obtain clarification of the definition of assisted living facilities and communicate with the individuals involved in regulating these facilities

- ▶ Adult day care service industry and regulation. The Committee agreed that the Oversight Committee also look at Adult Day Care during the 2003 Legislative Session.

Departments and Programs Selected for Review in 2003

The Oversight Committee has selected the following departments, programs, and services for review during 2003, and identified some that will be discussed specifically during the 2003 Legislative Session.

- ▶ To study and examine the Department of Natural Resources, especially permitting and enforcement procedures throughout the agency.
- ▶ To continue to study the development of the Department of Administrative Services throughout the 2003 Legislative Session
- ▶ To examine the advocacy roles of the following departments and programs:
 - ◆ Department for the Blind
 - ◆ Civil Rights
 - ◆ Department of Elder Affairs
 - ◆ Human Rights
 - ◆ Deaf Services
 - ◆ Persons with Disabilities
 - ◆ Latino Affairs
 - ◆ Status of African Americans
 - ◆ Commission on the Status of Women
- ▶ To continue the review of Assisted Living and Adult Day Care Programs.



The Oversight Committee will meet December 16 and 17, in Room 19 of the State Capitol Building. On December 16, the meeting will begin at 12:00 p.m. On December 17, the meeting will begin at 9:00 a.m. The agenda will include:

- ▶ December 16
 - ◆ A report from the Lottery Commission on potential deployment of video ticket machines.
 - ◆ A report from the Iowa Finance Authority on efforts to provide affordable assisted living facilities in Iowa.

Legislative Oversight Committee Major Issues

- ◆ A presentation from the Iowa Center for Assisted Living related to affordable assisted living opportunities in Iowa.
 - ◆ A presentation on the proposed Department of Administrative Services.
 - ◆ A presentation from the Revenue Estimating Conference on possible methods for improving revenue forecasting.
 - ◆ An update on the actions of the Program Elimination Commission.
- ▶ December 17 – Finalize recommendations on possible legislation or other action relating to issues discussed during the Interim.



Materials distributed to the Committee related to these topics are maintained at the Legislative Fiscal Bureau (LFB) office and are available upon request. Additionally, the agenda, minutes, and handouts for each meeting can be found on the LFB web site at <http://staffweb.legis.state.ia.us/lfb/subcom/oversight/oversight.htm>.

PROGRAM ELIMINATION COMMISSION

The Program Elimination Commission was created in HF 2627 (FY 2003 Second Omnibus Appropriations Act) and amended by HF 2625 (FY 2002 Adjustments and Transfers Act) during the 2002 Legislative Session. The Commission was created to assist the General Assembly in identifying savings to the General Fund which could be enacted during the 2003 Legislative Session.

The charge of the Commission, as specified in the Act, is:

To review all programs and other functions funded in whole or part with State or local government revenues, including but not limited to, general taxes and fees and special revenues, such as gaming and road use tax revenues. The Commission shall operate with the goal of identifying a 2.0% savings for the General Fund of the State. The Commission's duties shall include the following:



- Review of State and local government programs and other functions.
- Consideration of sale of public assets or providing for nongovernmental entities. The assets and functions considered shall include the State nursery, Department of General Services' vehicle fleet, state medical library, prison farms, and alcoholic beverage warehouse.
- Identification of programs or functions recommended for elimination or for performance by a nongovernmental entity.
- Identification of public assets for sale.
- Other duties assigned by the Legislative Council.

The Commission is required to issue a report on or before December 31, 2002, to the Governor, Supreme Court, and General Assembly containing findings and recommendations fulfilling the Commission's duties. The recommendations are to be drafted into bill form and brought to the General Assembly under a procedure or rule permitting no amendments except those of a purely corrective nature recommended by a committee on state government. Unless otherwise continued by the Legislative Council or by law, the Program Elimination Commission will sunset December 31, 2002.

The Commission met seven times during the 2002 Interim and reviewed the following areas:

- The General Fund, other fund, and full-time equivalent (FTE) appropriations tracking documents for actual FY 2000 through estimated FY 2003 levels.

Program Elimination Commission

- The State Medical Library administered by the Division of Libraries and Information Services, Department of Education.
- The prison farms administered by the Department of Corrections.
- The State Forest Nursery administered by the Department of Natural Resources.
- The Department of General Services vehicle fleet.
- The Executive Branch proposal for consolidation of various functions into a new Department of Administrative Services (DAS), including review of the individual programs to be included.
- The Department of Corrections programs, including community-based programs.
- The Department of Justice and other entities involved with the criminal justice system.
- The Judicial Branch.
- The Departments of Workforce Development and Economic Development.
- The Alcoholic Beverages Division, Department of Commerce, warehouse function.
- The Departments of Human Rights and Elder Affairs.
- The Medicaid Program.
- The Department of Human Services Institutions.
- Child welfare services management.
- Veteran's Home and Veterans Affairs Division programs.
- Substance abuse and mental health services.
- The Department of Education
 - ◆ School District Administrative Services
 - ◆ Area Education Agencies
 - ◆ Small School Districts
 - ◆ K-12 Reading Programs



- ▶ Iowa Braille and Sight Saving School
- ▶ Child Care Programs
- ▶ Child Welfare Proposals
- ▶ Early Childhood Programs (Ages 0 – 5)



At the November 18 meeting the Commission reviewed proposals from Members for possible areas to include in its recommendations to the General Assembly. The proposals accepted by the Commission for continued review and possible inclusion are:

- ▶ Recommend that the Legislative Council establish a Commission to consider establishing common boundaries for service areas (i.e. Area Education Agencies [AEAs], judicial districts, Department of Human Services [DHS] districts, community-based corrections [CBCs] districts), with a completed report due 12-31-03 and implementation during the 2004 Legislative Session.
- ▶ Encourage consolidation of high schools with an enrollment of less than 100 by school year 2004-05, and consider possible funding incentives.
- ▶ Encourage shared administrative services by school districts and possible incentives or penalties.
- ▶ Modify sentencing guidelines to allow some portion of an 85.0% mandatory sentence to be served in a CBC setting.
- ▶ Coordinate the management of CBCs through the establishment of a state CBC Director reporting to the Director of the Department of Corrections.
- ▶ Establish a pilot program to enable parents/schools to use federal special education dollars to pay for alternative, non-AEA programs. Pre- and post-evaluation research will be used to measure progress.
- ▶ Encourage county governments to have regional governing centers, made up of not less than four contiguous counties, to provide consolidated services of Auditor, Treasurer, and Recorder. Any county having a population of 250,000 persons or more will be exempt from this requirement. The General Assembly should consider incentives to encourage this transition.
- ▶ Reduce the size of the General Assembly, such that the House of Representatives has a minimum of 48 Members and the Senate has a minimum of 24 Members.
- ▶ Change the State budgeting process to a biennial budgeting format beginning with the FY 2006-07 budget.



Program Elimination Commission

- ▶ Eliminate one of the State Mental Health Institutes (MHIs), consolidate and relocate the residents and programs to other existing MHIs.
- ▶ Create a Bureau of Early Childhood Care and Education within the Department of Education. The purpose of this Bureau would be to collocate and coordinate all programs dealing with early childhood care, including, but not limited to, state childcare assistance; early childhood education, including, but not limited to, public pre-school programs and empowerment grants; and the registration and licensing administration of all childcare homes and centers as required by law. The empowerment legislation intent language to provide a vehicle for more effective state-local relationships should be maintained within the Department of Management.
- ▶ Childcare licensing staff should be collocated and coordinated with the child and adult care food program, with emphasis placed on maximizing the use of federal funds as a cash incentive for caregivers and to administer food and nutrition programs and provide support, education, training, and oversight for caregivers. A minimum of 5.0 percent of administrative funds shall be used to develop local systems of recruitment and training of caregivers for peer review teams with a goal of increasing program participation, training, education, and support of home caregivers.
- ▶ Merge the Departments of Economic Development and Workforce Development.
- ▶ Proposed Medicaid changes:
 - ◆ Implement Disease Management programs for:
 - Asthma
 - Congestive Heart Failure
 - Diabetes
 - ◆ Supplemental rebates from pharmaceutical companies - similar to Florida's approach.
 - ◆ Lower prescription fill fee from \$5.17 to \$4.00.
 - ◆ Change state payment for drugs from Average Wholesale Price minus 10 percent to Wholesale Acquisition Price plus 15 percent. This change would reflect the true cost of drugs to pharmacists plus a percentage to help cover their costs. This amount would be in addition to the fill fee.
 - ◆ Eliminate payment for over-the-counter products like shampoo and kleenex that are "prescribed" to be covered by Medicaid.



- ◆ Lower fee for generic prescription drugs to 50 cents while raising the fee for brand-name drugs to \$2 for drugs costing between \$25 and \$49 and to \$3 for those drugs costing over \$50.
 - ◆ Re-implement monthly income reporting for Medicaid eligibility.
 - ◆ Enact substantial changes to the scope and duration of services.
 - ◆ Require DHS to implement cost-sharing for those services where the Code of Iowa gives them the authority to collect it.
 - ◆ Require veterans in long-term care to use veterans benefits eligibility for care and prescription drugs before billing Medicaid for assistance.
 - ◆ Increase the authorized level of full-time equivalent (FTE) positions in the Department of Veterans Affairs as needed (up to 5.0 FTE) to allow pre-admission screening to identify potential federal Veterans Administration (VA) benefits-eligible persons applying for nursing home residency and eligibility of those persons for receiving federal VA prescription drug programs to reduce the State cost of Medicaid related to these individuals. The Department of Human Service's FTE authorization should be reduced by the number of FTE positions needed by the Department of Veterans Affairs for this pre-admission screening.
 - ◆ Other Medicaid related changes.
- Consolidate the provision of administrative services including: printing, information technology, mail, payroll, financial accounting, property management, fleet management, and purchasing. The Department of Management would serve as the unified authority to serve as the decision-making authority for the provision of these services.
 - All private providers of child welfare services would be given more flexibility in service provision to enhance accountability through performance contracting and to minimize redundant paper work in the system.
 - Enable the Judicial Branch to restructure services, perhaps maintaining a presence in every county but not necessarily a Clerk of Court; eliminate mandates in the Code of Iowa; and consider other changes to increase flexibility for the Judicial Branch to administer its offices.
 - The Department of Workforce Development would conduct a pilot outsource project of local offices at two locations (for example, one large and one small office) and allow the offices to be run by a local nonprofit agency, community college, or chamber of commerce; provide for performance contracting to measure the level of success.



Program Elimination Commission

The Commission plans to finish areas of review and begin developing recommendations during the two remaining meetings scheduled for December 3 and 9. The meetings are held in Room 19, State Capitol Building, and begin at 9:00 a.m.



Copies of agendas, minutes, and handouts are available on the General Assembly's web site at <http://www.legis.state.ia.us/GA/79GA/Interim/2002/comminfo/progelim.htm>.

**ESTIMATED GENERAL FUND EXPENDITURE
INCREASES AND DECREASES**

A **built-in increase or decrease** is a standing appropriation as required by the Code of Iowa, an entitlement program, or a prior appropriation for a future fiscal year that increases or decreases compared to the prior year. Built-in increases or decreases may be changed by enacted legislation. An **anticipated increase or decrease** is based on prior obligation or action and requires legislative action. A **built-in change in revenue** for FY 2004 will be addressed by the Revenue Estimating Conference at the December meeting.

For FY 2004, the Legislative Fiscal Bureau (LFB) is currently projecting \$449.5 million in built-in and anticipated increases and decreases. The FY 2004 projection includes \$279.4 million in General Fund built-in increases and decreases and \$170.1 million in anticipated increases and decreases. The following tables summarize the projected built-in and anticipated changes.

**Figure 1
Projected FY 2004 Incremental Built-in General Fund Expenditures**

(Dollars in Millions)

K-12 School Foundation Aid	\$	94.7
M & E Property Tax Replacement Fund		0.7
Homestead Tax Credit		8.4
Agricultural Land Tax Credit		3.6
Property Tax Replacement		5.2
Elderly and Disabled Tax Credit		0.9
Other Tax Credits		0.9
Human Services - Medical Assistance		97.7
Human Services - State Children's Health Insurance Program		0.4
Human Services - Mental Health Growth Factor		4.9
Human Services - State Cases		0.4
Education - Early Intervention Block Grant		-30.0
Educational Excellence		14.0
Child Development - At-Risk Early Childhood Education		1.0
School to Career Program		0.5
State Appeal Board Claims		2.5
Cash Reserve Fund Appropriation		45.3
Endowment for Iowa's Health Account Appropriation		28.3
Total Built-in Increases and Decreases	\$	<u>279.4</u>

Estimated General Fund Expenditures Increases and Decreases

Figure 2
Projected FY 2004 Incremental Anticipated General Fund Expenditures
(Dollars in Millions)

Collective Bargaining Salary Package	\$ 41.1
Salary Adjustment Add-Back	41.1
State Employee Furlough Add-Back	33.5
Teacher Quality/Student Achievement Program	26.0
Corrections - Fort Madison Special Needs Unit Start-up Costs	2.1
Inspections and Appeals - Indigent Defense & Public Defender	2.7
General Services - Parking Structure Operational Costs	0.1
Judicial Branch - Retirement Fund Contribution	2.2
Judicial Branch - New Building Operational Costs	1.0
Public Safety - Capitol Security	0.9
Regents - Tuition Replacement	13.3
Education - College Student Aid Work Study Program	2.8
Human Services - Children/Families Caseload Increase/Adjustment	0.7
Human Services - Sexual Predators Civil Commitment and Treatment	0.7
Dept. of Natural Resources - Park Operations	0.7
Dept. of Agriculture - Soil Conservation Cost Share Staff	1.2
Total Anticipated Increase and Decreases	<u>\$ 170.1</u>
Total Projected Expenditures	<u><u>\$ 449.5</u></u>

Appendix B describes the General Fund built-in and anticipated expenditure increases and decreases in detail by providing:

- ▶ Type of appropriation.
 - ◆ Standing unlimited appropriation
 - ◆ Standing limited appropriation
 - ◆ Regular appropriation
- ▶ Description of the program or budget unit.
- ▶ Factors resulting in the increases or decreases.
- ▶ Dollar amount of the increase under current law as projected by the LFB.
- ▶ Options to eliminate or reduce the built-in increase.
- ▶ Estimated potential General Fund savings from the options identified in column 5.

OVERVIEW OF FY 2004 BUDGETS AND SUBCOMMITTEE ISSUES

The Overview of the FY 2004 Budgets and Subcommittee Issues Section presents a summary analysis of the FY 2004 department requests compared to estimated FY 2003 appropriations and identifies possible issues to be discussed by individual appropriations subcommittees. The amounts requested for unassigned standings are not included in the totals for the appropriations subcommittees, but the issues may be discussed under the **Significant General Fund Changes Requested and Issues Sections**.

It is important to note that:

- ▶ The estimated FY 2003 General Fund appropriation includes original legislative action and action taken in the second extraordinary session. It *does not* include salary adjustment, which was funded from non-General Funds in FY 2003. It also does not include any supplemental appropriation requests for FY 2003, as those have not yet been determined.
- ▶ The Departments' FY 2002 General Fund appropriations were reduced by 1.0% in SF 2304 (FY 2002 Budget Adjustment Act). Senate File 2304 also reduced the Departments' appropriations for salary reductions or furloughs in FY 2002.
- ▶ The Departments' FY 2003 General Fund appropriations were reduced approximately 2.5% in HF 2627 (FY 2003 Second Omnibus Appropriations Act). The reductions were to result from savings due to employee furloughs and salary reductions.

ADMINISTRATION AND REGULATION APPROPRIATIONS SUBCOMMITTEE

FY 2004 DEPARTMENT REQUESTS

The 12 Departments of the Administration and Regulation Appropriations Subcommittee are requesting \$108.2 million from the General Fund and 1,903.6 FTE positions, an increase of \$30.6 million (39.5%) and 4.0 (0.2%) FTE positions compared to estimated FY 2003. This includes 12.1 FTE positions that are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded by federal funds, other funds or receipts. More information on the FTE positions is available from the LFB upon request. Unless otherwise indicated, all increases or decreases are compared to estimated FY 2003.

The Department budget requests are compared to the estimated FY 2003 appropriation, which does not include salary adjustment. FY 2003 salary adjustment was funded from non-General Fund sources. Many departments have asked that the FY 2003 salary adjustment funding be replaced by a General Fund appropriation in FY 2004. Those requests are noted below.

Significant General Fund Changes Requested

- ▶ **Office of the Auditor of State** – An increase of \$105,000 (10.0%) and 3.3 (3.2%) FTE positions to restore audit hours for audits of agencies that are not billed for the Auditor's review.
- ▶ **Department of Commerce** – An increase of \$303,000 (1.5%) to fund FY 2003 salary adjustment from the General Fund and a decrease of 6.0 (2.0%) FTE positions. 
- ▶ **Department of General Services** – An increase of \$277,000 (3.4%) and a decrease of 7.8 (3.5%) FTE positions. The significant changes include:
 - ◆ **Salary Adjustment** – An increase of \$193,000 to fund FY 2003 salary adjustment from the General Fund.
 - ◆ **New Parking Ramp Maintenance** – An increase of \$83,000 to enter into a contract for the operation and maintenance of the new parking ramp.
- ▶ **Information Technology Department** – An increase of \$58,000 (2.0%) to fund FY 2003 salary adjustment from the General Fund and an increase of 1.0 (0.7%) FTE position.

Administration and Regulation Appropriations Subcommittee

- ▶ **Department of Inspections and Appeals** – An increase of \$343,000 (3.2%) and 0.4 (0.1%) FTE position. The significant changes include:



- ◆ **Salary Adjustment** – An increase of \$203,000 to fund FY 2003 salary adjustment from the General Fund.

- ◆ **Racing and Gaming Commission Excursion Boat Regulation** – An increase of \$140,000 (11.1%) for regulation-related expenses that are reimbursed by the excursion gambling boats. The requested increase restores the FY 2002 across-the-board reductions and the FY 2002 and FY 2003 furlough reductions.



- ▶ **Department of Personnel** – An increase of \$124,000 (3.4%) to fund FY 2003 salary adjustment from the General Fund and a decrease of 10.0 (13.2%) FTE positions.



- ▶ **Department of Revenue and Finance** – An increase of \$885,000 (3.7%) and 20.0 (3.9%) FTE positions. The significant changes include:

- ◆ An increase of \$525,000 and 14.0 FTE positions for 10.0 additional revenue field auditors and 4.0 additional revenue field collections agents.

- ◆ An increase of \$277,000 and 6.0 FTE positions to fund FY 2003 salary adjustment from the General Fund.

- ◆ An increase of \$75,000 to update the 1998 Real Estate Appraisal Manual that is required to be prepared and issued, in accordance with Section 421.17(18), Code of Iowa, to cities and counties at no cost.

- ▶ **Office of the Secretary of State** – An increase of \$87,000 (4.2%) and no change in FTE positions compared to estimated FY 2003. The significant changes include:



- ◆ **Salary Adjustment** – An increase of \$37,000 to fund FY 2003 salary adjustment from the General Fund.

- ◆ **Iowa Official Register** – An increase of \$50,000 for the Iowa Official Register. The change is for costs associated with the biennial printing of the Iowa Official Register and restores the appropriation that was eliminated beginning in FY 2002. The Office received \$45,000 in FY 2000 and \$5,000 in FY 2001 to fund the Register.

Historically, in odd-numbered fiscal years, the Office would do editing and maintenance of the Iowa Official Register on the Internet. In even-numbered fiscal years, the Office would do editing, maintenance and printing of both softbound and hardbound copies of the Iowa Official Register. The calendar year 2001 and calendar year 2002 requirements of Section 9.6, Code of Iowa,

pertaining to the Iowa Official Register (also known as the Red Book), were notwithstanding during the 2001 Legislative session in SF 531 (FY 2002 Administration and Regulation Appropriations Act).

- ▶ **The Office of the Treasurer – Tobacco Settlement Authority** – The Office is requesting \$28.3 million from the General Fund for the Endowment for Iowa's Health Account to create a pool of funds to be used for the Healthy Iowans Tobacco Trust Fund in FY 2004 and beyond. These funds were previously appropriated in SF 533 (FY 2002 Tobacco Settlement Trust Fund Appropriations Act).

Significant Other Fund Requests

▶ **Department of Personnel:**

- ◆ **Iowa Public Employees Retirement System (IPERS)** – An increase of \$331,000 (3.9%) and 5.0 (5.6%) FTE positions. The request includes \$662,000 continued funding for document security, maintenance and improvement projects at the office which is anticipated to be completed in FY 2007, and \$517,000 continued funding for the development of internet services for employers and members which is anticipated to be completed in FY 2005. The significant changes include:



- A decrease of \$135,000 due to the FY 2003 one-time funding for studies relating to a deferred retirement option (\$95,000), and a terminated vested member option (\$40,000).
- An increase of \$135,000 and 2.0 FTE positions for two compliance officers to perform additional compliance audits and to conduct additional training for employers.
- An increase of \$98,000 to provide funding for the production and distribution of IPERS' members and employer handbooks.
- An increase of \$79,000 and 1.0 FTE positions for additional staff to meet the demands of members.
- An increase of \$154,000 and 2.0 FTE positions to perform business process improvement.

▶ **Department of Revenue and Finance:**

- ◆ **Electronic Tax Administration** – The Department is requesting \$520,000 from the Pooled Technology Account for expansion of the Department's Electronic Tax Administration Initiative to reduce costs, increase the availability of information to taxpayers, and increase the accuracy of the Department's data. This is not a one-time funding request.



Administration and Regulation Appropriations Subcommittee

Issues

The Administration and Regulation Appropriations Subcommittee may wish to examine the following issues:

- ▶ **Payment Processes for Interagency Services** – The majority of agencies within the Subcommittee provide services to other State agencies. The approach to funding these services has varied, causing a general lack of uniformity regarding how services are funded and how payments from service receiving agencies are classified.
- ▶ **Taxpayer Non-Compliance as it Relates to the Audit Staff Reductions at the Department of Revenue and Finance** – The Department of Revenue and Finance, due to the budget reductions, has reduced the audits staff that may lead to an increase in taxpayer non-compliance.
- ▶ **Taxpayer's Expectations for Electronic Services** – As taxpayers become accustomed to technology, their demands for electronic services may be increasing.
- ▶ **Federal Over-Recovery** – The federal government continues to request the return of federal funds used by the agencies to pay for services provided by the Information Technology Department that the federal government believes was in excess of the federal share of the payment.
- ▶ **Elimination of the Sales Tax on Lottery Tickets** – The Lottery pays the State sales tax out of proceeds from the sale of Lottery tickets. The consumer does not pay the tax. When the sales tax on Lottery tickets was established, the non-sales tax revenue did not flow into the General Fund. Presently, the sales tax and non-sales tax net revenues flow to the General Fund. The Lottery is recommending the elimination of the sales tax on Lottery tickets and the accounting needed to keep track of the sales tax portion of the ticket proceeds. The estimated \$8.6 million would be deposited into the General Fund as sales proceeds instead of sales tax. 
- ▶ **The Standardization of the Payment of Admissions Fees at Racetrack Enclosures and Gambling Excursion Boats** – Unlike the admission fees paid by the boats, the admission fees at racetracks do not have any relationship to the cost of regulating the establishments. A reduction to the budget of the Racing and Gaming Commission causes an equivalent reduction in the amount of money paid into the General Fund by the boats and oversight of the establishments is reduced.
- ▶ **Flexibility in Establishing Racing Days at Racetrack Enclosures** – The current method of funding the Racing and Gaming Commission does not allow the racetracks flexibility during the calendar year for the establishment of additional racing days and a reduction in the Commission's budget leads to fewer racing days.

▶ **The Real Estate Education Fund** – House File 2627 (FY 2003 Second Omnibus Appropriations Act) requires \$30.00 from each real estate salesperson’s license and each broker’s license be paid into the Iowa Real Estate Education Fund during FY 2003. Unless Section 543B.14, Code of Iowa, is amended or other action taken, the Fund will again be receiving 40.0% of the fees for each real estate salesperson’s license and 25.0% of each broker’s license after FY 2003.

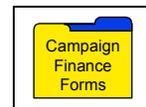
▶ **Integrated Information for Iowa (I/3)** - Formerly known as Enterprise Resource Planning (ERP). Progress has been made toward updating businesses processes across state government, beginning with redesigning the State budget system. The General Assembly made a FY 2003 appropriation of \$4.4 million for the project. The Department of Information Technology estimates an additional \$9.2 million will be needed to complete the project.



▶ **Department of Administrative Services** – It is anticipate that the Department of Administrative Services Implementation Co-chairs Gerry Bair and Mary O’Keefe will submit, by December 1, 2002, a proposal (organizational chart, budget and timeline) to consolidate the Departments of Personnel, General Services, Information Technology, the Iowa Communications Network, and the accounting functions of the Department of Revenue and Finance into an entrepreneurial management model. While the Oversight Committee has been actively involved in the design of the new department, members of Administration and Regulation Appropriations Subcommittee may have an interest in the proposal since the new department is likely to fall within its jurisdiction.

▶ **Department of Commerce Revolving Fund** – A proposal was considered last year for reestablishment of a revolving fund for the Department of Commerce. The Fund could be established without receiving start-up funds from the General Fund.

▶ **Electronic Filings with the Ethics and Campaign Disclosure Board** – The Subcommittee may want to review the most efficient ways for the Board to process filings and provide information to the public.



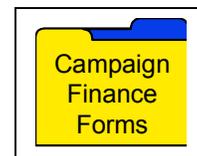
▶ **The Demands on the Iowa Public Employees’ Retirement System (IPERS) and Staff** – By FY 2006 annual retirements are expected to exceed 8,500, and remain at or near this level through FY 2012. By FY 2013 the total number of retired members will have risen from today’s 73,000 to over 123,000 and will top 200,000 by 2027. Benefit payouts topped \$676.0 million in FY 2002 and it is anticipated they could reach \$1.5 billion annually by FY 2007.



▶ **Departments Responses to Budget Reductions:**

◆ **Iowa Ethics and Campaign Disclosure Board**

- Combined positions.



- Increased the use of technology.
- Focus on core functions.
- Administrative rules changes to eliminate unnecessary requirements.

◆ **Department of General Services**

- Merged seven divisions into five.
- Increased the span of control.
- Established “Facility Partnerships” between custodial and maintenance staff by assigning staff by building.
- Combined finance related operations under one division, the Operations Division.
- Continued review of operations and the reduction in the span of control.

◆ **Information Technology Department**

- Reduced the span of control.
- Combined operations and responsibilities.
- Redesigned office space to increase productivity.
- Reclassified employees.
- Reduced staff.
- Renegotiated contracts with vendors.



◆ **Department of Inspections and Appeals**

- Consolidated General Fund programs.
- Capitalize on federal matching funds and grants.
- Reduced the span of control.
- Elimination of positions.
- Increased the use of technology.
- Combined Divisions.
- Implemented Furloughs.
- Reduced the number of Commission meetings.

◆ **Department of Management**

- Redirected staff resources to focus on core customer demands.
- Staff reductions.

◆ Department of Personnel

- Combined Divisions.
- Reduced Staff.
- Increased the span of control.
- Increased the use of technology for training and job applications.
- Utilized alternative grievance procedures.



Issue Reviews

Three **Issue Reviews** relating to the Administration and Regulation Appropriations Subcommittee were distributed during the 2002 Interim. The **Issue Reviews** were:

- [Alcoholic Beverages Division Liquor Wholesaling](#)
- [Linked Investments for Tomorrow](#)
- [State Vehicle Fleet](#)

Topic Presentations

The LFB maintains and updates **Topic Presentations** available on the LFB web site. Presentations relating to the Administration and Regulation Appropriations Subcommittee include:

- [Administration and Regulation Appropriations Subcommittee](#)
- Department of Commerce General Fund Revenues Generated and Appropriations by Division
- [Gambling in Iowa](#)
- [Iowa Lottery](#)
- [Iowa Retirement Systems](#)

AGRICULTURE AND NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE

FY 2004 DEPARTMENT REQUESTS

The two departments of the Agriculture and Natural Resources Appropriations Subcommittee are requesting \$33.6 million for operations from the General Fund and 1,559.8 FTE positions, an increase of \$1.7 million (5.3%) and no change in FTE positions compared to estimated FY 2003. This includes 12.5 FTE positions in the Department of Agriculture and Land Stewardship that are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded with federal funds and other funds. More information is available on these non-appropriated FTE positions from the LFB upon request.

The Department budget requests are compared to the estimated FY 2003 appropriation, which does not include salary adjustment. The FY 2003 salary adjustment was funded from non-General Fund sources. The Departments have asked that the FY 2003 salary adjustment funding be replaced by a General Fund appropriation in FY 2004. Those requests are noted below.

Significant General Fund Changes Requested

- ▶ Department of Agriculture and Land Stewardship – The Department is requesting a total of \$17.8 million from the General Fund and 472.1 FTE positions for FY 2004. This is an increase of \$1.1 million (6.3%) and no change in FTE positions compared to estimated FY 2003. Significant requests include:
 - ◆ An increase of \$607,000 to fund 2003 salary adjustments and to restore FY 2003 reductions from the General Fund.
 - ◆ An increase of \$210,000 for the Renewable Fuels Program that promotes the production and consumption of products manufactured from agricultural commodities. The funds will be used for educational and promotional activities.
 - ◆ An increase of \$254,000 for expenditure reimbursement to District Soil and Water Conservation Commissioners. This appropriation was reduced during FY 2003 and the request restores funding. Counties elect Commissioners to administer conservation programs at the federal, State, and local levels. The Commissioners are not paid a salary, but the State reimburses them for approved expenditures.



Agriculture and Natural Resources Appropriations Subcommittee

- ▶ Department of Natural Resources (DNR) – The Department is requesting \$15.8 million from the General Fund and 1,075.1 FTE positions for FY 2004. This is an increase of \$639,000 (4.2%) and no change in FTE positions compared to estimated FY 2003. Significant requests include:
 - ◆ An increase of \$314,000 to fund FY 2003 salary adjustments from the General Fund.
 - ◆ An increase of \$175,000 to expand operations in field offices and relocate employees. The Department began reorganizing in FY 2002 and will be moving employees from the Des Moines office to field offices to provide better customer service.
 - ◆ An increase of \$150,000 to implement the One Stop Project. The Project will upgrade and streamline current environmental reporting systems to the federal National Environmental Information Exchange Network.



Significant Other Fund Changes Requested

- ▶ Department of Agriculture and Land Stewardship – The Department is requesting a total of \$706,000 from other funds and \$15.3 million from the Environment First Fund for FY 2004. The Environment First Fund is appropriated by the Transportation, Infrastructure, and Capitals Subcommittee. Significant requests include:
 - ◆ An increase of \$400,000 for the Renewable Fuels Program with funding transferred from the Value Added Agricultural Products and Process Financial Program (VAAPFAP).
 - ◆ An increase of \$7.0 million from the Environment First Fund. Significant requests include:
 - An increase of \$1.5 million for the Agricultural Drainage Wells Program.
 - An increase of \$350,000 for the Farm Management Demonstration Program.
 - An increase of \$2.0 million for the Soil Conservation Cost Share Program.
 - An increase of \$500,000 for the Watershed Protection Program.
 - An increase of \$2.0 million for the Conservation Reserve Program. The funding for this Program was eliminated for FY 2003.
 - An increase of \$500,000 for the Conservation Reserve Enhancement and Protection Fund.



Agriculture and Natural Resources Appropriations Subcommittee

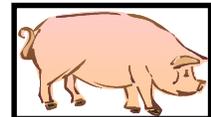
- ▶ Department of Natural Resources – The Department is requesting a total of \$29.0 million from the Environment First Fund, \$7.0 million from the Restricted Capital Account of the Tobacco Settlement Trust Fund, and \$35.5 million from other funds for FY 2004. The Environment First Fund and the Tobacco Settlement Trust Fund are appropriated by the Transportation, Infrastructure, and Capitals Subcommittee. Significant requests include:
 - ◆ An increase of \$20.6 million from the Environment First Fund. Significant requests include:
 - An increase of \$13.0 million for the Resource Enhancement and Protection (REAP) Fund.
 - An increase of \$4.7 million for the Lake Restoration Program.
 - An increase of \$400,000 for Marine Fuel Tax Capital projects, such as boat ramps.
 - An increase of \$2.0 million for State Park operations.
 - An increase of \$395,000 for the Water Quality Monitoring Program.
 - An increase of \$195,000 for the Geographic Information System (GIS).
 - ◆ An increase of \$2.0 million from the Restricted Capital Account of the Tobacco Settlement Trust Fund to fund design and construction projects at the destination park located near Lake Rathbun.
 - ◆ An increase of \$850,000 from the Fish and Wildlife Trust Fund to be used for operations in the Fish and Game Bureau. Requests include:
 - An increase of \$750,000 for payment of unused sick leave for retiring Conservation Officers. There are 20 Officers eligible for retirement during FY 2004.
 - An increase of \$100,000 to match federal funds for non-game wildlife research activities.



Issues

The Agriculture and Natural Resources Appropriations Subcommittee may wish to examine the following issues:

- ▶ **Animal Agriculture Regulation** – The 2002 General Assembly passed SF 2293 (FY 2003 Animal Agriculture Act) that amended statutory requirements regarding the regulation of animal feeding



operations. Animal confinement operators are required to pay an annual fee of \$0.15 per animal unit that will be deposited into the Assessment Account of the Animal Agriculture Compliance Fund. The fees will be used to fund 12.0 FTE positions for enforcement of the Act. The Act implements the use of the Master Matrix, a scoring system used by a County Board of Supervisors and the DNR to determine if a new animal confinement construction permit should be issued. An advisory committee made recommendations to the DNR for the development of a Master Matrix. Public comment regarding the Master Matrix was accepted until December 5, 2002. The Master Matrix becomes effective on March 1, 2003.

► **Environment First Fund Deappropriations** – The Environment First Fund was established by the 2000 General Assembly with a standing appropriation of \$35.0 million. During FY 2002, program funding was deappropriated. Changes include:

- ◆ The original FY 2002 appropriation was \$35.0 million. During the 2002 Legislative Session, the General Assembly passed HF 2625 (FY 2002 Adjustments and Transfers Act) that deappropriated \$5.8 million from the Environment First Fund for FY 2002.
- ◆ The original FY 2003 appropriation to the Environment First Fund was \$35.0 million. The General Assembly passed HF 2627 (FY 2003 Second Omnibus Appropriations Act) during the Second Special Session that deappropriated \$18.5 million from the FY 2003 Environment First Fund appropriation.
- ◆ On June 12, 2002, the Iowa Supreme Court ruled that taxing casinos with racetracks at a higher rate than casinos without racetracks was unconstitutional. The estimated fiscal impact of that ruling for FY 2003 is a \$40.4 million decrease in funds to the Rebuild Iowa Infrastructure Fund (RIIF) that funds the Environment First Fund.
- ◆ Revisions to funding of Environment First Fund programs will be determined by the 2003 General Assembly.

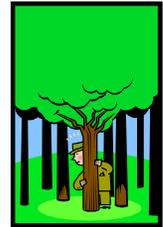


► **Resource Enhancement and Protection (REAP) Fund** – The General Assembly appropriated \$10.0 million to the Fund in FY 2002 from the Environment First Fund. This amount was deappropriated by \$2.8 million upon passage of HF 2625 (FY 2002 Adjustments and Transfers Act). For FY 2003, the REAP Fund was appropriated \$10.0 million from the Environment First Fund but reduced to \$2.0 million upon passage of HF 2627 (FY 2003 Second Omnibus Appropriations Act). The General Assembly notwithstanding language in Section 455A.19, Code of Iowa, that allocates REAP funds based on a percentage formula. Instead, funds were designated to reimburse local governments for property taxes lost on land purchased by the Department. For FY 2004, the Department is requesting \$15.0 million for the REAP fund.



- ▶ **Foreign Animal Disease** – The Department of Agriculture and Land Stewardship in coordination with a number of other agencies implemented the Foot and Mouth Disease Response and Recovery Plan during FY 2002. This was in response to a number of outbreaks of Foot and Mouth Disease and Bovine Spongiform Encephalopathy (Mad Cow) Disease in Europe during 2001. Concerns that a terrorist could use a virus, toxin, or other chemicals to produce an animal disease increased after the attack on September 11, 2001. On September 11, 2002, the United States Department of Agriculture (USDA) awarded Iowa a federal grant of \$622,000 to continue efforts to detect, respond, and recover from a foreign animal disease.

- ▶ **State Forest Nursery** – The 2002 General Assembly created the Program Elimination Commission in HF 2627 (FY 2003 Second Omnibus Appropriations Act) to review all State programs and functions funded with State or local revenues. The goal of the Commission is to identify a 2.0% savings to the General Fund from the elimination of programs or sale of assets. One of the assets reviewed by the Commission was the State Forest Nursery located in Ames, Iowa. The Nursery sells bareroot seedlings in quantities of 500 or more to Iowa landowners for conservation projects and sells between 3.0 to 5.0 million seedlings annually. The operation generates approximately \$1.5 million in revenue each year that pays for all Nursery expenditures. The LFB completed an *Issue Review* on this topic in September 2002 and is available on the LFB web site at:
<http://staffweb.legis.state.ia.us/lfb/docs/IssReview/2002/IRDFK003.PDF>.



- ▶ **Water Quality** – The Department of Natural Resources compiled the 2002 listing of impaired waterbodies as specified in Section 303(d) of the federal Clean Water Act. The proposed listing has 159 impaired waterbodies and will be forwarded to the federal Environmental Protection Agency (EPA) for approval. The 1998 list had 157 impaired waterbodies with 220 impairments, and the 2002 list has 159 waterbodies with 215 impairments.

- ▶ **West Nile Virus** – This is a virus carried by mosquitoes that was identified in New York in 1999. During 2002, there were two Iowa horses reported to be infected with the virus. As of October 14, 2002, there were over 1,000 horses infected with the virus and approximately 160 have died or were destroyed. The Code of Iowa requires owners of infected animals to report cases of West Nile Virus to the State Veterinarian.

- ▶ **Chronic Wasting Disease** – This is a neurological disease similar to Mad Cow Disease that affects deer and elk. The disease has been reported in Wisconsin, South Dakota, Nebraska, Colorado, Wyoming, Montana, and New Mexico. Currently, no cases have been reported in Iowa. The Department of Natural Resources has tested 150 whitetail deer and plans to test an additional 2,000 animals during the fall



Agriculture and Natural Resources Appropriations Subcommittee

hunting season. A ban on transporting live deer and elk into Iowa has been implemented. An exception to the ban is if the animal is certified as disease free.

- **Farm Security and Rural Investment Act of 2002** – This was enacted on May 13, 2002, and outlines federal farm policy for the next six years. The Act renews or creates new programs dealing with commodities, conservation, trade, nutrition, credit, rural development, research, forestry, and energy. Currently, there are no direct payments made to the State from the Act, however, there are potential sources of funding from the Partnerships and Cooperation section of the Act that allow the USDA to enter into agreements with State and local agencies for technical and financial assistance for special projects. The LFB completed an **Issue Review** on the conservation programs in December 2002 and is available on the LFB web site at: <http://staffweb.legis.state.ia.us/lfb/docs/IssReview/2002/IRDFK004.PDF>.

Issue Reviews

The LFB completed two Issue Reviews related to the Agriculture and Natural Resources Subcommittee during the 2002 legislative interim:

- [Overview of the State Forest Nursery](#)
- [Farm Security Act Conservation Programs](#)

Copies of the Issue Reviews are available from the LFB or by accessing the web site at <http://staffweb.legis.state.ia.us/lfb/ireview/ireview.htm>.

Topic Presentations

The LFB maintains and updates Topic Presentations available on the LFB web site. Presentations related to the Agriculture and Natural Resources Subcommittee include:

- Agriculture and Natural Resources Appropriations Subcommittee
- Agriculture and Water Quality
- Energy in Iowa
- Environment First Fund
- Forestry Overview
- Groundwater Protection Fund
- The Resource Enhancement and Protection (REAP) Fund

Agriculture and Natural Resources Appropriations Subcommittee

Copies of the Topic Presentations are available from the LFB or by accessing the web site at <http://staffweb.legis.state.ia.us/lfb/pptpres/pptpres.htm>.

ECONOMIC DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE

FY 2004 DEPARTMENT REQUESTS

The three departments and the Regents University programs of the Economic Development Appropriations Subcommittee are requesting \$26.0 million from the General Fund and 1,177.9 FTE positions, an increase of \$1.1 million (4.2%) and 5.8 (0.5%) FTE positions compared to estimated FY 2003. This includes 733.3 FTE positions that are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded by federal and other funds. More information on these FTE positions is available from the LFB upon request.

The Department budget requests are compared to the estimated net FY 2003 appropriation, which does not include salary adjustment. FY 2003 salary adjustment was funded from non-General Fund sources. Many departments have asked that the FY 2003 salary adjustment funding be replaced by a General Fund appropriation in FY 2004. Those requests are noted below.

Significant General Fund Changes Requested

- ▶ **Department of Economic Development (DED)** – No increase in funding or FTE positions compared to estimated FY 2003. The Department did not request that \$104,000 in non-General Fund salary adjustment be replaced by General Fund monies.
- ▶ **Iowa Workforce Development (IWD)** – No increase in funding and an increase of 0.4 (0.2%) FTE position compared to estimated FY 2003. The Department did not request that \$33,000 in non-General Fund salary adjustment be replaced by General Fund monies.
- ▶ **Public Employment Relations Board** – An increase of \$13,000 (1.7%) and no change in FTE positions compared to estimated FY 2003. The increase is to replace the non-General Fund salary adjustment with General Fund monies.
- ▶ **Board of Regents** – An increase of \$1.0 million (35.9%) and 5.4 (7.4%) FTE positions compared to estimated FY 2003 for economic development programs at the universities. The requested increases include:
 - ◆ An increase of \$139,000 to replace the non-General Fund salary adjustment with General Fund monies.
 - ◆ An increase of \$906,000 and 5.4 FTE positions to fund economic development programs reduced during the 2002 Legislative Session.



Economic Development Appropriations Subcommittee

Significant Other Fund Changes Requested

The departments did not request any changes to the Other Fund appropriations within the purview of the Economic Development Appropriations Subcommittee. Some new requests were made for Other Fund increases that will be addressed by other appropriations subcommittees. The significant new requests include:

▶ **Department of Economic Development:**

- ◆ A request of \$150.0 million from the Restricted Tobacco Funds Account for the Iowa Works Program to provide financial assistance for New Economy projects in biotechnology, advanced manufacturing, and telecommunications.
- ◆ A request of \$2.5 million from the Restricted Tobacco Funds Account for continued funding of the Accelerated Career Education (ACE) Program.
- ◆ A request of \$2.0 million from the Rebuild Iowa Infrastructure Fund (RIIF) for advanced research projects involving value-added agriculture, advanced technology, and biotechnology.
- ◆ A request of \$1.3 million from the RIIF for the Physical Infrastructure Assistance Program to provide financial assistance for community and business infrastructure projects.
- ◆ A request of \$800,000 from the RIIF for financial assistance to communities and organizations to increase available housing.
- ◆ A request of \$1.0 million from the Environment First Fund for clean-up and redevelopment of brownfield sites.

- ▶ **Department of Workforce Development** – A capitals request of \$946,000 for electrical upgrades (\$418,000) and for asbestos abatement (\$528,000).

Issues

The Economic Development Appropriations Subcommittee may wish to examine the following issues:

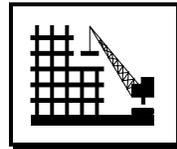
- ▶ **Consolidations** – The appropriations for the Department of Economic Development, Iowa Workforce Development, and Regents universities were consolidated with the expectation that each department and program would allocate the limited resources to maximize the impact on economic growth. Discussions were held with the DED concerning the use of performance measures to demonstrate the programs' effectiveness.

➤ **Tourism and Recreation Programs:**



✦ **Vision Iowa** – The Vision Iowa Board was created in FY 2001 by SF 2447 (Vision Iowa Program Act) and given responsibility for the Vision Iowa Program and the Community Attraction and Tourism (CAT) Program. The Vision Iowa Program receives \$15.0 million annually from gambling receipts and was authorized to issue bonds. Bonds were sold on October 9 and 10, 2001, yielding \$215.0 million, including projected interest earnings, for Vision Iowa Project awards. Through November 2002, \$190.0 million has been awarded to eight projects around the State.

✦ **Community Attraction and Tourism (CAT) Program** – The CAT Program receives a \$12.5 million appropriation from the Restricted Capital Fund of the Tobacco Settlement Trust Fund to fund infrastructure projects to enhance tourism. The Board has made 66 awards totaling \$27.0 million.



The Subcommittee may want to review the implementation of these two programs, the types of proposals receiving funding, the leveraging of other resources, and the adequacy of State funding.

- **Workforce Development Training Programs** – The DED has several programs that provide assistance to businesses and individuals to meet workforce training needs. These programs are funded from tax diversions, the Workforce Development Fund, federal funds, and the General Fund. In FY 2002, the cap on the Workforce Development Fund was reduced from \$8.0 million to \$4.0 million and funds were allocated to business training programs (\$3.0 million) and the High Technology Apprenticeship Program (\$1.0 million). The Subcommittee may want to examine whether these programs are providing a cost-effective means of addressing the labor needs of Iowa businesses and industries.
- **Tourism Multi-Media Marketing Promotions** – The advertising budget for tourism has been reduced substantially over the last several years. The Subcommittee may want to consider the effectiveness of the marketing promotions and evaluate their impact on tourism.
- **Film Office** – The director and staff for the Film Office have resigned to take other positions. The Subcommittee may want to discuss the film industry and opportunities in this area with the Department.
- **Program Performance** – Economic development programs often contain performance requirements for businesses that receive grants. The Subcommittee may want to examine the quality of those measures, the accountability of grant recipients, and the cost effectiveness of the programs.

Economic Development Appropriations Subcommittee

- ▶ **Iowa Finance Authority** – Two years ago, the Iowa Finance Authority reported to its Board that it is one of the smallest housing agencies in the nation. However, the Authority has experienced fairly rapid growth since that time. The Subcommittee may want to review Iowa's housing market situation, the factors impeding housing growth in certain areas, and the Authority's plans for expansion, funding availability, and future growth.



- ▶ **Iowa Workforce Development's Technological Improvements** – The Department has been increasing its utilization of technology over the past several years. The Subcommittee may want to examine this project to determine its effectiveness and impact on Iowa Workforce Development operations.
- ▶ **Iowa Workforce Development's Inspections** – The Department is responsible for a variety of safety inspections, such as, carnival rides and elevators. The Subcommittee may want to examine how the Department is fulfilling these responsibilities with a reduced budget.
- ▶ **Administrative Contribution Surcharge** – The sunset on the Administrative Contribution Surcharge was extended during the 2001 First Extraordinary Session. The Subcommittee may want to review how services funded by the Surcharge are provided, the demand for those services, and the Department's cooperation with other service providers.
- ▶ **Labor Market Trends and Opportunities** – Iowa Workforce Development maintains data and conducts studies on the labor force. The Department of Economic Development has labor force recruitment and workforce training programs. The Subcommittee may want to examine Iowa's labor trends in relation to the programs to recruit and train workers.

- ▶ **FY 2003 Budget Reductions** – The appropriations for the Economic Development Appropriations Subcommittee reached a high of \$41.6 million in FY 1999. By FY 2003, appropriations to these departments and programs had decreased to \$25.0 million, a \$16.6 million (40.0%) decrease over the five-year period. The largest reduction occurred in FY 2003 with a \$9.4 million (27.4%) reduction from the previous year. The departments adapted to these budget changes by:



- ◆ Department of Economic Development – reducing program grants and holding open positions that became vacant.
- ◆ Iowa Workforce Development – reducing staff by laying off 25 employees, 57 employees taking early retirement, and deleting 15 vacant positions available due to normal turnover.

- ✦ Public Employment Relations Board – reducing staff by not filling vacant positions.
- ✦ The Subcommittee may want to examine how the departments continue to adapt to these reductions and whether some programs are no longer effective due to lack of resources.

Issue Reviews

The Legislative Fiscal Bureau (LFB) completed an **Issue Review** examining [Iowa's Economic Growth](#). The **Issue Review** provides an examination of the change in the gross domestic product since 1977 compared to surrounding Plains States and to the Nation. Copies of the **Issue Review** are available from the LFB.

Topic Presentations

The LFB maintains and updates **Topic Presentations** available on the LFB Web site. Presentations relating to the Economic Development Appropriations Subcommittee include:

- [Community Economic Betterment Account \(CEBA\) Program](#)
- [Iowa Department of Economic Development - Workforce Training Programs](#)
- [The Strategic Investment Fund](#)
- [Vision Iowa Program](#)

EDUCATION APPROPRIATIONS SUBCOMMITTEE

FY 2004 DEPARTMENT REQUESTS

The four departments of the Education Appropriations Subcommittee are requesting \$893.0 million for operations from the General Fund and 26,291.3 FTE positions, an increase of \$43.0 million (5.1%) and a decrease of 94.3 FTE positions (0.4%) compared to estimated FY 2003. This includes 8,993.4 FTE positions that are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded by federal funds, fee revenue, and gifts and donations. More information on these FTE positions is available from the LFB upon request.

The Department budget requests are compared to the estimated FY 2003 appropriation, which does not include salary adjustment. The FY 2003 salary adjustment was funded from non-General Fund sources. Many departments have asked that the FY 2003 salary adjustment funding be replaced by a General Fund appropriation in FY 2004. Those requests are noted below.

Significant General Fund Changes Requested

College Student Aid Commission

The Commission is requesting a total increase of \$3,500 (0.0%) to replace the FY 2003 salary adjustment with a General Fund appropriation.



Department of Cultural Affairs

The Department is requesting a total increase of \$147,000 (3.0%) for its five budget units, as follows:

- \$72,000 to replace the FY 2003 salary adjustment with a General Fund appropriation.
- \$75,000 to fund approximately seven additional Community Cultural Grants and four additional Cultural Enrichment Grants in FY 2004. In FY 2003, the Department awarded 28 Community Cultural Grants, averaging \$8,000 per grant, and 17 Cultural Enrichment Grants, averaging \$4,400 per grant.

Department of Education

The Department is requesting a total increase of \$7.4 million (3.8%) for FY 2004, including:

- Increases totaling \$237,000 to replace the FY 2003 salary adjustment with a General Fund appropriation.

Education Appropriations Subcommittee

- ▶ An increase of \$2.1 million for the Student Achievement and Teacher Quality Program. In addition, the Department is requesting the following non-General Fund appropriations that maintain the FY 2003 levels of funding:
 - ◆ \$10.0 million from insurance tax revenues.
 - ◆ \$8.9 million from the Underground Storage Tank Fund.
 - ◆ \$5.0 million from the Rebuild Iowa Infrastructure Fund (RIIF).
- ▶ An increase of \$5.0 million for general aid to community colleges to restore funding to pre-FY 2002 levels.

Board of Regents

The Board is requesting a total increase of \$35.5 million (6.0%), with significant increases as follows:

- ▶ An increase of \$16.3 million at the University of Iowa (SUI). The change includes:
 - ◆ An increase of \$11.7 million to replace the FY 2003 salary adjustment with a General Fund appropriation.
 - ◆ An increase of \$2.0 million to the General University for continued expansion of the Public Health Initiative through the addition of staff and programming.
 - ◆ An increase of \$2.0 million to the General University to restore faculty lost due to attrition as a result of budget reductions in FY 2001 through FY 2003.
 - ◆ An increase of \$0.3 million to the General University for costs associated with opening new buildings.
 - ◆ An increase of \$0.3 million to the State of Iowa Cancer Registry to provide a 20.0% cost sharing match for a recently renewed contract with the National Cancer Institute.
- ▶ An increase of \$12.6 million at Iowa State University (ISU). The change includes:
 - ◆ An increase of \$9.1 million to replace the FY 2003 salary adjustment with a General Fund appropriation.
 - ◆ An increase of \$3.5 million to restore faculty lost due to attrition as a result of budget reductions in FY 2001 through FY 2003.
- ▶ An increase of \$5.6 million at the University of Northern Iowa (UNI). The change includes:
 - ◆ An increase of \$3.6 million to replace the FY 2003 salary adjustment with a General Fund appropriation.



- ◆ An increase of \$2.0 million to restore faculty lost due to attrition as a result of budget reductions in FY 2001 through FY 2003.
- ▶ An increase of \$546,000 for the Iowa School for the Deaf. The change includes:
 - ◆ An increase of \$246,000 to replace the FY 2003 salary adjustment with a General Fund appropriation.
 - ◆ An increase of \$100,000 to restore the position of Director of Education.
 - ◆ An increase of \$200,000 for programming and operations for the new recreational complex.
- ▶ An increase of \$306,000 for the Iowa Braille and Sight Saving School. The change includes:
 - ◆ An increase of \$131,000 to replace the FY 2003 salary adjustment with a General Fund appropriation.
 - ◆ An increase of \$175,000 to restore summer programming services.

Issues

The Education Appropriations Subcommittee may wish to examine the following issues:

College Student Aid Commission

- ▶ The federal Balanced Budget Act of 1997 requires the return of approximately \$1.0 billion in state guaranty agency reserves by the end of Federal Fiscal Year 2002. The Iowa College Student Aid Commission's portion of this total is approximately \$39.0 million. The Commission had a five-year window (FY 1998 through FY 2002) to use interest earned on federal reserve funds for default reduction efforts. The Commission established several new programs by utilizing interest revenues. The General Assembly may wish to review the Commission's utilization of the interest funds for the past five fiscal years and receive an update on the use of any carryforward funds.



Department of Cultural Affairs

- ▶ Impact of budget reductions – By August of 2002, the Department had experienced a 30.0% reduction in staff through early retirement, attrition and three rounds of layoffs. In addition, State budget reductions resulted in the loss of 67.0% of the Department's funding for cultural grants, historic preservation grants, and conservation of the Civil War battle flags.

The Department has created an entrepreneurial center to develop new revenue streams, starting with a food service/rental program, and is implementing an on-line grant application system to improve the efficiency of its smaller staff.

Education Appropriations Subcommittee

Department of Education

- Impact of budget reductions – As a result of budget reductions, the Department staff is now more than 60.0% federally funded. For FY 2003, the following divisions are primarily federally funded: Early Childhood, Elementary and Secondary Education; Vocational Rehabilitation Services; Community Colleges. Only the Division of Financial and Information Services is funded primarily from State resources.



In 2002, the General Assembly passed HF 2515 (Department of Education Duties Act), which changed the Department's statutory responsibilities to eliminate or streamline some functions or to better accommodate federal funding requirements.

In FY 2002, the Department was able to reduce postage and printing costs by nearly 40.0%, telephone costs by 10.0%, staff travel expenses by 20.0%, and board expenses by 20.0%.

For FY 2003, the Department is waiting to see whether early retirements and attrition will provide enough savings to avoid layoffs or furloughs.

- Impact of budget reductions – Iowa Public Television reports that the 1.0% budget reduction in FY 2002 resulted in a reduction of the educational telecommunications and administrative budgets by \$20,000 each, reductions which continue in FY 2003, as well as three staff vacancies remaining unfilled. The further reductions in FY 2003 have been handled through a combination of attrition and unfilled vacancies, one early retirement, and three departures under the Years of Service Incentive Program. In addition, the Division is considering two layoffs and three to six days of furloughs for all staff.
- Federal funding for Vocational Rehabilitation requires a 25.0% match from State, local, and private sources. The Division estimates potential federal funding for State FY 2003 of \$23.6 million, a 2.9% increase over the previous year. To draw down the entire amount, the Division must generate \$2.2 million in non-federal match in addition to the FY 2003 General Fund appropriation of \$4.2 million. At this time, the Division estimates it will fall short of that amount and be unable to draw down \$1.2 million (5.1%) of available federal funds. The last time the Division was unable to match for federal funds was Federal Fiscal Year 1996.

In recent years, as the Division's General Fund appropriation has been reduced, the Division has generated increasing amounts of matching funds from other sources. Included among those sources are contracting partners such as local school districts, area education agencies, community colleges, and other state agencies – entities that also rely upon State funding for much of their support. As these entities experience reductions in State funding, the Division's ability to generate matching dollars has been reduced.

- ▶ As of May 10, 2002, the Division of Vocational Rehabilitation stopped accepting new cases and began placing applicants' names on one of three waiting lists, depending upon the applicant's level of disability. The Division took this step in order to reduce its caseload as a result of reductions in State funding. At the time the waiting lists were instituted, the Division had a statewide caseload of 16,745. As of November 1, the caseload had dropped to 13,767. As of October 31, there were 2,180 persons on the waiting lists, and the Division had not begun accepting new cases from the lists. When the Division does begin accepting new cases, it will begin with the Most Significantly Disabled waiting list and clear it before accepting applicants from the other lists.

The Division's web site has a page devoted to answering questions regarding the waiting list. The information on the site is updated monthly. The address is: www.dvrs.state.ia.us/waitinglist.html.

- ▶ Tuition increases at Iowa's community colleges for the Fall 2002 semester averaged 8.6% over the Spring 2002 semester. The Chronicle of Higher Education reports that tuition at public two-year institutions increased nationwide an average of 7.9%.

Tuition and fees as a percentage of unrestricted revenue for Iowa's community colleges increased from 39.0% in FY 2001 to 43.4% in FY 2002, surpassing State general aid for the first time. State general aid as a percentage of unrestricted revenue decreased from 46.3% in FY 2001 to 41.5% in FY 2002.

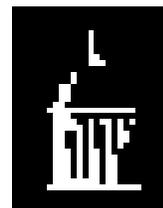
The Department of Education has requested a \$5.0 million increase in the General Fund appropriation for community college general aid for FY 2004. The increase would restore funding to pre-FY 2002 levels. The general aid appropriations for the past five years were as follows:

<u>Fiscal Year</u>	<u>General Aid Appropriation</u>
FY 1999	\$135,366,156
FY 2000	\$141,577,403
FY 2001	\$147,577,403
FY 2002	\$137,585,680
FY 2003	\$138,585,680
FY 2004 Request	\$143,585,680

Board of Regents

- ▶ Impact of budget reductions – The Board of Regents institutions took the following actions in response to the reductions to the FY 2002 budget:

- ◆ **University of Iowa (SUI)** – The total reduction for the SUI was \$19.1 million. The majority of the reduction (\$15.8 million) came from the General University budget unit. Highlights of reductions include:



Education Appropriations Subcommittee

- A portion of new tuition revenue was used to offset the shortfall. Total new tuition and fee revenue for the SUI was approximately \$21.0 million for FY 2002. This resulted in fewer course offerings and larger class sizes.
- Eliminated 247.0 FTE positions through attrition, including 107 faculty, 63 graduate assistants, 50 professional and scientific staff members, and 27 merit employees.
- Suspended admission to the graduate Management Information System program at the Tippie College of Business. This action affected 62 students. The undergraduate program is still being offered.
- Closed the following programs within the College of Education including; Journalism Education, Communications Studies Education, Health Occupation Education, and a minor in Human Relations.
- Reduced faculty start-up support and technology training commitments.
- Reduced the equipment budget by \$1.1 million (15.0%).
- Reduced travel, outreach, and economic development efforts.

✦ **Iowa State University (ISU)** – The total reduction for ISU was \$16.0 million. Highlights of the reductions include:



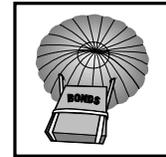
- A portion of new tuition revenue was used to offset the shortfall. Total new tuition and fee revenue for ISU was approximately \$16.2 million for FY 2002.
- Eliminated 209.0 FTE positions through attrition, including 44 faculty, 27 graduate assistants, 80 professional and scientific staff members, and 58 merit employees. This resulted in fewer course offerings and larger class sizes.
- Merged and restructured selected departments for administrative savings
- Reduced building repair budget.
- Increased Extension fees.

✦ **University of Northern Iowa (UNI)** – The total reduction for the UNI was \$5.6 million. Reductions include:



- A portion of new tuition revenue was used to offset the shortfall. Total new tuition and fee revenue for the UNI was approximately \$5.8 million for FY 2002.

- Reduced approximately 150 adjunct faculty and 217 classes during the 2002 Spring semester, postponed professional development leaves, and implemented larger class sizes.
- Eliminated 16.5 FTE positions including 4.5 professional and scientific staff and 12.0 merit employees.
- Reduced the building repair budget by 83.0%.
- Reduced academic supplies, services, and equipment budgets.
- ◆ **Special Schools** – The Iowa Braille and Sight Saving School and the Iowa School for the Deaf received reductions totaling \$103,000. Most of the shortfall was absorbed through employee vacancies and utility savings.
- The Board of Regents received \$103.0 million in December 2001 from the sale of shares of stock as a result of the demutualization of Principal Mutual Holding Company. The General Assembly required the Board to utilize \$25.0 million of these funds for salary adjustment for FY 2003.
- Tuition increases. At the November 2002 Board meeting, the Board approved an increase of \$650 (17.6%) in base undergraduate resident tuition for FY 2004. Undergraduate resident tuition will be \$4,342 at each of the institutions beginning the fall semester in 2003. The increase in tuition is estimated to result in new revenue of \$46.4 million for FY 2004.



Statewide educational topics are covered in more detail under Educational Issues in the General Fund Issues Section of this document.

Issue Reviews

The LFB staff for the Education Appropriations Subcommittee completed three **Issue Reviews** during the 2002 legislative interim:

- Community College Governance
- State Medical Library
- Board of Regents Unit Cost of Instruction

Copies of the **Issue Reviews** are available from the LFB.

Education Appropriations Subcommittee

Topic Presentations

The LFB staff for the Education Appropriations Subcommittee maintains and updates **Topic Presentations** on the LFB web site. Ten **Topic Presentations** relating to education include:

- Board of Educational Examiners
- Community Colleges
- Educational Excellence Program
- Iowa's Historic Sites
- Reading Recovery
- Enrollments at Higher Education Institutions
- Plant Science Initiative at Iowa State University
- Teacher Shortage Forgivable Loans
- Tuition Grant Program
- Tuition Policy at the Board of Regents

Copies of the **Topic Presentations** are available from the LFB.

Additional **Issue Reviews** and **Topic Presentations** relating to funding for school districts (school aid) are also available.

HEALTH AND HUMAN RIGHTS APPROPRIATIONS SUBCOMMITTEE

FY 2004 DEPARTMENT REQUESTS

The seven departments of the Health and Human Rights Appropriations Subcommittee are requesting \$48.4 million from the General Fund and 1,498.0 FTE positions, a General Fund increase of \$1.5 million (3.1%) and a decrease of 12.2 (0.8%) FTE positions compared to estimated FY 2003. There are 53.3 FTE positions that are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded with federal and other funds. More information on these FTE positions is available from the Legislative Fiscal Bureau (LFB) upon request. Of the 12.2 FTE position decrease, 10.0 are appropriated by the General Assembly and 2.2 are unappropriated.

The Department budget requests are compared to the estimated FY 2003 appropriation, which does not include salary adjustment. Fiscal year 2003 salary adjustment was funded from non-General Fund sources. Many departments have asked that the FY 2003 salary adjustment funding be replaced by a General Fund appropriation in FY 2004. Those requests are noted below.

In addition to General Fund requests, the Department of Public Health is requesting \$19.3 million from the Healthy Iowans Tobacco Trust Fund, an increase of \$1.8 million compared to estimated FY 2003. The Department is also requesting \$3.7 million from the Gambling Treatment Fund, a decrease of \$60,000 compared to estimated FY 2003. In addition, the Department of Elder Affairs is requesting \$7.6 million and 6.0 FTE positions from the Senior Living Trust Fund, an increase of \$1.0 million (15.2%) and no change in FTE positions compared to estimated FY 2003.

Significant General Fund Changes Requested

- ▶ **Department for the Blind** – An increase of \$148,000 (9.9%) compared to estimated FY 2003. This includes:
 - ◆ An increase of \$135,000 for maintenance of effort requirement under the federal Rehabilitation Act of 1973.
 - ◆ An increase of \$14,000 to fund FY 2003 salary adjustment from the General Fund.
- ▶ **Civil Rights Commission** – An increase of \$21,000 (2.4%) to fund FY 2003 salary adjustment from the General Fund, and a decrease of 7.0 FTE positions due to a reduced level of funding.



Health and Human Rights Appropriations Subcommittee

- ▶ **Department of Elder Affairs** – An increase of \$59,000 (1.5%) compared to estimated FY 2003. This includes:

- ◆ An increase of \$37,000 to fund FY 2003 salary adjustment from the General Fund.



- ◆ An increase of \$21,000 to provide State match for a portion of the federal funds received for the Senior Internship Program, formerly the Retired Iowans Community Employment Program. The amount requested is the match required to secure \$189,000 in federal funding. There is a 9-to-1-match rate on these federal funds, or for every dollar the State provides, nine dollars is secured in federal funds.

- ▶ **Governor's Office of Drug Control Policy** – A decrease of 3.0 FTE positions (27.3%) compared to estimated FY 2003. This includes:

- ◆ A decrease of 2.0 FTE positions to transfer the Substance Abuse Free Environment (SAFE), the Drug-Free Workplace Education, and the Iowa Mentoring Partnership Program functions to the Department of Public Health. The administrative costs associated with these FTE positions are 100.0% federally funded.



- ◆ A decrease of 1.0 FTE position due to reduced funding for administrative support.

- ▶ **Department of Public Health** – An increase of \$202,000 (0.8%) to fund FY 2003 salary adjustment from the General Fund.

- ▶ **Department of Human Rights** – An increase of \$35,000 (2.1%) compared to estimated FY 2003. This includes:

- ◆ An increase of \$31,000 to fund FY 2003 salary adjustment from the General Fund for six Divisions within the Department.

- ◆ An increase of \$4,000 to restore grant funds for the Iowans in Transition Program in the Division on the Status of Women. For FY 2003, the Division received a 4.0% reduction for furlough savings; however, the reduction was applied in error to the Division's entire General Fund appropriation as opposed to the operating budget, which reduced the amount available for these grants.

- ▶ **Commission on Veterans Affairs** – An increase of \$998,000 (7.0%). This includes:

- ◆ Iowa Veterans Home



- An increase of \$903,000 to fund FY 2003 salary adjustment from the General Fund.

- An increase of \$79,000 to replace an x-ray machine and processor.
- ◆ Commission of Veterans Affairs – An increase of \$17,000 (9.1%) for a replacement car so that the Executive Director can travel statewide to address veterans concerns.

Issues

The Health and Human Rights Appropriations Subcommittee may wish to examine the following issues:

► **Department for the Blind**

- ◆ **Services for Iowa's Older Blind Population** – In FY 2002, the Department received 1,113 referrals. Of these referrals, 905 (81.3%) were from vision-impaired or blind older Iowans. Given that the older population comprises 19.0% of the State's population and age-related vision loss in this group is prevalent, referrals from this age category are expected to increase. The Subcommittee may wish to monitor the level of rehabilitation services available for these older Iowans, which may prevent them from being unnecessarily institutionalized.

► **Civil Rights Commission**

- ◆ **Complaint Processing** – The budget reductions of the past two years have produced the potential issue of an increase in the length of time needed to process civil rights complaints due to fewer staff. The current year and FY 2004 budget request level will not support the staffing levels of past years. The staffing reductions are occurring in complaint processing, support and education, and outreach.



► **Department of Elder Affairs**

- ◆ **Assisted Living Regulation** – In April 2002, the Governor ordered the oversight of Iowa's assisted living programs be transferred from the Department of Elder Affairs to the Department of Inspections and Appeals. The two Departments now have a shared services agreement pursuant to Chapter 28E, Code of Iowa. Under the agreement, the Department of Elder Affairs maintained certification and enforcement responsibilities and the Department of Inspections and Appeals monitors programs and conducts complaint investigations.



The Subcommittee may wish to examine this approach to regulating assisted living programs by reviewing the advocacy role of the Department of Elder Affairs and how that role may conflict with having regulatory and enforcement functions for assisted living programs within the Department.

During the 2002 Legislative Interim, the LFB completed an **Issue Review** entitled, "[Assisted Living in Iowa](#)," which provides information on Iowa's oversight

system for assisted living programs as originally established within the Department of Elder Affairs, and after the transfer of the monitoring and complaint investigation duties to the Department of Inspections and Appeals. In addition, information regarding cost of service, Medicaid coverage, and the affordability of assisted living are provided.

- ◆ **Adult Day Services Oversight System** – The 2001 General Assembly passed HF 655 (Adult Day Services Oversight Establishment Act) that directed the Department of Elder Affairs to implement a system of oversight for the adult day service industry by July 1, 2002, or at such time as the General Assembly appropriated sufficient funding. The Act did not include an appropriation for FY 2002, no appropriation was made for FY 2003, and the Department is not requesting funding for FY 2004.



The Subcommittee may wish to examine the impact of not having a State regulatory system to oversee the adult day service industry, including the effect on the quality and type of services offered, consumer protection, and the potential loss of reimbursement from private long-term care insurance. In addition, the Subcommittee may wish to consider if another State regulatory agency would be more suitable to establish a system of this nature, with the Department of Elder Affairs serving in the capacity of setting standards and establishing administrative rules.

- ◆ **Senior Living Program** – The Department of Elder Affairs has received appropriations from the Senior Living Trust Fund since FY 2001 for the provision of alternative home and community-based services for seniors, such as personal care, homemaker, chore, respite, transportation, and adult day care. These services are less costly than institutional nursing care and are designed to prevent the premature institutionalization of seniors.

The Department originally used this funding source to expand this service system, but in FY 2002 and FY 2003 the funds were used to offset a reduction to the Department's General Fund allocation for Elderly Services. For FY 2004, the Department is requesting \$7.6 million and 6.0 FTE positions from the Senior Living Trust Fund, an increase of \$1.0 million (15.2%) and no change in FTE positions compared to estimated FY 2003.



Projections for the Senior Living Trust Fund indicate it may be depleted in FY 2005. With an increasing proportion of seniors in the State's population, access to these services provides a viable alternative to institutional care both in terms of consumer choice and as a method of cost containment for the State. The Subcommittee may wish to consider that if the General Fund allocation for Elderly Services is not restored and the Senior Living Trust Fund is depleted, parts of this service system may be jeopardized in the future.

- ◆ **Governor's Task Force on the Department of Elder Affairs** – In July 2002, the Governor appointed a statewide Task Force to provide recommendations on how to strengthen the core mission of the Department to best serve the interests of seniors. The Subcommittee may wish to review the published findings and recommendations of the Task Force, which may be accessed via the web site at: http://www.idph.state.ia.us/dir_off/DEA/deataskforcefinal.pdf

▶ **Governor's Office of Drug Control Policy**

- ◆ **Operations Budget** – During the last two fiscal years, the appropriation to the Governor's Office of Drug Control Policy has been reduced by \$344,000 (57.4%). For FY 2004, the Office is requesting \$255,000, which is no change compared to estimated FY 2003.

The Subcommittee may wish to consider that the Office reports that further reductions may prevent the Drug Policy Coordinator from performing duties set forth in the Code of Iowa, and could also interfere with the Office's ability to meet federal requirements, possibly resulting in the loss of federal funds and programs.



During the 2002 Legislative Interim, the LFB completed an **Issue Review** entitled, "Governor's Office of Drug Control Policy," which provides information on the role of the Office as it relates to substance abuse and statewide coordination of efforts for prevention, treatment, and enforcement.

▶ **Department of Public Health**

- ◆ **Nursing Shortage** – Responding to initial recommendations of the Governor's Task Force on Nursing Shortage and the Iowa Council of Nurses Workforce Initiative, the Iowa Department of Public Health/Bureau of Health Care Access has established a Center for Health Care Workforce Shortage utilizing federal funding appropriated in 2002 to address nursing and nursing assistive personnel shortages in Iowa. The Center created two staff positions to carry out duties addressing the status of the health care workforce shortage, barriers to recruitment and retention, strategies to address shortages at the local level, faculty/trainer preparation, workplace environment and professional advancement. Three competitive funding opportunities were offered that established Iowa-based mentor programs, demonstration projects, and stimulus/incentive packages. The Center received 70 applications and made awards to 45 grantees in the total amount of \$840,000. In addition, the Center is implementing an employer-based nursing and nursing assistive survey to document staffing requirements and vacancies, and establish a data set that will track trends over time. An advisory council and the newly hired staff will identify and implement initiatives through the federal fiscal year ending September 30, 2003. The Center will develop a collaborative action plan for a predictability model leading to a sustained supply of nursing and nursing assistive personnel based on data collection, recommendations from the initial studies, and best practices identified in the 45 grant evaluations.



- ◆ **Iowa Priority Program** – The Iowa Priority Program has been operating since January 2002. The goal of the Program is to reduce prescription drug expenditures for Iowa's Medicare-eligible population. The target population for Iowa Priority is the estimated 274,000 Medicare-eligible Iowans who have no insured drug benefit and who are not enrolled in Medicaid. Of the 274,000 target population, approximately 24,000 Iowans have enrolled in the Program since its start in January of 2002. Three prescription Drug Manufacturers currently participate in the Program; Merck, Bristol Meyers-Squibb, and Schering Plough Corporation. Despite the participation of these manufacturers, some seniors are still claiming they are not seeing a significant discount in their prescription drugs, and pharmacists are upset by a 44.4% to 50.0% reduction in their dispensing fees. The fees were reduced when the Prescription Drug Corporation terminated the pharmacy network contract originally agreed to, and replaced it with a standard agreement developed by Iowa Priority's pharmacy benefits manager, Argus Health Systems Inc.



Another issue that surrounds Iowa Priority is the manner by which the Program was set up. The Iowa Prescription Drug Corporation was set up as a private not-for-profit corporation which contracts with the Department of Public Health to operate Iowa Priority. As such, much of the activity of the corporation is confidential. This has hindered accountability and sharing of meaningful information. As a result, legislators have no way of knowing what discount pharmaceutical manufacturers and Iowa pharmacies are passing on to Iowa seniors, nor how successful or unsuccessful the Iowa Priority Program is at accomplishing its goal of reducing the high prices Iowa seniors pay for prescription drugs.

- ◆ **Bioterrorism** – Examine security efforts taken by the Department as it relates to bio-terrorism in light of the events of September 11, 2001. In response to September 11, 2001, the Federal government provided the Iowa Department of Public Health approximately \$12.8 million through federal grants to create and implement the new Office of Disease Epidemiology and Disaster Preparedness. The pre-existing Bureau of Emergency Medical Services (EMS) and Center for Acute Disease Epidemiology (CADE) were incorporated into Office of Disease Epidemiology and Disaster Preparedness and a new center, the Center for Disaster Operations and Response was established to complete the office. These three were joined together to prepare for and respond to emergency disaster situations, including Bioterrorism. Individually the three serve very distinct roles.



- The Bureau of EMS serves as the lead agency for development, implementation, coordination, and evaluation of Iowa's EMS system as well as the regulation, licensing, and disciplinary actions for all certified EMS Providers and Services Programs in the State of Iowa.

- The Center for Acute Disease Epidemiology provides epidemiology consultation, surveillance, investigation/identification, control, and response to any suspected/possible infectious disease outbreaks.
- The Center for Disaster Operations and Response is responsible for developing and implementing the operational procedures used in the overall State Emergency Plan that are the responsibility of the Department of Public Health, including, the Public Health Annex, Medical Services Annex, Radiological Annex, and the Mass Fatalities Annex. The Center for Disaster Operations and Response also staffs the Department's Emergency Coordination Center that may be activated during an emergency or disaster when the Emergency Management Division requests Public Health assistance.

◆ **West Nile Virus** – West Nile virus was first identified in Iowa in September, 2001, isolated from a dead crow collected in Scott County. During 2002, the virus spread throughout all 99 counties, identified in dead birds, horses, humans, mosquitoes, and in sentinel chicken flocks. In anticipation of this increased West Nile virus activity (and in response to the events of this past season), the Centers for Disease Control and Prevention has provided a total of \$659,000 to the Iowa Department of Public Health for the period April 2002 to March 2003 to conduct a variety of surveillance and educational efforts. In addition, the Department has in turn awarded a portion of this money to the University Hygienic Laboratory, Iowa State University, and local health departments, to support these surveillance and educational activities.



◆ **One-time Funding for Ongoing Programs** – In FY 2003, a \$1.9 million reduction in substance abuse funding was replaced with one-time tobacco money. The Department is concerned that if this funding is not restored in FY 2004, substance abuse treatment services to Iowans will be reduced. The loss of funding could mean 445 Iowans will not receive substance abuse residential services and 2,358 Iowans will not receive substance abuse outpatient services. The Substance Abuse block grant requires maintenance of state effort. A \$1.9 million loss in state funding will also result in approximately a \$1.9 million loss of federal funding in future fiscal years.



In FY 2003, the Iowa State Poison Control Center received a reduction of \$27,000, which was replaced with one-time tobacco money. If this funding is not restored, services offered may be reduced. The Iowa Statewide Poison Control Center, funded through a contract with the Iowa Department of Public Health, is an independent non-profit organization representing a cooperative enterprise between St. Luke's Hospital in Sioux City and the University of Iowa. The Center received approximately 26,000 calls for poison control services in FY 2002.

► Department of Human Rights

- ◆ **Community Grant Fund** – The 2002 General Assembly repealed the Community Grant Fund and made no appropriation for the Program in HF 2627 (FY 2003 Second Omnibus Appropriations Act). The Governor vetoed the Section of the Act that repealed the Fund. The Community Grant Fund provided funding to the 39 local Decategorization Boards for programs and services designed to prevent juvenile crime. The Subcommittee may wish to examine the impact of not funding these programs.



► Commission of Veterans Affairs

- ◆ **Operation Awareness** – The Commission is setting up a database of over 700 nursing/residential care/assisted living facilities to find out how many veterans, veterans' widows, spouses, or dependents are living in these facilities. Many of these individuals may be eligible for Federal Veterans Administration benefits, but may not be currently receiving them. Operation Awareness has the potential of ensuring those who are eligible for federal Veterans Affairs benefits sign up to receive those benefits. This will ultimately benefit the veteran, spouse, widow, or dependent by helping them to receive greater assistance than they may be currently receiving, and it may benefit the State by helping alleviate the costs the State may be paying for these individuals who are currently on Title IX.



► Iowa Veterans Home

- ◆ **Health Insurance Portability and Accountability Act Compliance (HIPAA)** – Examine the expenditure and policy changes required to ensure compliance with HIPAA. This Act requires protection of confidential and electronic health information from improper access or alteration, as well as protection from loss of data. Software with encryption and shredders will have to be purchased, offices will have to be rearranged to accommodate privacy when discussing patient issues, and mail delivery can no longer be handled by resident workers/volunteers.
- ◆ **Levels and Direction of Care** – As more Vietnam/Korea veterans enter the facility, the direction of care has to change to accommodate substance abuse, psychiatric, and behavioral disorders. This equates to more training needed for staff and potential safety issues for staff and other residents.
- ◆ **Budget** – Examine the net budgeting process at the Iowa Veterans Home. FY 2003 is the first year of implementation of net budgeting. On net budgeting, the Veterans Home will be more susceptible to federal mandates and budget legislation.



- ✦ **Recruiting and Retaining Nursing Related and Pharmacist Positions –**
There continues to be a national and local shortage for nurses and aides, especially in long-term health care. When local businesses pay sign-on bonuses, and have loan forgiveness programs, it hampers the Home's ability to recruit and retain staff.
- ✦ **Interagency Billing –** In FY 2002, the Veterans Home paid approximately \$1.3 million to other state agencies. The Veterans Home paid over \$1.0 million to the Iowa Department of Personnel (IDOP) for workers compensation premiums, but claims only totaled \$358,000. This distorts the true cost of the Home's program. Also, in some instances, the other state agencies that bill the Home increased their fees to supplement their budget. This impacts the Iowa Veterans Home, as the Home does not receive additional dollars for these fees.



Issue Reviews

The LFB completed the following **Issue Reviews** related to the Health and Human Rights Appropriations Subcommittee during the 2002 Legislative Interim that are available on the LFB web site:

- [Assisted Living in Iowa](#)
- [Governor's Office of Drug Control Policy](#)
- [Iowa Priority Program](#)
- [Public Health Professional Licensure Boards](#)

Topic Presentations

The LFB maintains and updates **Topic Presentations** available on the LFB web site. Presentations relating to the Health and Human Rights Subcommittee include:

- [Community Action Agencies](#)
- [Health & Human Rights Appropriations Subcommittee](#)
- [Healthy Opportunities for Parents to Experience Success \(HOPES\) Program/Healthy Families Iowa \(HFI\)](#)
- [Lead Poisoning](#)
- [Maternal and Child Health Clinics](#)

Health and Human Rights Appropriations Subcommittee

- [Methamphetamine Use in Iowa](#)
- [Senior Living Trust Fund](#)
- [Veterans Home](#)

HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE

FY 2004 DEPARTMENT REQUESTS

The Department of Human Services (DHS) is requesting \$879.5 million from the General Fund and 5,570.9 FTE positions for FY 2004. This is an increase of \$147.0 million (20.1%) and an increase of 192.6 FTE positions (3.6%) compared to estimated FY 2003. The total includes 177.1 FTE positions that are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded by federal funds. More information on the FTE positions is available from the LFB upon request.

The \$147.0 million requested increase in FY 2004 includes \$59.6 million for the impact a projected shortfall in FY 2003 will have on the Medical Assistance (Medicaid) Program in FY 2004. The Department is also projecting expenditure increases in FY 2004 for the Medical Assistance (Medicaid) Program due to anticipated increases in utilization and eligibles during FY 2004.

The Department is also requesting \$42.8 million from tobacco settlement revenues, \$87.7 million from the Senior Living Trust Fund and \$12.0 million from the Hospital Trust Fund for FY 2004. This request for other funding is an increase of \$20.0 million compared to FY 2003 from the Senior Living Trust Fund for resumption of nursing facilities conversion grants in FY 2004.

The Department budget requests are compared to the estimated FY 2003 appropriation, which does not include salary adjustment. The FY 2003 salary adjustment was funded from non-General Fund sources. Many departments have asked that the FY 2003 salary adjustment funding be replaced by a General Fund appropriation in FY 2004. Those requests are noted below.

The following lists significant FY 2004 funding changes by budget unit. Unless otherwise indicated, all funding changes are requested from the General Fund.

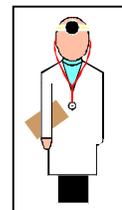
Significant State Funding Changes Requested

- ▶ **Economic Assistance** – An increase of \$1.5 million (3.6%) and an increase of 4.0 FTE positions (1.0%) compared to estimated FY 2003. This includes:
 - ◆ Family Investment and Promise Jobs Programs – An increase of \$1.0 million and an increase of 4.0 FTE positions. This includes:
 - An increase of \$601,000 for the statewide implementation of the Electronic Benefit Transfer Program for Food Stamps.



Human Services Appropriations Subcommittee

- An increase of \$ \$365,000 and 4.0 FTE positions to fund enhancements to the Intelligence Technology System to allow Income Maintenance workers more time with clients.
- ◆ Child Support Recovery Unit – An increase of \$443,000 and no change in FTE positions. This includes:
 - An increase of \$162,000 to replace FY 2003 salary adjustment funding.
 - An increase of \$53,000 for inflationary increases in support.
 - An increase of \$157,000 for cost increases in county contracts.
 - An increase of \$71,000 to replace 159 desktop personal computers.
- ▶ **Medical Services** – An increase of \$101.3 million (24.3%) and an increase of 1.1 FTE positions (5.3%) compared to estimated FY 2003. This includes:
 - ◆ Medical Assistance – An increase of \$98.7 million. This includes:
 - An increase of \$81.9 million for provider reimbursements resulting from to increased eligibles, utilization above the budgeted levels in FY 2003, and the additional estimated increases in FY 2004.
 - An increase of \$4.3 million for increased enrollees in the Iowa Plan.
 - An increase of \$1.0 million for increased premium costs in the Health Insurance Premium Payment (HIPP) Program.
 - An increase of \$2.9 million for increased eligibles in the Medicare Buy-In Program.
 - An increase of \$2.5 million resulting from a 6.0% inflationary increase in nursing facility reimbursements over FY 2003.
 - A decrease of \$1.0 million in nursing facility reimbursement based on a decrease in bed days.
 - An increase of \$3.8 million for increased eligibles and costs relating to waived services.
 - An increase of \$2.5 million for various changes in eligibilities, inflation, and increased costs.
 - ◆ Children’s Health Insurance Program – An increase of \$2.6 million. This includes:



- An increase of \$4.8 million for increased eligibles from the Medicaid Expansion, the Healthy and Well Kids in Iowa (*hawk-i*) Program, and Medical Assistance for Children (MAC) Infant Program.
- A decrease of \$2.2 million for an anticipated carryforward of unexpended FY 2003 funds in the Healthy and Well Kids in Iowa (*hawk-i*) Trust Fund.
- ✦ Medical Contracts – An increase of \$343,000. This includes:
 - A decrease of \$158,000 in the base budget for various service contracts relating to the Medical Assistance (Medicaid) Program.
 - An increase of \$236,000 for contractual services relating to the federal Health Insurance Portability and Accountability Act.
- ✦ State Supplementary Assistance – A decrease of \$301,000. This includes:
 - An increase of \$265,000 for federal maintenance of effort requirements relating to In-Home Health Related Care. The maximum reimbursement rate would increase by 1.5%.
 - A decrease of \$1.0 million for Residential Care Facilities. The maximum reimbursement rate increase of 1.5% for federal maintenance of effort requirements is offset by a decrease in number of bed days projected to be used.
 - An increase of \$489,000 for federally mandated cost of living adjustment and increased charges relating to federally administered programs.
- **Serving Adults, Children, and Families** – An increase of \$28.8 million (23.7%) and 5.2 FTE positions (1.5%) compared to estimated FY 2003. This includes:
 - ✦ Child Care Services – An increase of \$2.8 million. This includes:
 - An increase of \$100,000 to meet federal maintenance of effort requirements.
 - An increase of \$1.9 million to match additional federal funding.
 - An increase of \$800,000 to provide a 2.0% increase in the provider reimbursement rate for children eligible for the subsidy.
 - ✦ Children and Family Services – An increase of \$25.8 million. This includes:
 - A decrease of \$200,000 to reflect an adjustment in the federal matching rate.
 - An increase of \$700,000 to replace lost federal funding for services to children determined not eligible for federal matching funds.



Human Services Appropriations Subcommittee

- An increase of \$6.1 million for additional children receiving the subsidized adoption reimbursement.
- An increase of \$200,000 to match available additional federal funds for the Promoting Safe and Stable Families Act.
- An increase of \$13.3 million for additional child welfare and juvenile services.
- An increase of \$92,000 for additional child abuse medical testing.
- An increase of \$700,000 for parental drug testing in child protection cases.
- An increase of \$2.7 million for meeting the goal of 70.0% of the United States Department of Agriculture (USDA) estimated cost to raise a child for the amount of the foster care and subsidized adoption reimbursement rate.
- An increase of \$267,000 for information technology within the field offices.
- An increase of \$1.9 million to provide a 2.0% increase in the reimbursement rate for residential treatment service providers.



◆ Family Support Subsidy – A decrease of \$267,000. This includes:

- An increase of \$66,000 to match the federal estimated increase of 2.6% cost of living allocation.
- A decrease of \$333,000 to eliminate the pilot project of the Children-at-Home Program.



▶ **Services for Persons with Mental Illness/Mental Retardation/Developmental Disabilities/Brain Injuries** – An increase of \$9.0 million (9.8%) and 41.5 FTE positions (1.8%) compared to estimated FY 2003. This includes:

- ◆ State Resource Center at Glenwood – An increase of \$1.7 million and no change in FTE positions. This includes:
- An increase of \$24,000 for inflation costs.
 - An increase of \$531,000 to replace FY 2003 salary adjustment funding.
 - An increase of \$63,000 for personal computers.
 - A decrease of \$57,000 for a change in the federal match rate.
 - A decrease of \$507,000 resulting from an increase of federal receipts available from the FY 2003 salary funds from the impact of net budgeting.

- An increase of \$1.6 million for maintenance of the living units in operation.
- ◆ State Resource Center at Woodward – An increase of \$1.0 million and no change in FTE positions. This includes:



- An increase of \$15,000 for inflation costs.
- An increase of \$253,000 to replace FY 2003 salary adjustment funding.
- An increase of \$48,000 for personal computers.
- A decrease of \$42,000 for a change in the federal match rate.
- A decrease of \$243,000 resulting from an increase of federal receipts available from the FY 2002 salary funds.
- An increase of \$1.0 million for maintenance of the living units in operation.
- ◆ Developmental Disabilities Special Needs Grants – A decrease of \$48,000 resulting in the elimination of the Grant Program.



- ◆ State Cases Program – An increase of \$372,000 for projected increases in county referrals to the Program for the mentally ill, mentally retarded, and developmentally disabled populations and increased cost per service.
- ◆ Personal Assistance Services Program – An increase of \$48,000 to transfer the funds from the proposed elimination of the Special Needs Grants Program to the Personal Assistance Services Program to reflect the additional costs incurred for individuals receiving services under this pilot Program.
- ◆ Sexual Predator Commitment Program – An increase of \$661,000 and 24.1 FTE positions. This includes:

- An increase of \$11,000 for inflation costs.
- An increase of \$3,000 for personal computers.
- An increase of \$200,000 to fund increased clients from an average of 37 clients in FY 2003 to an average of 59 clients in FY 2004.
- An increase of \$680,000 and 24.1 FTE positions for additional staffing for the projected average of 59 clients in FY 2004.
- A decrease of \$233,000 for annualization of FY 2003 incurred savings.



Human Services Appropriations Subcommittee

- ◆ Mental Health Property Tax Growth – An increase of \$4.9 million. This was appropriated for FY 2004 in HF 2623 (FY 2003 Omnibus Budget Act I). The change is for an expected increase in mental health costs associated with new clients and inflation. Appropriated growth for FY 2005 is expected to be considered during the 2003 Legislative Session.
- ▶ **Managing and Delivering Services** – An increase of \$6.4 million (10.4%) and an increase of 142.0 FTE positions (6.8%) compared to estimated FY 2003. This includes:
 - ◆ Field Operations – An increase of \$6.1 million and 179.5 FTE positions. The significant changes include:
 - An increase of \$300,000 for retirement salary payouts.
 - An increase of \$925,000 to replace FY 2003 salary adjustment funding.
 - An increase of \$3.5 million and 179.5 FTE positions for additional field staff.
 - An increase of \$773,000 for 597 personal computers and 49 computer servers.
 - An increase of \$600,000 for inflation.
 - ◆ General Administration – An increase of \$317,000 and a decrease of 37.5 FTE positions. This includes:
 - An increase of \$331,000 to replace FY 2003 salary adjustment funding.
 - A decrease of \$80,000 in salary and support and 37.5 FTE positions to maintain an austerity program initiated in FY 2002.
 - An increase of \$66,000 to replace 121 desktop personal computers.



Issues

The Human Services Appropriations Subcommittee may wish to examine the following issues:

- ▶ **Impact of the budget reductions:** The Department adjusted expenditures using various methods depending upon services, workload, and reorganization. These included:
 - ◆ Family Investment Program: The funding for assistance payments is more dependent upon federal funding and the State share of child support recoveries.

- ◆ Child Support Recovery: The current services are being provided with budget reductions continued. The level of recoveries is negatively impacted by current economic conditions. As workloads increase, the staff is more dependent upon technology.
 - ◆ Medicaid Services: Provider reimbursements were reduced; optional services were reviewed for potential streamlining; alternative funding sources and potential costs saving areas were determined; and service contracts were reduced or eliminated.
 - ◆ Children and Families: The eight service areas have initiated a waiting list for juveniles that may need group foster care services.
 - ◆ Institutions: More than 100 beds at the mental health institutes and juvenile institutions were eliminated; vacant positions held open, overtime restricted, and technology purchases delayed.
 - ◆ Field Offices: The reorganization continued, with vacant positions held open, full-time offices in 31 counties changed to part-time and 38 multi-county administrative units changed to eight service areas. A small number of FTE positions were eliminated.
 - ◆ General Administration: The reorganization and austerity program has continued with vacant positions held open, support costs reduced, and FTE positions eliminated.
- ▶ **Children's Health Insurance Program (CHIP):** The 1998 General Assembly appropriated \$7.0 million to the Iowa's Children's Health Insurance Program in FY 1999 to provide health insurance to low-income children. At the time the appropriation was made, the DHS estimated that as many as 54,000 children could be eligible for the Program, and that enrollment would continue over a period of years. As of September 30, 2002, 25,432 children had enrolled in Iowa's Program. Children's Health Insurance Program State funded expenditures for FY 2002 were \$12.4 million. The DHS under expended the 1998 federal allotment by \$6.1 million and \$11.4 million of the 1999 allotment, because of slower than anticipated enrollment. These funds were subject to reversion to the federal Children's Health Insurance Program redistribution account. Congress passed legislation that permitted States to retain a portion of the under expended balances for 1998 and 1999. Iowa kept \$4.0 million from the 1998 allotment and \$4.8 million from the 1999 allotment. A total of \$16.7 million from the 1998, 1999, and 2000 federal allotments is subject to reversion to the federal treasury. There are current congressional proposals that would allow States like Iowa to keep these federal funds from reverting. The budget request for FY 2004 is based on 31,600 children being enrolled in the Program by the end of FY 2004.



- ▶ **Medicaid Expenditures:** Final FY 2002 General Fund expenditures for the Medical Assistance Program were \$388.4 million (98.5%) of budget. A year-end surplus of \$6.0 million has been transferred to the Senior Living Trust Fund as required by the HF 2625 (FY 2003 Second Omnibus Appropriations Act).

This Program had a budget deficit during FY 2002. To fund the budget deficit, the General Assembly authorized the following:

- ◆ Supplemental appropriations totaling \$48.5 million from the Senior Living Trust Fund, Hospital Trust Fund, and Tobacco Settlement Trust Fund.
- ◆ Transfer of \$9.5 million from the Nursing Facility Conversion appropriation made from the Senior Living Trust Fund.
- ◆ Savings of \$1.6 million from changes in dental coverage for adults.
- ◆ Transfers of \$9.0 million from various budget units outside the DHS.

The DHS indicates expenditures exceeded the appropriation primarily due to increased enrollment in the Program and increased utilization of services such as inpatient hospitalization, outpatient hospitalization, physician services, and pharmaceuticals. As of November 2002, the DHS expects the increased utilization to continue in FY 2003, resulting in a deficit between \$56.0 million and \$77.0 million compared to the FY 2003 General Fund appropriation. The General Assembly may wish to continue to review options to control costs of the Medical Assistance Program, including maximization of federal match rates, reduction of provider reimbursement rates, and the elimination of optional services and optional eligible groups.

- ▶ **Iowa Plan:** The contractor for the Iowa Behavioral Health Plan is currently experiencing financial problems and its potential insolvency may negatively impact mental health and substance abuse services being provided by a federally approved Medicaid waiver. The options available to the State are to return to the traditional fee-for-service reimbursement methodology or initiate a new request for proposal for a new contractor that could take a minimum of 8 to 10 months and requires a new federally approved waiver. The Iowa Attorney General's Office and the Insurance Division in the Department of Commerce are currently reviewing the issue.



- ▶ **Mental Health Funding Inflation:** The General Assembly is scheduled to consider a mental health allowed growth factor for FY 2005. The 2002 General Assembly enacted a modification of the FY 2003 allowed growth factor with the FY 2004 distribution based on the balances of the individual 99 county Mental Retardation and Developmental Disabilities Services Funds. The General Assembly may wish to review the distribution of the FY 2003 allowed growth amounts and the expected balances of the county fund balances when determining the growth factor for FY 2005.

- **State Audit of County Mental Health Expenditures:** The State Auditor released an audit regarding questionable expenditures of the Johnson County Mental Health Department. The expenditures may permit Johnson County to be eligible for additional funds from the Mental Health Allowed Growth appropriation line-item as the expenditures would reduce the County's Fund Balance which may trigger additional State Funding.

Issue Reviews

The LFB completed two **Issue Reviews** during the 2002 legislative interim dealing with:

- [Health Insurance Portability and Accountability Act](#)
- Decategorization

Copies of the **Issue Reviews** are available from the LFB.

Topic Presentations

The LFB maintains and updates **Topic Presentations** available on the LFB web site. Presentations relating to the Human Services Subcommittee include:

- [Community Empowerment](#)
- Medicaid Waivers
- The State Children's Health Insurance Program (SCHIP)
- [Mental Health Funding](#)
- Senior Living Trust Fund

JUSTICE SYSTEM APPROPRIATIONS SUBCOMMITTEE

FY 2004 DEPARTMENT REQUESTS

The Judicial Branch and the eight departments of the Justice System Appropriations Subcommittee are requesting \$495.2 million from the General Fund and 8,074.6 FTE positions, an increase of \$37.5 million (8.2%) and 27.2 FTE positions (0.3%) compared to estimated FY 2003.

This includes 129.8 FTE positions that are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded by either federal, restricted, revolving, or other funds. More information on these FTE positions is available from the Legislative Fiscal Bureau (LFB) upon request.

The Department of Corrections is also requesting \$1.7 million from tobacco settlement revenues, which is no change compared to estimated FY 2003.

The Department budget requests are compared to the estimated FY 2003 appropriation, which does not include salary adjustment. The FY 2003 salary adjustment was funded from non-General Fund sources. Many departments have asked that the FY 2003 salary adjustment funding be replaced by a General Fund appropriation in FY 2004. Those requests are noted below.

Significant General Fund Changes Requested

► Department of Justice

- ◆ An increase of \$167,000 (1.7%) to fund the FY 2003 salary adjustment from the General Fund in FY 2004. This request includes the Office of the Attorney General (\$111,000) and the Office of the Consumer Advocate (\$56,000).
- ◆ Continuation of \$311,000 in funding for the Office of the Consumer Advocate. Pursuant to Section 475A.6, Code of Iowa, the Office's General Fund authorization was increased by \$311,000 during FY 2003. The increase permitted retention of existing staff due to the unusually high number of anticipated utility rate case reviews expected to occur in FY 2003. The Office of the Consumer Advocate did not deduct the FY 2003 supplemental appropriation from its FY 2004 budget request.

- **Department of Corrections** – An increase of \$17.5 million (7.4%) and 9.5 FTE positions (0.2%) compared to the estimated FY 2003 appropriation. The major changes include:



- ◆ An increase of \$4.0 million to fund FY 2003 salary adjustment from the General Fund in FY 2004. The request includes the eight Community-Based Corrections (CBC) District Departments, Central Office, and the nine Institutions.



- ◆ An increase of \$11.6 million for safety restoration. This request includes restoring the FY 2003 furlough reduction (\$5.9 million) and fully funding FY 2003 salary adjustment costs (\$5.7 million). The Department of Corrections (DOC) and CBC District Departments received 41.0% of the estimated need for the FY 2003 salary adjustment. The request includes the eight CBC District Departments, Central Office, and the nine Institutions.

- ◆ An increase of \$2.1 million and 30.9 FTE positions to annualize the operating costs of the new 200-bed Critical Care Unit at Fort Madison. FY 2003 funding was based on opening the use of the beds in three phases. During FY 2004, all 200 beds will be in use all year.



- ◆ An increase of \$500,000 for sewer and water needs at the Iowa State Penitentiary at Fort Madison and the Iowa Medical Classification System at Oakdale.

- ◆ A decrease of \$657,000 and 16.5 FTE positions to reflect staff savings associated with installing a perimeter security fence at Fort Madison, Anamosa, and Mount Pleasant. The fences were approved by the 2002 General Assembly. The Institutions' FY 2003 appropriations were reduced by \$649,000 and 16.5 FTE positions to reflect six months of savings, assuming the fences will be installed by January 2003. The FY 2004 request annualizes the savings associated with installing the fences.

- ◆ A decrease of 4.9 FTE positions in the Fifth and Sixth CBC District Departments to eliminate unfunded positions in FY 2004.

- ▶ **Judicial Branch** – An increase of \$13.3 million (12.0%) compared to the estimated FY 2003 appropriation. Significant changes include:



- ◆ An increase of \$4.0 million to supplant one-time funds for FY 2003 Salary Adjustment.
- ◆ An increase of \$1.4 million to fully fund all currently authorized FTE positions.
- ◆ An increase of \$3.1 million to move the Iowa Court Information System (ICIS) ongoing operational cost from the Enhanced Court Collections Fund to the General Fund.
- ◆ An increase of \$2.8 million to fund the judicial retirement fund at the statutory rate of 23.7%.

► **Department of Public Safety** – An increase of \$4.2 million (7.2%) and 6.0 FTE (0.6%) positions compared to the estimated net FY 2002 appropriation. Significant changes include:

◆ The Department of Public Safety received \$850,000 from the Rebuild Iowa Infrastructure Fund (RIIF) to fund the 28D agreement between the Department of Public Safety and the General Assembly for Capitol Security. The money is to be used for the salaries of 13.0 FTE positions, maintenance agreements, training, and overtime for the Post 16 troopers involved with security during Session. Public Safety is requesting the use of \$175,325 and 5.0 additional FTE positions for computer center technicians to monitor surveillance centers and be dispatchers in Post 16.



◆ Iowa State Patrol – An increase of \$2.7 million (7.5%) and 1.0 FTE position (0.2%) compared to the estimated FY 2003 appropriation.

■ An increase of \$759,000 (2.1%) to fund the FY 2003 salary adjustment from the General Fund in FY 2004. This request would maintain 14.0 FTE positions for State Troopers. All of these positions are currently filled.

■ An increase of \$1.9 million (5.4%) to restore funds that were eliminated by the across-the-board reduction and furlough reductions from FY 2003. This request would maintain 35.0 FTE positions for State Troopers. All but one of these 35 positions is currently filled.

■ The Iowa State Patrol received \$478,000 in federal money for a Traffic Safety Grant for Seat Belt Safety. The Department of Public Safety added 1.0 FTE position for a trooper to the State table of organization that will be funded with federal money.

◆ Division of Criminal Investigation – An increase of \$1.1 million (9.4%) and no change in FTE positions compared to the estimated FY 2003 appropriation.



■ An increase of \$275,000 (2.3%) to fund the FY 2003 salary adjustment funds from the General Fund. This request would maintain 4.0 FTE positions for Special Agents. All of these positions are currently filled.

■ An increase of \$833,000 (7.1%) to restore funds that were eliminated by the across-the-board reduction and furlough reductions from FY 2003. This request would maintain 15.0 FTE positions for criminalists. All but one of these 15 positions is currently filled.

◆ Division of Narcotics Enforcement – An increase of \$299,000 (9.0%) and no change in FTE positions compared to the estimated FY 2003 appropriation.

Justice System Appropriations Subcommittee

- An increase of \$67,000 (2.0%) to fund the FY 2003 salary adjustment funds from the General Fund. This request would maintain 1.0 FTE position for a Special Agent. This position is currently filled.
 - An increase of \$232,000 (7.0%) to restore funds that were eliminated by the across-the-board reduction and furlough reductions in FY 2003. This request would maintain 4.0 FTE positions for Special Agents. All but one of these four positions is currently filled.
 - The Division of Narcotics Enforcement received \$553,000 in federal money for a Hot Spot Grant for narcotics enforcement. In FY 2002, the Department of Public Safety added 2.0 FTE positions to the State table of organization that are funded from federal money.
- ▶ **Office of the State Public Defender** – An increase of \$2.7 million (7.9%) and no change in FTE positions compared to the estimated FY 2003 appropriation. Changes include:
- ◆ An increase of \$230,000 to fund the FY 2003 salary adjustment from the General Fund in FY 2004.
 - ◆ An increase of \$716,000 to fill all currently authorized FTE positions in the Office of the State Public Defender in order to avoid increased costs to the Indigent Defense appropriation. According to the Office, the impact of not funding this request will be an increase of indigent defense costs because private attorneys will handle more cases.
 - ◆ An increase of \$1.7 million for Indigent Defense to pay private attorney claims at a level that assumes the Office of the State Public Defender will be fully staffed in FY 2004.
- ▶ **Iowa Communications Network (ICN)** – A decrease of \$502,000 (50.1%) and a decrease of 0.1 FTE position (0.1%) compared to the estimated FY 2003 appropriation. The decrease is due to a reduction in the Network's video subsidy request. The ICN was designated as a common carrier in December 2000 qualifying it as a Universal Service Fund (USF) provider for eligible authorized users in FY 2002. The ICN is estimating \$2.7 million for the State's share of revenues from the Universal Service Fund for FY 2003 and FY 2004. 
- ▶ **Department of Public Defense** – An increase of \$101,000 (1.7%) and 8.0 FTE positions (2.5%) compared to the estimated FY 2003 appropriation. Changes include:
- ◆ Military Division – An increase of \$91,000 (1.8%) and 8.0 FTE positions (2.8%) compared to the estimated FY 2003 appropriation.

- An increase of \$91,000 to fund the FY 2003 salary adjustment funds from the General Fund.
- An increase of 8.0 FTE positions that will be funded with \$428,000 in federal funding for crash and rescue staff at the Sioux City Air Base. These 8.0 FTE positions will be added to the State table of organization, but the funding will be through federal funds.

Issues

The Justice System Appropriations Subcommittee may wish to examine the following issues:

Department of Justice

- ▶ **Victim Compensation Fund** – Based on certain actuarial studies in other states, at least \$2.7 million should be held in reserve so that the Fund remains actuarially sound. This amount provides a six-month reserve for victim claims and operations in case of a catastrophic event, such as the Oklahoma City bombing. The FY 2003 ending balance is projected to be \$2.4 million, which is less than the recommended level to meet financial needs of a disaster.

The Department is considering maintaining a three-month reserve in FY 2004, so that funds may be transferred to Victim Assistance Grants. The Victim Assistance Grants Program awards funds to service providers for victims of rape, sexual assault, and domestic abuse. The Subcommittee may want to review alternatives for either additional receipts or reduced expenditures for the Victim Compensation Fund.

- ▶ **Iowa Competition Law** – House File 2627 (FY 2003 Second Omnibus Appropriations Act) provides a contingent appropriation of \$200,000 for the enforcement of the Iowa Competition Law. The appropriation is contingent upon the receipt of damages due to anti-trust lawsuits. The Subcommittee may wish to review revenues and expenditures, fund restrictions, and balances brought forward from previous fiscal years for the enforcement of the Iowa Competition Law.

- ▶ **Consumer Fraud** – House File 2627 provides a contingent appropriation of \$1.2 million for consumer education and enforcement purposes, which is an increase of \$725,000 for estimated FY 2003. The appropriation is contingent upon the receipt of damages due to consumer fraud lawsuits. The Subcommittee may wish to review revenues and expenditures, fund restrictions, and balances brought forward from previous fiscal years for education and enforcement of consumer fraud.



- ▶ **Impact of the FY 2003 Budget Reduction** – The FY 2003 General Fund reduction was \$4.4 million (31.0%) compared to the Actual FY 2002 appropriation. Funding for the Office of the Attorney General, Area Office of Drug Control Policy Prosecuting Attorneys, Prosecuting Attorneys Training Council, Legal Services Poverty Grants, and Victim Assistance Grants were combined into one appropriation. Listed below are the Department’s funding allocations by program area, with a comparison of the funding level to Actual FY 2002.

- ▶ **Office of the Attorney General** – An allocation of \$6.2 million, which is a reduction of \$1.5 million (20.3%) compared to Actual FY 2002. The Office did not implement pay plan increases for non-bargaining personnel. It will have savings within the support budget, delay filling vacant positions (currently, there are 14.0 attorney positions vacant), leverage other funding sources within the Department, seek alternative funding sources, and furlough staff who earn at least \$50,000 annually (estimated savings from furloughs is approximately \$185,000). 

- ▶ **Area Office of Drug Control Policy Prosecuting Attorneys** – An allocation of \$120,000, which is a decrease of \$7,800 (6.1%) compared to Actual FY 2002. Two part-time vacant positions have been eliminated, and the support budget including printing costs has been reduced.

- ▶ **Prosecuting Attorney Training Council** – An allocation of \$271,000, which is a decrease of \$24,000 (8.1%) compared to Actual FY 2002. Training, travel, and printing costs have been reduced. All 6.0 FTE positions are filled.

- ▶ **Legal Services Poverty Grant** – An allocation of \$555,000, which is a decrease of \$86,000 (13.5%) compared to Actual FY 2002. The grants to Legal Services Corporation of Iowa and Polk County Legal Aid Society have been reduced. Legal Services Corporation received \$39,000 from the Civil Reparation Trust Fund in FY 2003, to partially offset this reduction.

- ▶ **Victim Assistance Grants** – An allocation of \$30,000, which is a decrease of \$1.8 million (98.4%) compared to Actual FY 2002. The FY 2003 allocation provides the required match for administrative costs of the Violence Against Women Act (VAWA) that was transferred from the Office of Drug Control Policy in FY 2003. The Department transferred \$2.2 million from the Victim Compensation Fund to Victim Assistance Grants, pursuant to Section 915.94, Code of Iowa, an increase of \$1.5 million compared to FY 2002. It is unlikely the Victim Compensation Fund will be able to support the FY 2003 funding level for Victim Assistance Grants in future fiscal years.

- ▶ **Office of the Consumer Advocate** – An appropriation of \$2.7 million, which is a decrease of \$293,000 (9.8%) compared to actual FY 2002. The Office bills utility companies for its services. Utility companies' payments are deposited into the General Fund. Any reduction in General Fund expenditures reduces General Fund receipts from utility companies by the same amount.

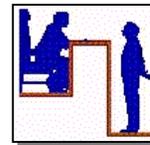
Department of Corrections

- ▶ **Prison Population Growth** – The Iowa prison population reached an all-time record high population on November 18, 2002, at 8,305 inmates. The population is projected to reach 12,127 inmates by FY 2012, if current sentencing policies and laws remain in place. If the inmate population reaches 12,127, five new 750-bed prisons will need to be built at a cost of \$45.0 million for each prison. Each prison will incur annual operating costs of approximately \$28.0 million. The Subcommittee may want to examine alternatives to building new prisons.



- ▶ **Alternative Sanctions for Drug Offenders** – Drug offenses represent the fastest growing offense type for new prison admissions and are expected to grow in the future. New prison admissions for drug offenses during FY 2002 was a record 959, an increase of 7.6% compared to FY 2001, and a 105.8% increase compared to FY 1996. Drug offenses are one of the primary causes of revocation to prison for probationers and parolees. The Subcommittee may wish to review substance abuse treatment options and funding levels.
- ▶ **CBC Growth** – The CBC offender populations continue to increase and may increase from 26,459 in FY 2002 to between 40,261 and 40,723 offenders by FY 2012. Assuming the budget needed to fund the current level of services would increase at the same rate as the CBC offender population, the CBC District Departments would need a budget between \$81.3 and \$82.2 million in FY 2012, compared to the current budget of \$53.4 million. The Subcommittee may wish to review alternative sanctions for low risk offenders, such as increased use of community service sentencing and stiffer financial penalties.
- ▶ **CBC Administration** – Pursuant to Section 905.7, Code of Iowa, the DOC provides assistance and support to each of the eight CBC District Departments. The General Assembly appropriates funds to the DOC and allocates those funds to the CBC District Departments. Each of the CBC District Departments contracts annually with the DOC to provide pre- and post-institutional services. Each CBC District Department is under the direction of a board of directors and is administered by a director employed by the board. Expenditures incurred by the CBC District Departments are not included in the Iowa Finance and Accounting System (IFAS). However, pursuant to Section 905.8, Code of Iowa, financial statements are provided to the Legislative Fiscal Bureau on a quarterly basis. The Subcommittee may want to review the current administration of the CBC District Departments.

- ▶ **Judicial Districts** – Iowa has eight judicial districts as defined in Section 602.6107, Code of Iowa. This Section was last amended in 1983. Iowa's Court System and CBC System provide services within the geographic boundaries of a judicial district. Iowa's population has become more urban over the last 20 years, as 50.0% of Iowa's population is concentrated in 12 counties. If the court system proposes to downsize the number of judicial districts, the Subcommittee may wish to review the potential impact on the CBC system.



- ▶ **Inmate Labor** – Beginning in FY 2001, amounts that would have been paid for room and board by prison inmates with earnings from private sector employment are deposited into the General Fund. During FY 2002, \$706,000 was deposited into the General Fund, which is a decrease of \$150,000 (17.5%) compared to General Fund receipts in FY 2001. The decrease is primarily due to fewer employers being involved in the private sector program, which results in a corresponding reduction in the number of inmates employed by the program. The Subcommittee may want to examine the inmate employment situation and the hard labor law (Section 904.701, Code of Iowa).



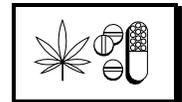
- ▶ **Prison Education** – The FY 2003 General Fund appropriation is \$100,000 which is a decrease of \$2.8 million (96.6%) compared to Actual FY 2002. The DOC is relying on other funding sources, such as Institution Canteen receipts and the Telephone Rebate Fund, to provide high school equivalent and vocational courses through the community college system. Literacy is a significant problem that limits employment for the inmate population, and the Department has focused educational resources on literacy for the past several years. Research suggests inmate education increases employability of released inmates and reduces recidivism. Vocational education is provided primarily in conjunction with Prison Industries. The Subcommittee may want to examine the effectiveness of funding streams and involvement of Iowa Prison Industries.



- ▶ **Mental Health** – The Department is working with the University of Iowa School of Medicine and the Iowa Consortium of Mental Health Board to improve services to a growing number of mentally ill inmates. The University of Iowa School of Medicine is guiding the Corrections' mental health system, to determine the future needs of that system and develop resources to address the mental health needs of inmates. The Subcommittee may wish to review this issue with the Department.
- ▶ **Impact of the FY 2003 Budget Reduction** – The FY 2003 General Fund reduction was \$9.3 million (3.7%) compared to the actual FY 2002 appropriation. The FY 2003 appropriation is \$16.8 million (6.6%) less than the Actual FY 2001 appropriation. The DOC is managing this decrease while the prison population continues to increase (8,101 inmates on June 30, 2001; 8,172 inmates on June 30, 2002; 8,228 inmates on October 25, 2002). At the September 6, 2002, Board of

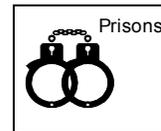
Corrections meeting, Director Kip Kautzky stated that the DOC cannot “meet judicial and legislative mandates if the prison population stays high,” and the DOC “cannot operate a safe system without more money.” Listed below are the primary impacts of the budget reduction on the correctional system.

- ✦ The prisons and CBC District Departments eliminated approximately 225.5 FTE positions in FY 2002 and are currently holding vacant 356.0 FTE positions due to budget reductions. This is the equivalent of staffing needs for two 750-bed prisons, such as the Clarinda Correctional Facility.
- ✦ Most new staff works only 32 hours per week during their probationary period (the first six months of employment).
- ✦ Training resources have been reduced, which increases the State’s tort liability.
- ✦ Overtime has been reduced by nearly \$2.0 million, to a historical low of approximately \$1.0 million annually. According to the DOC, overtime has been reduced to the point where medical support areas are dangerously understaffed.
- ✦ Food service costs were reduced from \$1.56 per meal in FY 2001 to \$1.46 per meal in FY 2002 by reducing both staff and direct food costs. The Institutions are relying on their farm gardens for fruit and vegetables. The North Central Correctional Facility at Rockwell City provides “quick chill” processing to store fruits and vegetables.
- ✦ Inmates cannot participate in substance abuse, anger management, and criminal thinking programs that the Board of Parole requires them to enter before early release.
- ✦ The Institutions’ substance abuse treatment budgets have been reduced by \$1.4 million compared to two years ago. The DOC now has 700 beds dedicated to substance abuse treatment, while approximately 7,000 inmates need treatment before release.
- ✦ No substance abuse assessments are completed at the Iowa Medical Classification Center at Oakdale. Prior to budget reductions, all inmates were assessed and classified as to type of need (in-patient, out-patient, education, etc.) and then placed in the prison system accordingly.
- ✦ Inmate idle time has increased; this transfers responsibility from education and treatment staff to correctional officers.
- ✦ Staff work loads plus pharmacy and medical costs have all increased.
- ✦ Contracts for such services as chaplains, librarians, and the Batterer’s Education Program have been eliminated.
- ✦ Medical treatment appointments at the University of Iowa have been carefully prioritized based on medical determination of need to reduce transportation costs. The DOC is working with the University of Iowa to assist in further cost refinement by limiting clinics to two days per week.



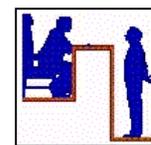
Justice System Appropriations Subcommittee

- ◆ Diversion beds available to the courts have been increased by 150 at the Fort Dodge Correctional Facility to reduce the length of stay for low-risk offenders.
- ◆ Inmate housing supply costs were reduced to FY 1996 levels. Inmates now pay for certain items that were previously provided at no cost to the inmate.
- ◆ County jail confinement costs have been reduced for the DOC by transporting alleged parole, Work Release, and Operating While Intoxicated (OWI) 3rd Offense violators in Polk County directly to the Newton Correctional Facility and the Iowa Correctional Institution for Women at Mitchellville.
- ◆ The following programs have been reduced or eliminated in the CBC District Departments:
 - Funding for substance abuse treatment in the CBC District Departments has been reduced by \$867,000 compared to two years ago. Most of the funding is dedicated to treatment of offenders convicted of OWI 3rd offense. Under-funding of this prison-diversion program results in more revocations to prison.
 - Positions in parole and probation supervision, pre-trial release services, administrative support services, and the Treatment Alternatives to Street Crimes Program (liaisons between the criminal justice and substance abuse treatment systems) have been left vacant or eliminated.
 - \$688,000 has been eliminated and 22.5 FTE positions have been left vacant or eliminated from residential facilities. This figure includes savings associated with the delayed opening of the new facility in Council Bluffs.
 - Few treatment programs are available for probationers in most CBC District Departments, compounding the problem of revocation back to prison.
 - Youth Intervention and Prevention Programs have been eliminated in the Fifth and Sixth CBC District Departments (\$150,000).



Judicial Branch

- ▶ **Judicial Districts** – Iowa has eight judicial districts as defined in Section 602.6107, Code of Iowa. This Section was last amended in 1983 and thirty years since the map was re-drawn. The Judicial Branch has established a 25-member advisory committee to make a recommendation to the General Assembly regarding the number of Judicial Districts. There are five proposed maps. The Committee plans to make a recommendation by December 15.



- ▶ **Judicial Retirement** – House File 2627 (FY 2003 Second Omnibus Appropriations Act) notwithstanding Section 602.9104(4)(b), Code of Iowa, lowering the employer contribution rate to the Judicial Retirement Fund from 23.7% to 9.9%. The Judicial Branch is requesting \$2.8 million to fund judicial retirement at the statutory rate of 23.7%.

- ▶ **Impact of the FY 2003 Budget Reduction** – The FY 2003 General Fund reduction was \$2.2 million (2.0%) compared to the Actual FY 2002 appropriation. Despite the reduction to the Judicial Branch operating budget, the Judicial Branch did not have to furlough any employees. The Judicial Branch did implement several cost saving measures:
 - ◆ 117 employees were laid off.
 - ◆ 67 employees had their hours reduced.
 - ◆ 79 supervisors were downgraded to line staff.
 - ◆ Approximately 60 clerks of court offices reduced hours that they were open to the public.
 - ◆ Juvenile programs were eliminated.
 - ◆ The Court Appointed Special Advocate Program was moved to the Department of Inspection and Appeals.
 - ◆ Supplies and postage were depleted.
 - ◆ All State education programs were canceled.

Department of Public Defense



- ▶ **Homeland Security** – Ellen Gordon is the director of Iowa's Homeland Security Office. The State of Iowa received \$20.1 million in federal funding in FY 2002 for Homeland Security Operations. The Subcommittee may wish to review the State's progress regarding Homeland Security.

- ▶ **Phase 2 of the Wireless E911 Project** – The wireless enhanced 9-1-1 (E911) service is funded by a \$0.50 per month, per phone surcharge, which generates approximately \$6.5 million per year. The cost to the State to offer this service is \$0.58 per month, per subscriber. The second and final phase of the wireless E911 service involves the transmission of the caller's phone number as well as the latitude and longitude coordinates of the caller's location. There will be additional expenses associated with providing this service. This project will take approximately eight to ten years to complete. Non-recurring cost estimates for Phase 2 include \$4.5 million to provide equipment upgrades at the local answering points and a longitude and latitude mapping system. Emergency Management is going to purchase the

Justice System Appropriations Subcommittee

mapping system for \$1.5 million and then grant it to the locals. The Subcommittee may want to look at the impact of increasing the surcharge rate from \$0.50 to \$1.00.

Department of Public Safety

- ▶ **Vehicle Depreciation** – The State Vehicle Dispatcher recommends that vehicles in the Department of Public Safety be replaced if they have 92,000 miles on them. In FY 2001, the Department purchased 66 vehicles, out of 150 needed, due to lack of funds. In FY 2002, no vehicles were purchased due to the moratorium on spending. In FY 2003, 75 vehicles were purchased and will arrive in December. Under the State Dispatcher's recommendation, Public Safety should replace one-third of the fleet or approximately 230 cars in July 2004.

- ▶ **Furloughs in the Department of Public Safety** – The Department will address the FY 2003 funding shortfall through temporary furloughs rather than permanent layoffs. Furloughs for all employees are scheduled to begin in the third quarter (January through March of 2003). The Department of Public Safety operates on shifts that cover 24 hours a day, seven days a week, which poses a challenge when trying to implement temporary furloughs. The Department has lost 102.0 FTE positions since July 2001 due to attrition and will need to address the potential furlough situation or layoff an additional 76.0 FTE positions in FY 2004. The Department has a significant budget for vehicle expenses that is included in its total appropriation. House File 2627 (FY 2003 Second Omnibus Appropriations Act) required the allocation of the furlough savings by the Department of Management be based on the total General Fund appropriation to departments rather than on the salary portion of the budgets. In FY 2003, the Department needs to furlough employees approximately 8.2 days or find savings of \$1.4 million, which is the equivalent of 35.0 FTE positions. No decisions have been made for FY 2004, depending on the budget. The Subcommittee may wish to review issues surrounding potential furloughs or layoffs in the Department of Public Safety.

- ▶ **Capitol Security** – The Department of Public Safety was appropriated \$850,000 from the Rebuild Iowa Infrastructure Fund for 12.0 FTE positions for security officers and 1.0 FTE position for a secretary. The money is to be used to pay the 13 salaries of the legislative employees through a 28D agreement between the General Assembly and Public Safety. The money is also to be used to pay maintenance agreements on the security equipment, training, and overtime for the State Patrol officers that work security in the Capitol. One issue the Subcommittee may want to address is moving security officers from the legislative payroll to the executive branch payroll under Public Safety. The officers could be classified as Security Guard 3's, which would allow them to stay on a similar pay scale. Also, Public Safety is looking at adding 5.0 additional FTE positions for computer center technicians. The technicians would monitor the surveillance center and be dispatched in Post 16. Another issue is security for the new Judicial Branch Building when it opens in February.

- ▶ **Money Laundering Grant** – The Office of Attorney General and the Department of Public Safety have received a joint award for federal funds to establish a money laundering crime unit. The 18-month grant award of \$269,900 and 3.0 FTE positions provides \$74,500 for an Assistant Attorney General for the Office of the Attorney General, plus \$195,400 for a Special Agent and a Criminal Analyst for the Department of Public Safety. The grant will enable Iowa to establish a program to detect, prevent, and suppress money laundering. The Division of Narcotics Enforcement added 2.0 FTE positions in FY 2002.

Parole Board

- ▶ **Prison Overcrowding** – The increasing prison population will impact the Board's resources and information management system. The Board is requesting \$53,000 to fund a part-time Clerk and an Administrative Law Judge. The Subcommittee may want to examine the Board's workload, staffing, and its ability to utilize new technology to manage the workload.
- ▶ **Impact of the FY 2003 Budget Reduction** – The FY 2003 General Fund reduction was \$33,000 (3.3%) compared to the Actual FY 2002 appropriation. The Board plans to implement the following changes to the budget:
 - ◆ Reduce support budget costs (travel and equipment).
 - ◆ Explore cost and resource sharing with the DOC.
 - ◆ Eliminate vacant a part-time clerk position, and hold vacant a partially funded Administrative Law Judge position.
 - Implement staff furloughs.



▶ **Public Defender and Indigent Defense Program**

- ◆ **Caseloads** – The Office of the State Public Defender expended \$37.9 million in total funds during FY 2002, an increase of \$1.6 million compared to FY 2001. Compared to FY 1991, the increase is \$20.6 million (118.9%) due to the increase in cases and claims. From FY 1991 to FY 2002, the number of attorney claims for reimbursement from the Indigent Defense Fund has increased 168.9%, while the number of cases handled by the Office of the State Public Defender has increased by 275.8%. The Subcommittee may wish to examine the adequacy of staffing and funding.
- ◆ **Impact of the FY 2003 Budget Reduction** – The FY 2003 General Fund reduction was \$111,000 (0.3%). However, the Indigent Defense Fund received an FY 2002 supplemental appropriation of \$2.7 million from the Terminal Liability Health Insurance Fund. Therefore, the FY 2003 appropriation for the State Public Defender's Office and the Indigent Defense Fund are \$4.2 million less than the amount actually spent in FY 2002. The Public Defender plans to hold 8.0 to 10.0 FTE positions open in the Office due to budget constraints. This

Justice System Appropriations Subcommittee

action may increase overall program costs, as it is more cost-effective to have State employees, rather than contract attorneys, provide counsel to indigent defendants. An FY 2003 supplemental appropriation may be required for the Indigent Defense Fund. Alternatively, appropriation transfers from other State agencies to the Indigent Defense Fund may occur.

Issue Reviews

The LFB completed four **Issue Reviews** during the 2002 legislative interim dealing with:

- [Judicial Branch Retirement Fund](#)
- [Judicial Branch Revenues](#)
- [Prison Farms](#)
- [Crime Bills from the 2002 Legislative Session](#)

Copies of the **Issue Reviews** are available on the LFB web site:
<http://staffweb.legis.state.ia.us/lfb/ireview/ireview.htm>.

Topic Presentations

The LFB maintains and updates **Topic Presentations** available on the LFB web site. Presentations relating to the Justice System Subcommittee include:

- [Department of Public Safety Academy](#)
- [Justice System Appropriations Subcommittee](#)
- [Community-Based Corrections](#)
- [Crime Victim Assistance Division of the Department of Justice](#)
- [Iowa Law Enforcement Academy](#)
- [Iowa Prison System](#)
- [Legal Representation of Indigent Defendants](#)
- [Emergency Management Division](#)
- [Iowa Court System](#)

Copies of the ***Topic Presentations*** are available on the LFB web site:
<http://staffweb.legis.state.ia.us/lfb/pptpres/pptpres.htm>.

TRANSPORTATION, INFRASTRUCTURE, AND CAPITALS APPROPRIATIONS SUBCOMMITTEE

FY 2004 DEPARTMENT OF TRANSPORTATION REQUESTS

The Department of Transportation (DOT) is requesting \$269.8 million for operations, special purpose, capital projects, and programs, and 3,538.0 FTE positions for FY 2004. This is an increase of \$1.1 million (0.4%) and a decrease of 17.0 FTE positions (0.5%) compared to estimated FY 2003. This includes 96.0 FTE positions that are not appropriated by the General Assembly, but are reflected in the FTE tracking document in Appendix A. These positions are funded through revolving funds administered by the Department. More information on these FTE positions is available from the LFB upon request.

Of the total FY 2004 request:

- \$264.6 million is being requested for operations and special purpose projects, a decrease of \$1.3 million (0.5%) compared to estimated FY 2003.
- \$2.3 million is being requested for capital projects, a decrease of \$500,000 (17.9%) compared to estimated FY 2003.
- \$2.8 million is being requested from the General Fund for programs, an increase of \$2.8 million (100.0%) compared to estimated FY 2003.



Significant General Fund Changes Requested

The following changes include requests from the General Fund:

- An increase of \$2.2 million (100.0%) for Aviation Assistance.
- An increase of \$600,000 (100.0%) for Rail Assistance.



Significant Other Fund Changes Requested

The following changes include requests from the Primary Road Fund and Road Use Tax Fund:

- An increase of \$686,000 and 3.0 FTE positions to the Operations Budget Unit. The request includes:
 - ◆ An increase of \$132,000 to fund an 8.0% inflationary increase in existing leases.



Transportation, Infrastructure, and Capitals Appropriations Subcommittee

- ◆ An increase of \$110,000 to fund a 2.0% telecommunications tariff increase.
- ◆ An increase of \$261,000 to fund a 5.0% increase in existing equipment and software maintenance agreements.
- A decrease of \$357,000 and 4.0 FTE positions to the Planning Budget Unit.
- An increase of \$300,000 and 3.0 FTE positions to the Highway Budget Unit.
- A decrease of \$652,000 and 18.0 FTE positions to the Motor Vehicle Budget Unit. The request includes:
 - ◆ A decrease of \$526,000 to eliminate 16.0 FTE positions in the Motor Vehicle Division due to the issuance of driver's licenses being shifted to counties.
- A decrease of \$1.2 million for the Driver's License Digitized Imaging System.
- A new request of \$200,000 for surface repair at two scale sites near Missouri Valley.
- A new request of \$2.0 million for resources to build new garages at various locations throughout the State.



Issues

The Transportation, Capitals, and Infrastructure Appropriations Subcommittee may wish to examine the following issues pertaining to the DOT's budget request:

- **Road Use Tax Fund** – The Legislative Fiscal Bureau has published an *Issue Review* entitled "Road Use Tax Fund Overview," which includes the information detailed below.
 - ◆ Review of the current revenue and expenditure forecasts of the Road Use Tax Fund and the amount of dollars allocated to the State, city, and county highway funds.
 - ◆ Review of recent legislative changes in the tax rates on gasohol and gasoline, and their effect on the General Fund and the Road Use Tax Fund.
 - Beginning in FY 2003, a General Fund tax credit of 2.5 cents per gallon on gasohol is provided for stations with gasohol sales of at least 60.0% of the total annual gasoline and gasohol volume. It is estimated that these tax credits will reduce General Fund receipts by \$500,000 in FY 2003 and \$1.3 million in FY 2004.



- Beginning in FY 2003, tax rates for gasohol and gasoline will fluctuate each fiscal year based on the percentage of ethanol-blended gasoline sold during the previous calendar year. The tax credits apply to gallons sold after January 1, 2002. For FY 2003, the tax on regular gasoline increased by 0.1 cent per gallon, resulting in an estimated increase of \$820,000 (0.20%) to the Road Use Tax Fund.

- ▶ **Potential Loss of Federal Highway Funds** – Examine the possible loss of federal highway funds if new legislation is not enacted in calendar year 2003 to change Iowa’s operating while intoxicated (OWI) statute from a blood-alcohol content limit of .10% to .08%. The Legislative Fiscal Bureau has published an *Issue Review* titled “Impact of Changing Iowa’s Operating While Intoxicated (OWI) Statute.” A summary of the *Issue Review* is listed below.



- ◆ If Iowa adopts a .08% law by October 1, 2003 (FFY 2004), the State will continue to receive its full apportionment of federal highway funds, which is estimated at \$228.0 million.

- ◆ If Iowa does not adopt a .08% law by October 1, 2003, federal highway funds will be withheld in the projected amounts listed below, which are based on the estimate of \$228.0 million. If Iowa adopts the law by October 1, 2007 (FFY 2008), the State will be reimbursed any lost funds.

- \$4.6 million (2.0%) would be withheld for FFY 2004, including \$3.0 million from the State and \$1.6 million from cities and counties.

- \$9.1 million (4.0%) would be withheld for FFY 2005, including \$5.9 million from the State and \$3.2 million from cities and counties.

- \$13.7 million (6.0%) would be withheld for FFY 2006, including \$8.9 million from the State and \$4.8 million from cities and counties.

- \$18.2 million (8.0%) would be withheld for FFY 2007 and beyond, including \$11.8 million from the State and \$6.4 million from cities and counties.

- ◆ If Iowa were to enact a .08% law by July 15, 2003, and begin enforcement by September 30, 2003, the State could receive between an estimated \$1.4 to \$2.1 million in FFY 2003. The incentive would be issued to the DOT and restricted to highway-related projects, including safety programs. Incentive program funding will sunset on September 30, 2003.



- ▶ **Aviation Assistance General Fund Appropriation** – The General Assembly appropriates approximately \$2.2 million annually from the General Fund for Aviation Assistance. Of that amount, approximately \$142,000 is used for the Aviation Weather Observation System, a 35-unit network that allows pilots to obtain real-time weather conditions



Transportation, Infrastructure, and Capitals Appropriations Subcommittee

at airports where the units are located. The Automated Weather System was installed in 1992 with assistance from a federal grant. The federal grant requires the State to provide funds for operational maintenance and transfer of data into the System. For FY 2003, a General Fund appropriation was not provided for Aviation Assistance. Therefore, money from the Department's operating budget was used to cover the costs, required maintenance, and data transfer of the Automated Weather System. This allowed the DOT to remain in compliance with the federal funding requirement.

- ▶ **Public Transit Assistance (General Fund Standing Appropriation)** – Section 312.2(15), Code of Iowa, credits an amount equal to 1/20 of 80.0% of the motor vehicle use tax receipts to the General Fund. The General Fund amount is then appropriated to the DOT for distribution to Iowa's 35 public transit systems.

- ◆ During the 2002 Legislative Session, HF 2627 (FY 2003 Second Omnibus Appropriations Act) reduced the General Fund appropriation to Public Transit Assistance by \$1.3 million. The estimated FY 2003 standing appropriation for Public Transit Assistance is \$8.5 million. The General Fund will retain the \$1.3 million.



- At the time HF 2627 was enacted, use tax receipts were expected to generate approximately \$9.8 million. A more recent projection of use tax receipts estimates that \$11.1 million will be received in FY 2003. As a result, the DOT will likely receive more than \$8.5 million in FY 2003 for Public Transit Assistance.
- In FY 2004, the Department is expecting to receive \$11.6 million from the General Fund standing appropriation, which is the same amount in motor vehicle use tax receipts that is expected to be deposited into the General Fund.

- ◆ House File 2626 (FY 2003 Transportation Appropriations Act), enacted during the 2002 Legislative Session, eliminates the transfer of motor vehicle use tax receipts to the General Fund and the General Fund standing appropriation for Public Transit Assistance beginning in FY 2005. As a result, the motor vehicle use tax receipts will be allocated directly to the DOT for distribution to Public Transit agencies.

- ▶ **Impact of General Fund Budget Reduction** – During the 2002 Legislative Session, SF 2304 (FY 2002 Budget Adjustment Act) reduced the Department's FY 2002 General Fund appropriation by 1.0%. The DOT's appropriation funds grant programs only. As a result, salaries and FTE positions were unaffected by the cut. The 1.0% reduction is detailed below.



- ◆ Aviation Assistance – A decrease of \$22,000.
- ◆ Rail Assistance – A decrease of \$6,000.

Issue Reviews

The LFB completed the following three **Issue Reviews** during the 2002 legislative interim relating to transportation:

- [State Funded Aviation Programs](#)
- Road Use Tax Fund Revenue Update
- [Impact of Changing Iowa's Operating While Intoxicated \(OWI\) Statute](#)



Copies of the **Issue Reviews** are available on the LFB website:
<http://staffweb.legis.state.ia.us/lfb>.

Topic Presentations

The LFB maintains and updates **Topic Presentations** available on the LFB website. Presentations relating to transportation include:

- Road Use Tax Fund
- Primary Road Fund
- The RISE (Rebuild Iowa's Sound Economy) Program
- Alcohol-Related Crash Statistics for Iowa
- Update on Speed Limits in Iowa



Copies of the **Topic Presentations** are available on the LFB website:
<http://staffweb.legis.state.ia.us/lfb>.

FY 2004 CAPITAL PROJECT REQUESTS

State agencies are requesting a total of \$594.2 million to fund capital projects, environmental programs, and debt service payments on certain bonds for FY 2004. This includes \$491.0 million from the Restricted Capital Fund, \$44.1 million from the Rebuild Iowa Infrastructure Fund (RIIF), and \$45.7 million from the Environment First Fund, and \$13.3 million from the Endowment for Iowa's Health Account.

The above requests include \$76.3 million that were appropriated in prior Legislative Sessions. New capital project funding requests from all sources total \$517.9 million.



The significant funding requests are discussed below.

Significant Capital Project Requests

► Department of Corrections

- ◆ \$52.6 million from the Restricted Capital Fund for major maintenance improvements at the eight Community-Based-Correction (CBC) Districts and the nine correctional institutions.
- ◆ The Department has submitted two alternative proposals for funding from the Restricted Capital Fund to complete the second phase of construction of a 170-bed special needs unit at the Iowa Medical and Classification Center at Oakdale. The Department received \$4.1 million in FY 2003 to begin the design and construction of the facility. The facility is being built in order for the State to comply with a federal court order.
 - Alternative 1 includes requests over a three-year period totaling \$30.9 million (\$7.5 million in FY 2003, \$11.7 million in FY 2005, and \$11.7 million in FY 2006). This option includes construction of the power plant facility.
 - Alternative 2 includes requests over a three-year period totaling \$20.9 million (\$7.5 million in FY 2003, \$6.7 million in FY 2005, and \$6.7 million in FY 2006). Under this option the power plant would be funded separately through a 15-year lease purchase agreement. The request for the power plant lease purchase is listed separately.
- ◆ \$1.2 million from the Restricted Capital Fund for the first-year debt service payment associated with a proposed 15-year lease purchase for the replacement of the power plant at the Iowa Medical and Classification Center at Oakdale. The total cost of the power plant if purchased out-right is estimated to be \$11.3 million.



- ◆ \$6.5 million from the Restricted Capital Fund to construct a new Community-Based Correctional facility including district offices in Davenport. The existing facility is currently rented by the Seventh CBC District Department.
 - ◆ \$2.8 million from the Restricted Capital Fund for the relocation and expansion of the Fort Dodge residential facility.
 - ◆ \$3.3 million from the Restricted Capital Fund for the renovation of the dietary facility at the Anamosa State Penitentiary.
- ▶ **Department of Cultural Affairs** – \$1.0 million from the RIIF for continued funding for the Historical Preservation Grant Program (\$830,000) and for the preservation of the Iowa Battle Flag collection (\$150,000).
- ▶ **Department of Economic Development**
- ◆ \$150.0 million from the Restricted Capital Fund for a new economic development program that provides financial assistance for research, development, and business start-up and expansion in:
 - Biotechnology
 - High speed internet access
 - Advanced manufacturing
 - Alternative energy sources
 - ◆ \$2.5 million from the Restricted Capital Fund for continued funding of the Accelerated Career Education (ACE) Program.
 - ◆ \$2.0 million from the RIIF for providing grants, loans, or forgivable loans for advanced research and commercialization projects involving value-added agriculture, advanced technology, or biotechnology.
 - ◆ \$1.3 million from the RIIF for the Physical Infrastructure Financial Assistance Program. The Program provides financial assistance for business or community infrastructure development projects that result in the creation of high wage jobs and involve substantial capital investment.
- 
- ▶ **Department of Education**
- ◆ \$20.6 million from the Restricted Capital Fund to continue the conversion of the eight public television transmitter sights and headquarters to digital transmission.
 - ◆ \$5.0 million from the RIIF to continue funding a portion of the Teacher Quality/Student Achievement Program from the RIIF. The Department is also requesting \$10.0 million from the Insurance Premium Tax, \$8.9 million from the

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

Underground Storage Tank Fund, and \$18.2 million from the General Fund to maintain funding at the FY 2003 level plus \$2.1 million for increased teacher salary costs.

- ▶ **Environment First Fund** – The General Assembly established a standing appropriation of \$35.0 million from the RIIF for the Environment First Fund in HF 2453 (FY 2001 Infrastructure Appropriations Act). The FY 2003 departmental requests for these funds are included within the Agriculture and Natural Resources Appropriations Subcommittee budget. State agencies have requested a total of \$45.7 million in funding requests from the Environment First Fund.



▶ Department of General Services

- ◆ \$19.2 million from the RIIF for costs associated with routine maintenance of State facilities.
- ◆ \$16.7 million from the Restricted Capital Fund for major maintenance improvements to State facilities under the purview of the Department of General Services.
- ◆ \$16.7 million from the Restricted Capital Fund for the third year of funding of the multi-purpose laboratory facility for use by the State Medical Examiner, Division of Criminal Investigation, and the Department of Agriculture Hygienic Lab. These funds were appropriated in HF 742 (FY 2002 Infrastructure Appropriations Act).
- ◆ \$1.7 million from the RIIF for temporary lease costs, and moving expenses associated with the relocation of State employees on the Capitol Complex due to building renovations.
- ◆ \$6.2 million from the Restricted Capital Fund for interior restoration of the northeast quadrant State Capitol Building. These funds were appropriated in HF 2614 (FY 2003 Infrastructure Appropriations Act).
- ◆ \$10.8 million from the Restricted Capital Fund for the renovation of the Records and Property Building to convert warehouse space into office space.
- ◆ \$1.3 million from the Restricted Capital Fund for the removal and replacement of Parking Lot 8 located west of the Capitol Building.
- ◆ \$1.2 million from the Restricted Capital Fund for the construction of a pedestrian bridge to provide access to the new Judicial Building and memorials located on the south side of Court Avenue.
- ◆ \$1.2 million from the Restricted Capital Fund to repair 13 blocks of State-owned streets on the Capitol Complex, and repair of parking lot surfaces including associated electrical and drainage problems.



- ◆ \$1.0 million from the Restricted Capital Fund for continued upgrades of the security systems of State Buildings located on the Capitol Complex.



- ◆ \$4.4 million from the Restricted Capital Fund for the evaluation and renovation of the Wallace State Office Building and the attached parking ramp.
- ◆ \$1.9 million from the Restricted Capital Fund to repair electrical distribution systems of State-owned facilities, including wiring, transformers, switchgear, and generators to meet required demand.
- ◆ \$2.3 million from the Restricted Capital Fund and the RIF for a variety of improvements on the Capitol Complex and Terrace Hill.

► **Department of Human Services**

- ◆ \$4.9 million from the Restricted Capital Fund for facility improvement projects involving health, life, and fire safety.
- ◆ \$1.4 million from the Restricted Capital Fund for projects involving compliance with the Americans with Disabilities Act requirements.
- ◆ \$5.2 million from the Restricted Capital Fund for costs associated with annual routine maintenance at Department of Human Services (DHS) institutions.
- ◆ \$2.4 million from the Restricted Capital Fund for renovation and improvement projects at the Iowa Juvenile Home, Cherokee Mental Health Institute, and the Clarinda Mental Health Institute.
- ◆ \$3.2 million from the Restricted Capital Fund for major maintenance projects at various DHS institution locations throughout the State.

► **Department of Natural Resources**

- ◆ \$3.0 million from the Restricted Capital Fund for continued funding of the Destination State Park.
- ◆ \$2.5 million from the Restricted Capital Fund for continued funding of the Restore the Outdoors Program to renovate park facilities built through the Civilian Conservation Corps (CCC) and Work Progress Administration (WPA) throughout the State.
- ◆ \$1.5 million from the Restricted Capital Fund for the construction of the Lewis and Clark Rural Water System. These funds were appropriated in HF 2614 (FY 2003 Infrastructure Appropriations Act).



► **Department of Public Defense**

- ◆ \$1.3 million from the Restricted Capital Fund for maintenance and renovation projects at National Guard facilities.

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

- ◆ \$1.5 million from the Restricted Capital Fund for construction of the Boone Readiness Center. The funds will be matched with \$4.3 million in federal funds.
- ◆ \$1.5 million from the Restricted Capital Fund for design and construction of readiness centers in Estherville, Iowa City, and Fort Dodge.

► Board of Regents

- ◆ \$14.9 million from the Restricted Capital Fund for projects at all Regents institutions involving fire, environmental safety, and deferred maintenance.
- ◆ \$15.6 million from the Restricted Capital Fund for planning and design for the renovation of Coover Hall which houses the Department Electrical and Computer Engineering at Iowa State University. The State funds would be matched with \$10.0 million in private gifts.
- ◆ \$7.0 million from the Restricted Capital Fund for replacement of the electrical distribution system at the University of Northern Iowa.
- ◆ \$19.9 million from the Restricted Capital Fund for renovation and expansion of the Chemistry Building at the University of Iowa. If funded, the Regents would request a total of \$12.1 million in FY 2005 and FY 2006 to complete the project.
- ◆ \$2.6 million from the Restricted Capital Fund to remodel facilities of the College of Veterinary Medicine and construct additional space for the Veterinary Teaching Hospital at Iowa State University. If funded, the Regents would request a total of \$37.4 million in FY 2006 and FY 2007 to complete the project.
- ◆ \$5.7 million from the Restricted Capital Fund for the renovation of science buildings at the University of Northern Iowa. If funded, the Regents would request \$5.2 million in FY 2005 to complete the project.



- ◆ \$3.7 million from the Restricted Capital Fund for the expansion of the Art Building at the University of Iowa. These funds were previously appropriated in HF 742 (FY 2002 Infrastructure Appropriations Act). The Board of Regents was also appropriated \$4.4 million in FY 2002 and \$7.9 million in FY 2003 for this project.
- ◆ \$4.4 million from the Restricted Capital Fund for replacement of the steam distribution system at the University of Northern Iowa. These funds were previously appropriated in HF 742 (FY 2002 Infrastructure Appropriations Act). The Board of Regents was also appropriated \$4.3 million in FY 2002 and \$4.4 million in FY 2004 from the RIF for this project.
- ◆ \$10.2 million from the Restricted Capital Fund for renovation and improvements to Iowa State University's classrooms and auditoriums. These funds were previously appropriated in HF 2614 (FY 2003 Infrastructure Appropriations Act).

The Board of Regents was also appropriated \$2.1 million in FY 2003 and \$1.9 million in FY 2005 for this project.

- ◆ \$6.5 million from the Restricted Capital Fund for the renovation of the Innovative Teaching Center at the University of Northern Iowa. These funds were previously appropriated in HF 2614 (FY 2003 Infrastructure Appropriations Act). The Board of Regents was also appropriated \$1.7 million in FY 2003 and \$9.9 million in FY 2005 for this project.



- ◆ \$7.2 million from the Restricted Capital Fund for construction of a new classroom facility to house the School of Journalism at the University of Iowa. These funds were previously appropriated in HF 2614 (FY 2003 Infrastructure Appropriations Act). The Board of Regents was also appropriated \$2.6 million in FY 2003 and \$3.6 million in FY 2005 for this project.

- ◆ \$7.0 million from the RIIF to repay the bonds issued to complete phase II construction of the Engineering Teaching Research complex at Iowa State University. These funds were previously appropriated in HF 2625 (FY 2002 Adjustment Act).

- ◆ \$13.3 million from the Endowment for Iowa's Health Account to fund a portion of the FY 2004 Tuition Replacement. The tuition replacement appropriation is used to replace the student tuition fees that are used to pay the debt service on Academic Revenue Bonds authorized in prior fiscal years. The total amount required for Tuition Replacement in FY 2004 is \$24.0 million. The remainder of the Tuition Replacement is being requested from the Restricted Capital Fund.

- ◆ \$10.6 million from the Restricted Capital Fund to fund a portion of the FY 2004 Tuition Replacement.

- ▶ **Telecommunication and Technology Commission** – \$2.7 million from the RIIF to pay the costs of maintenance and leases associated with the build-out of Part III of the Iowa Communications Network (ICN).

- ▶ **Department of Transportation**

- ◆ \$3.1 million from the Restricted Capital Fund to fund existing recreational trails projects that were previously awarded by the Transportation Commission. The General Assembly transferred \$5.5 million of the cash balance in the Recreational Trails Fund to the General Fund in FY 2002 due to a shortfall in General Fund revenues. Of the \$5.5 million, \$5.1 million had been committed to projects. The General Assembly appropriated \$2.0 million in FY 2003 from the tax-exempt bond proceeds to cash-flow the projects through FY 2003. The Department is requesting the remainder of the funding (\$3.1 million) in FY 2004.



Transportation, Infrastructure, and Capitals Appropriations Subcommittee

- ◆ \$1.7 million from the Restricted Capital Fund for continued funding of infrastructure improvements at Iowa's publicly-owned airports. The request includes \$1.1 million for the Commercial Service Airport Program and \$581,000 for the Aviation Hangar Grant Program.

► **Treasurer of State**

- ◆ \$12.9 million from the Restricted Capital Fund for the FY 2004 debt service payment on the ICN bonds.

- ◆ \$5.2 million from the Restricted Capital Fund for the FY 2004 debt service payment on the prison infrastructure bonds.



- ◆ \$12.5 million from the Restricted Capital Fund for the Community Attraction and Tourism Development Fund. This Fund is used to assist communities in the development of multi-purpose attraction and tourism facilities. These funds were previously appropriated in HF 2453 (FY 2001 Infrastructure Appropriations Act).

- **Commission on Veterans Affairs** – \$1.3 million from the Restricted Capital Fund for various infrastructure-related improvements to the Iowa Veterans Home.

Issues

The Transportation, Capitals, and Infrastructure Appropriations Subcommittee may wish to examine the following issues pertaining to capital projects.

- **Oakdale Special Needs Unit** – The Department of Corrections is requesting funds in FY 2004 through FY 2006 to construct a 170-bed Special Needs Unit at the Iowa Medical and Classification Center at Oakdale. The addition will be used to serve the entire prison system through treatment and housing of inmates with medical and mental illness conditions. Construction of this facility would bring the Department of Corrections into compliance with a federal court order. In FY 2003, the General Assembly appropriated \$4.1 million to begin construction of the facility. The Department has submitted two alternatives for completing the funding of the project.

- ◆ Alternative 1 includes requests over a three-year period totaling \$30.9 million (\$7.5 million in FY 2003, \$11.7 million in FY 2005, and \$11.7 million in FY 2006). This option includes construction of the power plant facility.

- ◆ Alternative 2 includes requests over a three-year period totaling \$20.9 million (\$7.5 million in FY 2003, \$6.7 million in FY 2005, and \$6.7 million in FY 2006) to complete construction of the special needs units. Under this option the power plant would be funded separately through a 15-year lease purchase agreement. The annual debt service is estimated at \$1.2 million. The advantage of this option is that the up-front costs are less, which frees up revenue for use on other capital priorities. The disadvantage is that the total cost of the project over the 15-year period is approximately 23.7% (\$7.3 million) higher than alternative 1.

► **Availability of FY 2004 Infrastructure Funds** – The General Assembly will have approximately \$90.0 million available from the Restricted Capital Fund to appropriate for capital projects in FY 2004. There are several projects that received partial funding in FY 2003 that will likely require funding in FY 2004 which will further reduce the amount available for appropriation. These projects include:

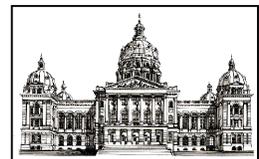
- ◆ The 170-Bed Special Needs Unit at the Iowa Medical and Classification Center at Oakdale and possibly replacement of the power plant. Total cost \$34.6 million.
- ◆ The Enterprise Resource Planning (ERP) System – The General Assembly appropriated \$4.4 million in FY 2003 to begin the development of the System. The total cost for FY 2004 and FY 2005 is estimated at \$7.0 million.
- ◆ A total of \$3.1 million will be needed to fulfill funding commitments of the Recreational Trails Program.
- ◆ The Department of General Services has estimated that an additional \$20.2 million will be required to complete the interior restoration of the Capitol Building. This is included in the Department's Five-Year Capital Improvement Plan for FY 2005 through FY 2008. A total of \$36.7 million has been appropriated for the interior restoration from FY 1995 to FY 2004.



► **FY 2003 RIF Funding Shortfall** – The RIF is projecting a budget deficit of \$17.8 million for FY 2003 due to the Supreme Court decision that reduced the tax rate on the State's racetrack establishments from 32.0% to 20.0% on the tracks' adjusted gross receipts. The tax rate reduction was effective on June 12, 2002. The Decision resulted in an estimated reduction of \$40.4 million to the RIF in FY 2003. The FY 2003 appropriations totaled \$46.2 million, which includes \$35.0 million to the Environment First Fund. Of the \$35.0 million, \$18.4 million is to be transferred to the General Fund. The General Assembly will need to address this budget shortfall by either increasing revenue to the Fund or by decreasing appropriations.



► **Capitol Complex Building Renovation** – Review of the Department of General Services' plans to renovate buildings on the Capitol Complex and the logistics of relocating employees to accomplish the renovation. The Department is requesting of \$10.8 million in FY 2004 to renovate the Records and Properties Building to convert the facility from a warehouse to usable office space. Once the renovation is complete, the Department would vacate the Wallace Building to begin renovation. The Department is requesting a total of \$31.5 million over three fiscal years to renovate the Wallace Building. The Subcommittee may also want to examine opportunities to relocate staff from the Capitol Building due to the planned elimination of office space as a result of interior restoration of the Capitol Building.



Transportation, Infrastructure, and Capitals Appropriations Subcommittee

- **Vertical Infrastructure Advisory Committee** – Review of the Strategic Plan and funding recommendations of the Governor’s Vertical Infrastructure Advisory Committee. The Plan will be finalized in December 2002.

Issue Reviews

The LFB completed the following two **Issue Reviews** related to capitals and infrastructure during the 2002 legislative interim:

- [Restricted Capital Funds Account of the Iowa’s Tobacco Settlement Trust Fund](#)
- Endowment for Iowa’s Health Account

Copies of the **Issue Reviews** are available from the LFB and are available on the LFB website at <http://staffweb.legis.state.ia.us/lfb>.

Topic Presentations

The LFB maintains and updates **Topic Presentations** available on the LFB website. Presentations relating to capitals and infrastructure include:

- [Rebuild Iowa Infrastructure Fund](#)

Copies of the **Topic Presentation** are available on the LFB website.

Summary Data General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Administration and Regulation	\$ 92,488,096	\$ 77,563,938	\$ 1,364,118	\$ 78,928,056	\$ 108,165,996	\$ 30,602,058	39.5%
Ag. and Natural Resources	34,959,418	31,918,419	563,164	32,481,583	33,609,077	1,690,658	5.3%
Economic Development	34,375,031	24,972,567	312,171	25,284,738	26,030,463	1,057,896	4.2%
Education	904,548,285	849,915,170	25,157,636	875,072,806	892,965,166	43,049,996	5.1%
Health and Human Rights	85,855,508	46,960,025	1,208,085	48,168,110	48,423,466	1,463,441	3.1%
Human Services	755,153,113	732,569,128	2,804,608	735,373,736	879,532,273	146,963,145	20.1%
Justice System	476,881,752	457,632,978	9,690,218	467,323,196	495,181,522	37,548,544	8.2%
Trans., Infra., & Capitals	2,699,019	0	0	0	2,849,000	2,849,000	
Unassigned Standing	<u>2,220,556,622</u>	<u>2,248,331,758</u>	<u>0</u>	<u>2,248,331,758</u>	<u>2,313,927,863</u>	<u>65,596,105</u>	2.9%
Grand Total	<u>\$ 4,607,516,844</u>	<u>\$ 4,469,863,983</u>	<u>\$ 41,100,000</u>	<u>\$ 4,510,963,983</u>	<u>\$ 4,800,684,826</u>	<u>\$ 330,820,843</u>	7.4%

Column Explanations:

- (1) Actual FY 2002 - The FY 2002 appropriations.
- (2) Estimated FY 2003 - The FY 2003 legislative action adjusted by deappropriations or supplemental appropriations made during the regular and special 2002 Legislative Sessions. The column does not include any current requests for supplemental appropriations.
- (3) Salary Adjustment FY 2003 - Non-General Fund salary adjustment allocations. Funding for salary adjustment was appropriated from the Underground Storage Tank Fund (\$11,100,000) and the Regents proceeds from the demutualization of the Principal Mutual Holding Company.
- (4) FY 2003 with Salary Adjustment - The sum of columns 2 and 3.
- (5) FY 2004 Department Requests - The amount of funding State agencies are requesting for FY 2004.
- (6) Department Request vs. Estimated FY 2003 - Column 5 minus column 2.
- (7) Percent Change - The percent of change between the FY 2004 Department Request and Estimated FY 2003.

Note: The appropriation information included in this document is based on the budget information received from the Department of Management on December 9, 2002. The estimated FY 2003 and the FY 2004 requests may change prior to the submission of the Governor's budget in January.

Administration and Regulation

General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Auditor of State</u>							
Auditor of State - Gen. Office	\$ 1,185,088	\$ 1,052,565	\$ 0	\$ 1,052,565	\$ 1,157,822	\$ 105,257	10.0%
<u>Ethics and Campaign Disclosure</u>							
Ethics and Campaign Disclosure	\$ 423,896	\$ 400,707	\$ 0	\$ 400,707	\$ 400,707	\$ 0	0.0%
<u>Commerce, Department of</u>							
Administration	\$ 1,128,336	\$ 0	\$ 0	\$ 0		\$ 0	
Alcoholic Beverages	1,502,065	1,758,916	30,376	1,789,292	1,789,292	30,376	1.7%
Banking Division	6,036,125	5,888,397	109,144	5,997,541	5,997,541	109,144	1.9%
Credit Union Division	1,282,995	1,251,595	33,746	1,285,341	1,285,341	33,746	2.7%
Insurance Division	3,839,547	3,677,893	53,446	3,731,339	3,731,339	53,446	1.5%
Professional Licensing	795,939	730,027	14,424	744,451	744,451	14,424	2.0%
Utilities Division	6,104,810	6,692,685	61,729	6,754,414	6,754,414	61,729	0.9%
Total Commerce, Department of	\$ 20,689,817	\$ 19,999,513	\$ 302,865	\$ 20,302,378	\$ 20,302,378	\$ 302,865	1.5%
<u>General Services, Dept. of</u>							
DGS Administration & Property	\$ 5,732,696	\$ 5,142,294	\$ 188,086	\$ 5,330,380	\$ 5,413,749	\$ 271,455	5.3%
Terrace Hill Operations	256,697	230,260	5,152	235,412	235,412	5,152	2.2%
Rental Space	1,018,609	846,770	0	846,770	846,770	0	0.0%
Utilities	2,185,817	1,817,095	0	1,817,095	1,817,095	0	0.0%
Total General Services, Dept. of	\$ 9,193,819	\$ 8,036,419	\$ 193,238	\$ 8,229,657	\$ 8,313,026	\$ 276,607	3.4%
<u>Information Technology, Dept. of</u>							
ITD Operations	\$ 3,243,826	\$ 2,909,748	\$ 57,575	\$ 2,967,323	\$ 2,967,323	\$ 57,575	2.0%
<u>Governor</u>							
General Office	\$ 1,395,211	\$ 1,239,499	\$ 4,144	\$ 1,243,643	\$ 1,243,643	\$ 4,144	0.3%
Terrace Hill Quarters	110,395	98,059	29	98,088	98,088	29	0.0%

Administration and Regulation

General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Governor (cont.)</u>							
Admin Rules Coordinator	145,088	128,880	2,092	130,972	130,972	2,092	1.6%
Natl Governors Association	70,030	64,393	0	64,393	64,393	0	0.0%
State-Federal Relations	273,204	104,188	5,626	109,814	109,814	5,626	5.4%
Total Governor	\$ 1,993,928	\$ 1,635,019	\$ 11,891	\$ 1,646,910	\$ 1,646,910	\$ 11,891	0.7%
<u>Inspections & Appeals, Dept of</u>							
Inspections and Appeals							
Administration Division	\$ 567,681	\$ 696,624	\$ 15,813	\$ 712,437	\$ 712,437	\$ 15,813	2.3%
Audits Division	452,145	0	0	0	0	0	
Administrative Hearings Div.	482,863	460,682	35,754	496,436	496,436	35,754	7.8%
Investigations Division	1,030,813	1,342,896	24,636	1,367,532	1,367,532	24,636	1.8%
Health Facilities Division	2,327,714	2,220,789	25,626	2,246,415	2,246,415	25,626	1.2%
Inspections Division	954,230	740,489	9,283	749,772	749,773	9,284	1.3%
Employment Appeal	34,941	33,336	787	34,123	34,123	787	2.4%
Foster Care Review	789,523	0	0	0	0	0	
Child Advocacy Board	0	1,669,157	27,499	1,696,656	1,696,656	27,499	1.6%
Total Inspections and Appeals	6,639,910	7,163,973	139,398	7,303,371	7,303,372	139,399	1.9%
Racing Commission							
Pari-mutuel Regulation	2,083,762	2,032,764	29,769	2,062,533	2,062,533	29,769	1.5%
Excursion Boat Gambling Reg.	1,602,611	1,563,389	33,819	1,597,208	1,737,198	173,809	11.1%
Total Racing Commission	3,686,373	3,596,153	63,588	3,659,741	3,799,731	203,578	5.7%
Total Inspections & Appeals, Dept of	\$ 10,326,283	\$ 10,760,126	\$ 202,986	\$ 10,963,112	\$ 11,103,103	\$ 342,977	3.2%
<u>Management, Department of</u>							
DOM General Office & Statewide	\$ 2,211,048	\$ 2,048,640	\$ 140,239	\$ 2,188,879	\$ 2,062,112	\$ 13,472	0.7%
Statewide Property Tax Admin.	91,270	0	0	0	0	0	

Administration and Regulation

General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Management, Department of (cont.)</u>							
Enterprise Resource Plan.	0	57,244	722	57,966	57,966	722	1.3%
Salary Adjustment	-8,300,382	0	0	0	126,767	126,767	
Total Management, Department of	\$ -5,998,064	\$ 2,105,884	\$ 140,961	\$ 2,246,845	\$ 2,246,845	\$ 140,961	6.7%
<u>Personnel, Department of</u>							
Department of Personnel Oper.	\$ 4,164,075	\$ 3,632,730	\$ 124,394	\$ 3,757,124	\$ 3,757,125	\$ 124,395	3.4%
Worker's Compensation	21,285	0	0	0	0	0	
Total Personnel, Department of	\$ 4,185,360	\$ 3,632,730	\$ 124,394	\$ 3,757,124	\$ 3,757,125	\$ 124,395	3.4%
<u>Revenue and Finance, Dept. of</u>							
Revenue & Finance	\$ 26,948,208	\$ 24,174,523	\$ 276,701	\$ 24,451,224	\$ 25,051,712	\$ 877,189	3.6%
Collection Costs and Fees	30,000	28,166	0	28,166	36,000	7,834	27.8%
Total Revenue and Finance, Dept. of	\$ 26,978,208	\$ 24,202,689	\$ 276,701	\$ 24,479,390	\$ 25,087,712	\$ 885,023	3.7%
<u>Secretary of State</u>							
Administration and Elections	\$ 740,299	\$ 664,056	\$ 12,236	\$ 676,292	\$ 676,292	\$ 12,236	1.8%
Business Services	1,524,394	1,398,158	24,948	1,423,106	1,423,106	24,948	1.8%
Redistricting	23,686	0	0	0	0	0	
Official Register	0	0	0	0	50,000	50,000	
Total Secretary of State	\$ 2,288,379	\$ 2,062,214	\$ 37,184	\$ 2,099,398	\$ 2,149,398	\$ 87,184	4.2%
<u>Treasurer of State</u>							
Treasurer of State							
Treasurer - General Office	\$ 862,871	\$ 766,324	\$ 16,323	\$ 782,647	\$ 782,647	\$ 16,323	2.1%
ICN Debt Service	9,939,165	0	0	0	0	0	
Total Treasurer of State	10,802,036	766,324	16,323	782,647	782,647	16,323	2.1%

Administration and Regulation

General Fund

	<u>Actual</u> <u>FY 2002</u>	<u>Estimated</u> <u>FY 2003</u>	<u>Salary Adj</u> <u>FY 2003</u>	<u>FY 2003 w/</u> <u>Salary Adj.</u>	<u>Dept Request</u> <u>FY 2004</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u>	<u>Percent</u> <u>Change</u>
	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>	<u>(7)</u>
<u>Treasurer of State (cont.)</u>							
Tobacco Settlement Authority							
Endowment For Iowa Health	7,175,520	0	0	0	28,251,000	28,251,000	
Total Treasurer of State	<u>\$ 17,977,556</u>	<u>\$ 766,324</u>	<u>\$ 16,323</u>	<u>\$ 782,647</u>	<u>\$ 29,033,647</u>	<u>\$ 28,267,323</u>	3688.7%
Total Administration and Regulation	<u><u>\$ 92,488,096</u></u>	<u><u>\$ 77,563,938</u></u>	<u><u>\$ 1,364,118</u></u>	<u><u>\$ 78,928,056</u></u>	<u><u>\$ 108,165,996</u></u>	<u><u>\$ 30,602,058</u></u>	39.5%

Ag. and Natural Resources

General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Agriculture & Land Stewardship</u>							
Dept. of Ag. & Land Stewd.	\$ 0	\$ 16,066,563	\$ 248,710	\$ 16,315,273	\$ 17,136,848	\$ 1,070,285	6.7%
Missouri River Basin	0	9,780	0	9,780	9,780	0	0.0%
Feed Grain Verification	0	19,081	0	19,081	0	-19,081	-100.0%
Dairy Products Bureau	0	648,379	0	648,379	648,379	0	0.0%
Administrative Division	2,366,292	0	0	0	0	0	
International Relations	19,285	0	0	0	0	0	
Regulatory Division	5,005,904	0	0	0	0	0	
Laboratory Division	2,852,183	0	0	0	0	0	
Soil Conservation Division Ops.	7,172,761	0	0	0	0	0	
Farmer's Market Coupon Program	292,497	0	0	0	0	0	
Pseudorabies Eradication	853,350	0	0	0	0	0	
Total Agriculture & Land Stewardship	\$ 18,562,272	\$ 16,743,803	\$ 248,710	\$ 16,992,513	\$ 17,795,007	\$ 1,051,204	6.3%
<u>Natural Resources, Department of</u>							
Department of Natural Resource	\$ 0	\$ 15,174,616	\$ 314,454	\$ 15,489,070	\$ 15,814,070	\$ 639,454	4.2%
Admin Services Division	2,074,437	0	0	0	0	0	
Parks & Preserves Division	6,083,599	0	0	0	0	0	
Forestry Division	1,756,389	0	0	0	0	0	
Energy & Geology Division	1,656,688	0	0	0	0	0	
Environ. Protection Division	4,436,344	0	0	0	0	0	
MFT - Parks Operations	389,689	0	0	0	0	0	
Total Natural Resources, Department of	\$ 16,397,146	\$ 15,174,616	\$ 314,454	\$ 15,489,070	\$ 15,814,070	\$ 639,454	4.2%
Total Ag. and Natural Resources	\$ 34,959,418	\$ 31,918,419	\$ 563,164	\$ 32,481,583	\$ 33,609,077	\$ 1,690,658	5.3%

Economic Development

General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Economic Development, Dept. of</u>							
Administrative Services							
General Administration	\$ 1,684,019	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Administrative Division	0	1,472,200	103,566	1,575,766	1,472,200	0	0.0%
IA Comm. on Volunteerism	71,966	0	0	0	0	0	
World Food Prize	0	285,000	0	285,000	285,000	0	0.0%
School to Career Refund	33,160	28,498	0	28,498	28,498	0	0.0%
Total Administrative Services	1,789,145	1,785,698	103,566	1,889,264	1,785,698	0	0.0%
Business Development							
Business Development	4,204,151	0	0	0	0	0	
International Trade	2,113,758	0	0	0	0	0	
Business Development Division	0	10,210,707	0	10,210,707	10,210,707	0	0.0%
Export Assistance Program	286,447	0	0	0	0	0	
Partner State Program	113,692	0	0	0	0	0	
Workforce Recruitment Proj.	362,626	0	0	0	0	0	
Strategic Invest. Approp.	3,331,639	0	0	0	0	0	
Value-Added Ag. Products	2,700,175	0	0	0	0	0	
Total Business Development	13,112,488	10,210,707	0	10,210,707	10,210,707	0	0.0%
Community & Rural Development							
Community Assistance	762,422	0	0	0	0	0	
Tourism Operations	3,316,470	0	0	0	0	0	
Mainstreet/Rural Mainst.	401,563	0	0	0	0	0	
Film Office	236,493	0	0	0	0	0	
Community and Rural Dev. Div.	0	4,511,924	0	4,511,924	4,511,924	0	0.0%

Economic Development

General Fund

	Actual FY 2002 (1)	Estimated FY 2003 (2)	Salary Adj FY 2003 (3)	FY 2003 w/ Salary Adj. (4)	Dept Request FY 2004 (5)	Dept. Req. vs Est. FY 2003 (6)	Percent Change (7)
<u>Economic Development, Dept. of (cont.)</u>							
Community & Rural Development (cont.)							
Community Dev. Programs	810,850	0	0	0	0	0	
Community Dev. Block Grant	396,411	0	0	0	0	0	
Total Community & Rural Development	5,924,209	4,511,924	0	4,511,924	4,511,924	0	0.0%
Total Economic Development, Dept. of	\$ 20,825,842	\$ 16,508,329	\$ 103,566	\$ 16,611,895	\$ 16,508,329	\$ 0	0.0%
<u>Iowa Workforce Development</u>							
Workers' Comp. Division	\$ 2,210,461	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Labor Division	3,238,156	0	0	0	0	0	
Workforce Dev. Board	116,468	0	0	0	0	0	
New Employment Opportunities	238,869	0	0	0	0	0	
Welfare-To-Work Match	-11,063	0	0	0	0	0	
Iowa Workforce Development	0	4,758,924	33,467	4,792,391	4,758,924	0	0.0%
Total Iowa Workforce Development	\$ 5,792,891	\$ 4,758,924	\$ 33,467	\$ 4,792,391	\$ 4,758,924	\$ 0	0.0%
<u>Public Employment Relations Board</u>							
General Office	\$ 834,210	\$ 795,890	\$ 13,266	\$ 809,156	\$ 809,156	\$ 13,266	1.7%
<u>Regents, Board of</u>							
University of Iowa							
Oak Park Res./Tech. Park	\$ 310,590	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Advanced Drug Development	250,774	0	0	0	0	0	
SUI Economic Development	0	239,456	13,882	253,338	659,338	419,882	175.3%
Total University of Iowa	561,364	239,456	13,882	253,338	659,338	419,882	175.3%
Iowa State University							
Small Business Dev. Ctrs.	1,096,416	0	0	0	0	0	
Research Park/ISIS	351,130	0	0	0	0	0	

Economic Development

General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Regents, Board of (cont.)</u>							
Iowa State University (cont.)							
Inst. for Physical Res.	4,057,557	0	0	0	0	0	
ISU Economic Development	0	2,325,716	121,687	2,447,403	2,924,161	598,445	25.7%
Total Iowa State University	5,505,103	2,325,716	121,687	2,447,403	2,924,161	598,445	25.7%
Univ. of Northern Iowa							
Metal Casting	162,996	0	0	0	0	0	
Decision Making Institute	692,625	0	0	0	0	0	
UNI Economic Development	0	344,252	26,303	370,555	370,555	26,303	7.6%
Total Univ. of Northern Iowa	855,621	344,252	26,303	370,555	370,555	26,303	7.6%
Total Regents, Board of	\$ 6,922,088	\$ 2,909,424	\$ 161,872	\$ 3,071,296	\$ 3,954,054	\$ 1,044,630	35.9%
Total Economic Development	\$ 34,375,031	\$ 24,972,567	\$ 312,171	\$ 25,284,738	\$ 26,030,463	\$ 1,057,896	4.2%

Education

General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>College Aid Commission</u>							
Operations & Loan Program							
Scholarship and Grant Admin.	\$ 314,419	\$ 285,964	\$ 3,469	\$ 289,433	\$ 289,433	\$ 3,469	1.2%
Student Aid Prg. (IA Grants)	1,075,443	1,029,884	0	1,029,884	1,029,884	0	0.0%
Osteopathic Forgivable Loans	95,700	0	0	0	0	0	
Osteopathic University Prime	355,334	355,334	0	355,334	355,334	0	0.0%
ACE Opportunity Grants	224,895	224,895	0	224,895	224,895	0	0.0%
Chiropractic Forgivable Loans	89,958	0	0	0	0	0	
National Guard Loan Program	1,175,000	1,175,000	0	1,175,000	1,175,000	0	0.0%
Teacher Shortage Forgivable Loan	472,279	472,279	0	472,279	472,279	0	0.0%
Total Operations & Loan Program	3,803,028	3,543,356	3,469	3,546,825	3,546,825	3,469	0.1%
Standing Grant & Loan Program							
Tuition Grant Program Standing	47,155,382	46,117,964	0	46,117,964	46,117,964	0	0.0%
Scholarship Program Standing	477,103	477,103	0	477,103	477,103	0	0.0%
Voc Tech Grant - Standing	2,375,657	2,375,657	0	2,375,657	2,375,657	0	0.0%
Total Standing Grant & Loan Program	50,008,142	48,970,724	0	48,970,724	48,970,724	0	0.0%
Total College Aid Commission	\$ 53,811,170	\$ 52,514,080	\$ 3,469	\$ 52,517,549	\$ 52,517,549	\$ 3,469	0.0%
<u>Cultural Affairs, Dept. of</u>							
Cultural Affairs - Admin.	\$ 238,882	\$ 210,214	\$ 7,419	\$ 217,633	\$ 217,633	\$ 7,419	3.5%
Cultural Grants	616,983	300,000	0	300,000	375,000	75,000	25.0%
State Historical Society	3,119,597	2,745,207	53,031	2,798,238	2,798,238	53,031	1.9%
Historical Sites	552,748	523,024	6,149	529,173	529,173	6,149	1.2%
Iowa Arts Council	1,293,534	1,161,246	5,783	1,167,029	1,167,029	5,783	0.5%
Total Cultural Affairs, Dept. of	\$ 5,821,744	\$ 4,939,691	\$ 72,382	\$ 5,012,073	\$ 5,087,073	\$ 147,382	3.0%

Education General Fund

Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Education, Department of

Administration

Dept. of Ed. Administration	\$ 5,593,323	\$ 4,928,249	\$ 97,582	\$ 5,025,831	\$ 5,031,243	\$ 102,994	2.1%
Board of Ed. Examiners	42,975	41,688	6,426	48,114	42,702	1,014	2.4%
Independent Living	59,489	54,533	126	54,659	54,659	126	0.2%
Iowa Public Television	7,362,484	6,200,841	69,626	6,270,467	6,270,467	69,626	1.1%
School Food Service	2,574,034	2,574,034	0	2,574,034	2,574,034	0	0.0%
School to Work	192,813	0	0	0	0	0	
State Library	1,643,746	1,222,051	11,897	1,233,948	1,233,948	11,897	1.0%
Vocational Ed. Admin.	555,453	477,139	4,443	481,582	481,582	4,443	0.9%
Vocational Rehabilitation	4,590,890	4,185,341	46,401	4,231,742	4,231,742	46,401	1.1%
Total Administration	22,615,207	19,683,876	236,501	19,920,377	19,920,377	236,501	1.2%

Education, Dept. of

Jobs For America's Grads	142,114	0	0	0	0	0	
Library Service Areas	1,502,415	1,411,854	0	1,411,854	1,411,854	0	0.0%
Total Education, Dept. of	1,644,529	1,411,854	0	1,411,854	1,411,854	0	0.0%

Grants & State Aid

Americorps	142,114	0	0	0	0	0	
Empowerment Bd - Early Child.	14,664,000	13,724,712	0	13,724,712	13,724,712	0	0.0%
Student Achievement	0	16,100,000	0	16,100,000	18,200,000	2,100,000	13.0%
Enrich Iowa Libraries	1,781,168	1,741,982	0	1,741,982	1,741,982	0	0.0%
Textbooks Nonpublic	578,880	578,880	0	578,880	578,880	0	0.0%
Vocational Educ Secondary	3,134,903	2,938,488	0	2,938,488	3,012,209	73,721	2.5%
Voc Ed. Youth Org.	84,920	0	0	0	0	0	
Beginning Teacher/Mentoring	-4,518	0	0	0	0	0	
Education Innovation Fund	-7,515	0	0	0	0	0	
National Certification Stipend	-18,879	0	0	0	0	0	
Total Grants & State Aid	20,355,073	35,084,062	0	35,084,062	37,257,783	2,173,721	6.2%

Education

General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Education, Department of (cont.)</u>							
Iowa Public Television							
IPTV - Regional Councils	1,929,536	1,612,500	7,156	1,619,656	1,619,656	7,156	0.4%
Community College							
MAS - General Aid	137,585,680	138,585,680	0	138,585,680	143,585,680	5,000,000	3.6%
Total Education, Department of	\$ 184,130,025	\$ 196,377,972	\$ 243,657	\$ 196,621,629	\$ 203,795,350	\$ 7,417,378	3.8%
<u>Regents, Board of</u>							
Regents, Board of							
Regents Board Office	\$ 1,213,455	\$ 1,148,244	\$ 41,908	\$ 1,190,152	\$ 1,235,152	\$ 86,908	7.6%
Tuition Replacement	26,081,384	0	0	0	0	0	
Tri State Graduate Center	79,187	78,065	1,813	79,878	83,140	5,075	6.5%
Southwest Iowa Resource Center	108,644	105,985	2,461	108,446	112,973	6,988	6.6%
Quad Cities Graduate Center	161,758	157,799	3,663	161,462	167,673	9,874	6.3%
Total Regents, Board of	27,644,428	1,490,093	49,845	1,539,938	1,598,938	108,845	7.3%
University of Iowa							
Univ. of Iowa: Gen. University	236,937,122	222,319,484	10,103,619	232,423,103	236,745,103	14,425,619	6.5%
Indigent Patient Program: UIHC	29,995,476	28,159,909	673,610	28,833,519	28,833,519	673,610	2.4%
Psychiatric Hospital	7,677,169	7,202,200	240,687	7,442,887	7,442,887	240,687	3.3%
Center Dis. & Dev. (Hosp-Sch)	6,883,963	6,459,930	264,575	6,724,505	6,724,505	264,575	4.1%
Oakdale Campus	2,905,110	2,728,074	80,117	2,808,191	2,808,191	80,117	2.9%
University Hygienic Laboratory	4,072,618	3,819,323	199,065	4,018,388	4,018,388	199,065	5.2%
Family Practice Program	2,261,623	2,123,084	70,714	2,193,798	2,193,798	70,714	3.3%
SCHS - Hemophilia, Cancer	668,612	628,576	57,338	685,914	685,914	57,338	9.1%
State of Iowa Cancer Registry	196,749	184,676	4,210	188,886	460,886	276,210	149.6%
SUI Substance Abuse Consortium	70,810	66,424	2,129	68,553	68,553	2,129	3.2%
Biocatalysis	978,220	917,754	13,666	931,420	931,420	13,666	1.5%

Education

General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Regents, Board of (cont.)</u>							
University of Iowa (cont.)							
Primary Health Care	835,175	783,918	19,095	803,013	803,013	19,095	2.4%
Iowa Birth Defects Registry	48,806	45,813	1,357	47,170	47,170	1,357	3.0%
Total University of Iowa	293,531,453	275,439,165	11,730,182	287,169,347	291,763,347	16,324,182	5.9%
Iowa State University							
Iowa State: Gen. University	187,119,809	175,588,206	7,267,323	182,855,529	186,634,521	11,046,315	6.3%
ISU-Ag & Home Ec. Exp. Sta.	33,986,918	31,874,032	1,063,184	32,937,216	32,712,448	838,416	2.6%
ISU - Cooperative Extension	21,431,501	20,140,175	693,267	20,833,442	20,815,676	675,501	3.4%
ISU - Leopold Center	520,392	487,825	11,699	499,524	489,648	1,823	0.4%
Livestock Disease Research	248,219	232,749	3,340	236,089	232,749	0	0.0%
Total Iowa State University	243,306,839	228,322,987	9,038,813	237,361,800	240,885,042	12,562,055	5.5%
Univ. of Northern Iowa							
University of Northern Iowa	83,746,529	78,589,015	3,639,018	82,228,033	84,228,033	5,639,018	7.2%
Recycling & Reuse Center	226,739	214,188	3,102	217,290	217,290	3,102	1.4%
Total Univ. of Northern Iowa	83,973,268	78,803,203	3,642,120	82,445,323	84,445,323	5,642,120	7.2%
Special Schools							
Iowa School for the Deaf	7,891,351	7,698,218	245,767	7,943,985	8,243,985	545,767	7.1%
Braille & Sight Saving School	4,422,904	4,314,658	131,401	4,446,059	4,621,059	306,401	7.1%
Tuition and Transportation	15,103	15,103	0	15,103	7,500	-7,603	-50.3%
Total Special Schools	12,329,358	12,027,979	377,168	12,405,147	12,872,544	844,565	7.0%
Total Regents, Board of	\$ 660,785,346	\$ 596,083,427	\$ 24,838,128	\$ 620,921,555	\$ 631,565,194	\$ 35,481,767	6.0%
Total Education	\$ 904,548,285	\$ 849,915,170	\$ 25,157,636	\$ 875,072,806	\$ 892,965,166	\$ 43,049,996	5.1%

Health and Human Rights

General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Blind, Iowa Commission for the</u>							
Department for the Blind	\$ 1,725,591	\$ 1,492,340	\$ 13,731	\$ 1,506,071	\$ 1,640,679	\$ 148,339	9.9%
<u>Civil Rights Commission</u>							
Civil Rights Commission	\$ 1,063,292	\$ 886,024	\$ 20,870	\$ 906,894	\$ 906,894	\$ 20,870	2.4%
<u>Elder Affairs, Department of</u>							
Aging Programs	\$ 4,281,305	\$ 3,916,273	\$ 36,949	\$ 3,953,222	\$ 3,974,832	\$ 58,559	1.5%
<u>Gov. Office of Drug Control Policy</u>							
Drug Policy Coordinator	\$ 475,001	\$ 255,104	\$ 0	\$ 255,104	\$ 255,104	\$ 0	0.0%
<u>Health, Department of Public</u>							
Addictive Disorders	\$ 1,414,428	\$ 1,271,763	\$ 6,184	\$ 1,277,947	\$ 1,277,947	\$ 6,184	0.5%
Adult Wellness	537,380	537,380	0	537,380	310,582	-226,798	-42.2%
Child and Adolescent Wellness	1,187,856	1,060,595	0	1,060,595	935,959	-124,636	-11.8%
Chronic Conditions	1,265,056	1,086,625	180	1,086,805	1,086,805	180	0.0%
Community Capacity - GF	1,392,236	1,281,199	5,959	1,287,158	1,287,158	5,959	0.5%
Elderly Wellness	10,045,351	9,243,956	0	9,243,956	9,470,754	226,798	2.5%
Environmental Hazards	163,458	171,953	1,933	173,886	39,547	-132,406	-77.0%
Infectious Diseases	1,182,893	1,074,888	2,452	1,077,340	1,077,340	2,452	0.2%
Injuries	1,566,416	1,286,118	2,164	1,288,282	1,412,918	126,800	9.9%
Public Protection	6,872,816	6,392,956	183,576	6,576,532	6,710,871	317,915	5.0%
Resource Management	1,257,165	1,040,717	0	1,040,717	1,040,717	0	0.0%
Total Health, Department of Public	\$ 26,885,055	\$ 24,448,150	\$ 202,448	\$ 24,650,598	\$ 24,650,598	\$ 202,448	0.8%
<u>Human Rights, Department of</u>							
Administration	\$ 276,119	\$ 249,368	\$ 2,313	\$ 251,681	\$ 251,681	\$ 2,313	0.9%
Deaf Services	338,946	306,147	8,567	314,714	314,714	8,567	2.8%
Persons with Disabilities	187,001	168,899	2,071	170,970	170,969	2,070	1.2%

Health and Human Rights General Fund

	Actual FY 2002 (1)	Estimated FY 2003 (2)	Salary Adj FY 2003 (3)	FY 2003 w/ Salary Adj. (4)	Dept Request FY 2004 (5)	Dept. Req. vs Est. FY 2003 (6)	Percent Change (7)
<u>Human Rights, Department of (cont.)</u>							
Division of Latino Affairs	167,552	151,328	2,649	153,977	153,977	2,649	1.8%
Status of Women	383,388	325,255	2,037	327,292	330,852	5,597	1.7%
Status of African Americans	134,335	121,329	0	121,329	121,329	0	0.0%
Criminal & Juvenile Justice	398,124	359,583	13,620	373,203	373,203	13,620	3.8%
Community Grant Fund	689,688	0	0	0	0	0	
Total Human Rights, Department of	\$ 2,575,153	\$ 1,681,909	\$ 31,257	\$ 1,713,166	\$ 1,716,725	\$ 34,816	2.1%
<u>Veterans Affairs, Comm. of</u>							
Veterans Affairs, Comm of	\$ 278,365	\$ 188,074	\$ 119	\$ 188,193	\$ 205,193	\$ 17,119	9.1%
Iowa Veterans Home	48,571,746	14,092,151	902,711	14,994,862	15,073,441	981,290	7.0%
Total Veterans Affairs, Comm. of	\$ 48,850,111	\$ 14,280,225	\$ 902,830	\$ 15,183,055	\$ 15,278,634	\$ 998,409	7.0%
Total Health and Human Rights	\$ 85,855,508	\$ 46,960,025	\$ 1,208,085	\$ 48,168,110	\$ 48,423,466	\$ 1,463,441	3.1%

Human Services

General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Human Services, Department of							
Economic Assistance							
Family Investment Program	\$ 34,595,550	\$ 35,288,782	\$ 1,188	\$ 35,289,970	\$ 36,334,979	\$ 1,046,197	3.0%
Emergency Assistance	9,570	0	0	0	0	0	
Child Support Recoveries	6,475,411	5,750,910	161,883	5,912,793	6,194,122	443,212	7.7%
Total Economic Assistance	41,080,531	41,039,692	163,071	41,202,763	42,529,101	1,489,409	3.6%
Medical Services							
Medical Assistance	395,384,550	377,207,073	0	377,207,073	475,934,991	98,727,918	26.2%
Health Insurance Premium Pmt.	580,044	565,848	8,120	573,968	573,968	8,120	1.4%
State Children's Health Ins.	7,958,412	11,458,412	0	11,458,412	14,020,655	2,562,243	22.4%
Medical Contracts	8,242,641	8,729,141	0	8,729,141	9,072,498	343,357	3.9%
State Supplementary Assistance	18,522,256	19,500,000	0	19,500,000	19,198,735	-301,265	-1.5%
Total Medical Services	430,687,903	417,460,474	8,120	417,468,594	518,800,847	101,340,373	24.3%
Child and Family Services							
Child Care Services	4,785,234	4,939,635	0	4,939,635	7,781,243	2,841,608	57.5%
Toledo Juvenile Home	6,570,070	6,120,122	88,069	6,208,191	6,267,014	146,892	2.4%
Eldora Training School	10,718,000	10,179,340	163,436	10,342,776	10,412,185	232,845	2.3%
Child and Family Services	101,442,000	98,144,163	0	98,144,163	123,946,187	25,802,024	26.3%
Community Based Services	505,265	0	0	0	0	0	
Family Support Subsidy	1,976,900	1,936,434	0	1,936,434	1,669,475	-266,959	-13.8%
Total Child and Family Services	125,997,469	121,319,694	251,505	121,571,199	150,076,104	28,756,410	23.7%
MH/MR/DD/BI							
Conners Training	43,582	42,623	0	42,623	42,623	0	0.0%
Cherokee Mental Health Inst.	13,437,892	12,435,997	48,499	12,484,496	12,536,350	100,353	0.8%
Clarinda Mental Health Inst.	7,646,172	7,066,838	34,221	7,101,059	7,226,950	160,112	2.3%
Independence Mental Health Ins	17,512,336	16,147,032	229,617	16,376,649	16,222,473	75,441	0.5%
Mt. Pleasant Mental Health Ins	5,623,029	5,213,044	29,566	5,242,610	5,228,854	15,810	0.3%

Human Services General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Human Services, Department of (cont.)</u>							
MH/MR/DD/BI (cont.)							
Glenwood Resource Center	4,176,464	2,117,038	531,441	2,648,479	3,801,768	1,684,730	79.6%
Woodward Resource Center	3,208,041	1,427,266	252,971	1,680,237	2,446,655	1,019,389	71.4%
DD Special Needs Grants	50,415	47,827	0	47,827	0	-47,827	-100.0%
MI/MR State Cases	12,032,361	11,414,619	0	11,414,619	11,786,256	371,637	3.3%
MH/DD Community Services	18,718,920	17,757,890	0	17,757,890	17,757,890	0	0.0%
Personal Assistance	243,205	157,921	0	157,921	205,748	47,827	30.3%
Sexual Predator Civil Commit.	1,314,334	3,375,179	0	3,375,179	4,036,646	661,467	19.6%
MH/DD Growth Factor	8,842,479	14,181,000	0	14,181,000	19,073,638	4,892,638	34.5%
Total MH/MR/DD/BI	92,849,230	91,384,274	1,126,315	92,510,589	100,365,851	8,981,577	9.8%
Managing and Delivering Services							
Field Operations	51,572,960	49,951,093	924,635	50,875,728	56,029,527	6,078,434	12.2%
General Administration	12,852,987	11,304,333	330,962	11,635,295	11,621,275	316,942	2.8%
Volunteers	112,033	109,568	0	109,568	109,568	0	0.0%
Total Managing and Delivering Services	64,537,980	61,364,994	1,255,597	62,620,591	67,760,370	6,395,376	10.4%
Total Human Services	\$ 755,153,113	\$ 732,569,128	\$ 2,804,608	\$ 735,373,736	\$ 879,532,273	\$ 146,963,145	20.1%

Justice System

General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Justice, Department of							
General Office A.G.	\$ 7,754,596	\$ 7,160,615	\$ 111,364	\$ 7,271,979	\$ 7,271,979	\$ 111,364	1.6%
Prosecuting Attorney Training	294,910	0	0	0	0	0	
Victim Assistance Grants	1,817,534	0	0	0	0	0	
Area GASA Prosecuting Attys.	128,031	0	0	0	0	0	
Legal Services Poverty Grant	641,190	0	0	0	0	0	
Consumer Advocate	2,987,582	2,694,948	55,438	2,750,386	2,750,386	55,438	2.1%
Total Justice, Department of	\$ 13,623,843	\$ 9,855,563	\$ 166,802	\$ 10,022,365	\$ 10,022,365	\$ 166,802	1.7%
Corrections, Department of							
Corrections Institutions							
Ft. Madison Inst.	\$ 27,961,750	\$ 31,381,312	\$ 512,137	\$ 31,893,449	\$ 35,410,141	\$ 4,028,829	12.8%
Anamosa Inst.	23,645,080	23,204,476	306,744	23,511,220	24,373,329	1,168,853	5.0%
Oakdale Inst.	21,687,847	20,971,238	290,583	21,261,821	22,525,163	1,553,925	7.4%
Newton Inst.	22,777,576	21,986,674	363,800	22,350,474	23,425,592	1,438,918	6.5%
Mt Pleasant Inst.	21,408,377	20,643,236	329,709	20,972,945	21,803,845	1,160,609	5.6%
Rockwell City Inst.	7,104,225	7,090,171	115,457	7,205,628	7,549,651	459,480	6.5%
Clarinda Inst.	18,448,063	17,877,789	269,482	18,147,271	18,983,579	1,105,790	6.2%
Mitchellville Inst.	12,167,724	11,730,131	236,174	11,966,305	12,600,450	870,319	7.4%
Ft. Dodge Inst.	25,271,759	23,783,007	394,742	24,177,749	25,342,459	1,559,452	6.6%
Total Corrections Institutions	180,472,401	178,668,034	2,818,828	181,486,862	192,014,209	13,346,175	7.5%
Corrections Central Office							
County Confinement	700,438	674,954	0	674,954	674,954	0	0.0%
Federal Prisoners/Contractual	304,870	241,293	0	241,293	241,293	0	0.0%
Central Office Corrections	2,307,987	2,600,971	46,935	2,647,906	2,780,701	179,730	6.9%
Corrections Training Center	461,457	0	0	0	0	0	

Justice System

General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Corrections, Department of (cont.)</u>							
Corrections Central Office (cont.)							
Corrections Education	2,906,741	100,000	0	100,000	100,000	0	0.0%
Iowa Corr. Offender Network	530,542	427,700	0	427,700	427,700	0	0.0%
Total Corrections Central Office	7,212,035	4,044,918	46,935	4,091,853	4,224,648	179,730	4.4%
CBC Districts							
CBC District I	9,013,283	8,734,660	178,088	8,912,748	9,388,156	653,496	7.5%
CBC District II	7,038,515	6,820,938	160,723	6,981,661	7,384,068	563,130	8.3%
CBC District III	4,100,703	3,973,940	85,494	4,059,434	4,282,160	308,220	7.8%
CBC District IV	3,856,256	3,759,908	81,865	3,841,773	4,053,907	293,999	7.8%
CBC District V	11,805,538	11,416,374	243,768	11,660,142	12,297,343	880,969	7.7%
CBC District VI	9,125,130	8,746,141	187,700	8,933,841	9,423,369	677,228	7.7%
CBC District VII	5,159,647	5,000,149	61,257	5,061,406	5,275,000	274,851	5.5%
CBC District VIII	5,131,388	4,972,765	99,328	5,072,093	5,339,784	367,019	7.4%
CBC Statewide	74,012	0	0	0	0	0	
Total CBC Districts	55,304,472	53,424,875	1,098,223	54,523,098	57,443,787	4,018,912	7.5%
Total Corrections, Department of	\$ 242,988,908	\$ 236,137,827	\$ 3,963,986	\$ 240,101,813	\$ 253,682,644	\$ 17,544,817	7.4%
<u>IA Telecommun & Technology Commission</u>							
ICN Operations/Edu. Subsidy	\$ 2,116,871	\$ 1,002,356	\$ 0	\$ 1,002,356	\$ 500,000	\$ -502,356	-50.1%
<u>Inspections & Appeals, Dept of</u>							
Public Defender	\$ 14,671,513	\$ 15,384,767	\$ 229,898	\$ 15,614,665	\$ 16,330,999	\$ 946,232	6.2%
Indigent Defense Appropriation	18,962,093	18,137,586	0	18,137,586	19,851,587	1,714,001	9.4%
Total Inspections & Appeals, Dept of	\$ 33,633,606	\$ 33,522,353	\$ 229,898	\$ 33,752,251	\$ 36,182,586	\$ 2,660,233	7.9%

Justice System General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Judicial Branch</u>							
Judicial Branch	\$ 111,356,002	\$ 109,154,603	\$ 4,000,000	\$ 113,154,603	\$ 119,611,102	\$ 10,456,499	9.6%
Judicial Retirement	3,039,198	2,039,664	0	2,039,664	4,881,747	2,842,083	139.3%
Total Judicial Branch	\$ 114,395,200	\$ 111,194,267	\$ 4,000,000	\$ 115,194,267	\$ 124,492,849	\$ 13,298,582	12.0%
<u>Law Enforcement Academy</u>							
Operations	\$ 1,358,062	\$ 975,526	\$ 27,103	\$ 1,002,629	\$ 1,002,629	\$ 27,103	2.8%
<u>Parole, Board of</u>							
Parole Board	\$ 995,510	\$ 962,489	\$ 5,036	\$ 967,525	\$ 1,015,780	\$ 53,291	5.5%
<u>Public Defense, Department of</u>							
Public Defense, Dept. of							
Military Division	\$ 5,492,416	\$ 4,990,233	\$ 91,269	\$ 5,081,502	\$ 5,081,502	\$ 91,269	1.8%
Emergency Management Division							
Emergency Management Division	1,077,354	1,050,987	9,505	1,060,492	1,060,492	9,505	0.9%
Total Public Defense, Department of	\$ 6,569,770	\$ 6,041,220	\$ 100,774	\$ 6,141,994	\$ 6,141,994	\$ 100,774	1.7%
<u>Public Safety, Department of</u>							
Public Safety Administration	\$ 2,503,803	\$ 2,320,948	\$ 23,222	\$ 2,344,170	\$ 2,377,580	\$ 56,632	2.4%
Investigation, DCI	12,381,047	11,755,640	274,737	12,030,377	12,863,855	1,108,215	9.4%
Narcotics Enforcement	3,552,763	3,309,852	67,038	3,376,890	3,608,471	298,619	9.0%
Undercover Funds	129,804	123,343	0	123,343	123,343	0	0.0%
Fire Marshal	1,861,393	1,734,124	46,062	1,780,186	1,780,186	46,062	2.7%
Fire Service	599,110	558,147	25,632	583,779	595,619	37,472	6.7%
Iowa State Patrol	37,769,240	36,113,608	758,560	36,872,168	38,820,906	2,707,298	7.5%
Capitol Police	1,298,828	1,210,024	51	1,210,075	1,210,024	0	0.0%
AFIS System Maintenance	237,346	0	0	0	0	0	0.0%
DPS/SPOC Sick Leave Payout	285,258	272,421	0	272,421	216,104	-56,317	-20.7%

Justice System General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Public Safety, Department of (cont.)							
Fire Fighter Training	570,091	543,270	1,317	544,587	544,587	1,317	0.2%
Medical Injuries - DPS Custody	11,299	0	0	0	0	0	
Total Public Safety, Department of	\$ 61,199,982	\$ 57,941,377	\$ 1,196,619	\$ 59,137,996	\$ 62,140,675	\$ 4,199,298	7.2%
Total Justice System	\$ 476,881,752	\$ 457,632,978	\$ 9,690,218	\$ 467,323,196	\$ 495,181,522	\$ 37,548,544	8.2%

Trans., Infra., Capitals General Fund

	Actual FY 2002 <u>(1)</u>	Estimated FY 2003 <u>(2)</u>	Salary Adj FY 2003 <u>(3)</u>	FY 2003 w/ Salary Adj. <u>(4)</u>	Dept Request FY 2004 <u>(5)</u>	Dept. Req. vs Est. FY 2003 <u>(6)</u>	Percent Change <u>(7)</u>
<u>Transportation, Department of</u>							
Aviation Assistance	\$ 2,130,561	\$ 0	\$ 0	\$ 0	\$ 2,249,000	\$ 2,249,000	
Rail Assistance	568,458	0	0	0	600,000	600,000	
Total Trans., Infra., & Capitals	<u>\$ 2,699,019</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,849,000</u>	<u>\$ 2,849,000</u>	

Unassigned Standing

General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Corrections, Department of</u>							
State Cases	\$ 0	\$ 66,370	\$ 0	\$ 66,370	\$ 66,370	\$ 0	0.0%
<u>Education, Department of</u>							
Child Development	\$ 11,560,000	\$ 11,560,000	\$ 0	\$ 11,560,000	\$ 11,560,000	\$ 0	0.0%
Educational Excellence	80,891,336	66,891,336	0	66,891,336	66,891,336	0	0.0%
Early Intervention Block Grant	30,000,000	30,000,000	0	30,000,000	30,000,000	0	0.0%
Instructional Support	14,798,227	14,798,227	0	14,798,227	14,798,227	0	0.0%
School Foundation Aid	1,678,604,088	1,739,090,500	0	1,739,090,500	1,789,400,000	50,309,500	2.9%
Technology/School Improvement	10,000,000	0	0	0	0	0	
Transportation/Nonpublic	7,798,144	7,799,550	0	7,799,550	7,799,550	0	0.0%
AEA 16 Supplemental	118,000	0	0	0	0	0	
Total Education, Department of	\$ 1,833,769,795	\$ 1,870,139,613	\$ 0	\$ 1,870,139,613	\$ 1,920,449,113	\$ 50,309,500	2.7%
<u>Executive Council</u>							
Court Costs	\$ 51,700	\$ 75,000	\$ 0	\$ 75,000	\$ 75,000	\$ 0	0.0%
Public Improvements	0	50,000	0	50,000	50,000	0	0.0%
Performance of Duty	1,331,997	1,500,000	0	1,500,000	1,500,000	0	0.0%
Drainage Assessment	9,267	25,000	0	25,000	25,000	0	0.0%
Total Executive Council	\$ 1,392,964	\$ 1,650,000	\$ 0	\$ 1,650,000	\$ 1,650,000	\$ 0	0.0%
<u>Legislative Branch</u>							
Legislature	\$ 24,896,088	\$ 22,609,864	\$ 0	\$ 22,609,864	\$ 22,609,864	\$ 0	0.0%
<u>Governor</u>							
Interstate Extradition Expense	\$ 0	\$ 3,805	\$ 0	\$ 3,805	\$ 3,805	\$ 0	0.0%
<u>Human Services, Department of</u>							
Commission of Inquiry	\$ 0	\$ 1,706	\$ 0	\$ 1,706	\$ 1,706	\$ 0	0.0%

Unassigned Standing

General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Human Services, Department of (cont.)</u>							
Non Resident Transfer Mentally	0	82	0	82	82	0	0.0%
Non Resident Commitment	95,784	174,704	0	174,704	174,704	0	0.0%
MH Property Tax Relief	95,000,000	95,000,000	0	95,000,000	95,000,000	0	0.0%
Total Human Services, Department of	\$ 95,095,784	\$ 95,176,492	\$ 0	\$ 95,176,492	\$ 95,176,492	\$ 0	0.0%
<u>Inspections & Appeals, Dept of</u>							
Poultry Show Exhibit Reimb.	\$ 500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
<u>Management, Department of</u>							
Special Olympics Fund	\$ 30,000	\$ 30,000	\$ 0	\$ 30,000	\$ 30,000	\$ 0	0.0%
Appeal Board	5,489,981	4,500,000	0	4,500,000	4,500,000	0	0.0%
Total Management, Department of	\$ 5,519,981	\$ 4,530,000	\$ 0	\$ 4,530,000	\$ 4,530,000	\$ 0	0.0%
<u>Public Defense, Department of</u>							
Compensation & Expense	\$ 34,375	\$ 432,450	\$ 0	\$ 432,450	\$ 432,450	\$ 0	0.0%
<u>Revenue and Finance, Dept. of</u>							
Machinery/Equip Prop. Tax Repl.	\$ 15,066,366	\$ 20,990,800	\$ 0	\$ 20,990,800	\$ 21,640,000	\$ 649,200	3.1%
Ag Land Tax Credit	37,418,700	35,497,624	0	35,497,624	37,418,700	1,921,076	5.4%
Livestock Producers Credit	1,914,000	1,815,735	0	1,815,735	1,914,000	98,265	5.4%
Property Tax Replacement	53,867,192	51,101,650	0	51,101,650	53,867,192	2,765,542	5.4%
Federal Cash Management	589,977	568,458	0	568,458	550,000	-18,458	-3.2%
Printing Cigarette Stamps	110,100	110,055	0	110,055	135,000	24,945	22.7%
Homestead Tax Credit Aid	111,161,219	105,585,004	0	105,585,004	111,299,100	5,714,096	5.4%
Elderly & Disabled Prop. Tax Credit	15,944,334	15,796,897	0	15,796,897	16,651,800	854,903	5.4%
Municpl Fire & Police Retire	2,816,189	2,816,189	0	2,816,189	2,816,189	0	0.0%
Unemployment Comp - State	266,677	353,000	0	353,000	0	-353,000	-100.0%
Collection Agencies Reimburse	-366,419	0	0	0	0	0	

Unassigned Standing General Fund

	Actual FY 2002	Estimated FY 2003	Salary Adj FY 2003	FY 2003 w/ Salary Adj.	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Revenue and Finance, Dept. of (cont.)</u>							
Franchise Tax Reimbursement	8,404,987	7,989,235	0	7,989,235	8,421,600	432,365	5.4%
Military Service Tax Credit	2,641,438	2,569,712	0	2,569,712	2,649,187	79,475	3.1%
Deferred Compensation Project	240,311	49,671	0	49,671	56,501	6,830	13.8%
Total Revenue and Finance, Dept. of	\$ 250,075,071	\$ 245,244,030	\$ 0	\$ 245,244,030	\$ 257,419,269	\$ 12,175,239	5.0%
<u>Secretary of State</u>							
Iowa Servicemens Ballot Comm	\$ 3,465	\$ 0	\$ 0	\$ 0	\$ 3,500	\$ 3,500	
<u>Transportation, Department of</u>							
Public Transit Assistance	\$ 9,768,599	\$ 8,479,134	\$ 0	\$ 8,479,134	\$ 11,587,000	\$ 3,107,866	36.7%
Total Unassigned Standing	\$ 2,220,556,622	\$ 2,248,331,758	\$ 0	\$ 2,248,331,758	\$ 2,313,927,863	\$ 65,596,105	2.9%

Summary Data

Non General Fund

	<u>Actual</u>	<u>Estimated</u>	<u>Dept Request</u>	<u>Dept. Req. vs</u>	<u>Percent</u>
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>Est. FY 2003</u>	<u>Change</u>
	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>
Administration and Regulation	\$ 40,548,393	\$ 75,165,963	\$ 24,701,007	\$ -50,464,956	-67.1%
Ag. and Natural Resources	34,488,683	34,961,611	36,161,611	1,200,000	3.4%
Economic Development	13,148,339	12,804,261	12,781,261	-23,000	-0.2%
Education	86,005,603	70,053,250	70,053,250	0	0.0%
Health and Human Rights	34,923,654	27,828,222	31,346,998	3,518,776	12.6%
Human Services	276,162,367	277,162,705	295,030,530	17,867,825	6.4%
Justice System	5,660,000	7,609,946	8,810,000	1,200,054	15.8%
Trans., Infra., & Capitals	446,952,707	493,945,832	855,225,007	361,279,175	73.1%
Unassigned Standing	5,880,000	3,443,000	7,875,000	4,432,000	128.7%
Grand Total	<u>\$ 943,769,746</u>	<u>\$ 1,002,974,790</u>	<u>\$ 1,341,984,664</u>	<u>\$ 339,009,874</u>	33.8%

Administration and Regulation

Non General Fund

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Commerce, Department of</u>					
Professional Licensing	\$ 62,317	\$ 62,317	\$ 62,317	\$ 0	0.0%
<u>General Services, Dept. of</u>					
Centralized Purchasing Div.	\$ 1,118,960	\$ 1,118,960	\$ 1,118,960	\$ 0	0.0%
State Fleet Administrator	881,501	922,388	922,388	0	0.0%
Central Print Division	<u>1,178,523</u>	<u>1,404,173</u>	<u>1,404,173</u>	<u>0</u>	<u>0.0%</u>
Total General Services, Dept. of	\$ 3,178,984	\$ 3,445,521	\$ 3,445,521	\$ 0	0.0%
<u>Inspections & Appeals, Dept of</u>					
Administrative Hearings Div.	\$ 1,197,552	\$ 1,222,111	\$ 1,222,110	\$ -1	0.0%
<u>Management, Department of</u>					
Salary Adjustment	\$ 9,000,000	\$ 0	\$ 0	\$ 0	
Road Use Tax Salary Adjustment	2,476	1,588,368	0	-1,588,368	-100.0%
Primary Road Salary Adjustment	13,440	8,627,499	0	-8,627,499	-100.0%
General Office - RUTF	56,000	56,000	56,000	0	0.0%
Demutualization Salary Adj.	0	30,000,000	0	-30,000,000	-100.0%
UST Salary Adjustment	<u>0</u>	<u>11,100,000</u>	<u>0</u>	<u>-11,100,000</u>	<u>-100.0%</u>
Total Management, Department of	\$ 9,071,916	\$ 51,371,867	\$ 56,000	\$ -51,315,867	-99.9%
<u>Personnel, Department of</u>					
Personnel, Department of					
Ready to Work-Disabil. Fund	\$ 89,416	\$ 89,416	\$ 89,416	\$ 0	0.0%
Primary Road HR Bureau	423,539	440,369	440,369	0	0.0%
Road Use Tax HR Bureau	<u>69,237</u>	<u>71,969</u>	<u>71,969</u>	<u>0</u>	<u>0.0%</u>
Total Personnel, Department of	582,192	601,754	601,754	0	0.0%

Administration and Regulation

Non General Fund

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Personnel, Department of (cont.)</u>					
IDOP - Retirement					
IPERS Administration	8,274,702	8,272,066	8,737,978	465,912	5.6%
IPERS HF 2532 Deferred Retire.	0	95,000	0	-95,000	-100.0%
IPERS HF 2532 Term. Vested	0	40,000	0	-40,000	-100.0%
Total IDOP - Retirement	<u>8,274,702</u>	<u>8,407,066</u>	<u>8,737,978</u>	<u>330,912</u>	3.9%
Total Personnel, Department of	<u>\$ 8,856,894</u>	<u>\$ 9,008,820</u>	<u>\$ 9,339,732</u>	<u>\$ 330,912</u>	3.7%
<u>Revenue and Finance, Dept. of</u>					
Lottery Division					
Lottery Operations	\$ 8,096,618	\$ 8,956,673	\$ 8,956,673	\$ 0	0.0%
Revenue and Finance, Dept. of					
MVFT - Administration	1,084,112	1,098,654	1,098,654	0	0.0%
Terminal Liability Health Ins.	9,000,000	0	0	0	
Electronic Tax Administration	0	0	520,000	520,000	
Total Revenue and Finance, Dept. of	<u>10,084,112</u>	<u>1,098,654</u>	<u>1,618,654</u>	<u>520,000</u>	47.3%
Total Revenue and Finance, Dept. of	<u>\$ 18,180,730</u>	<u>\$ 10,055,327</u>	<u>\$ 10,575,327</u>	<u>\$ 520,000</u>	5.2%
Total Administration and Regulation	<u>\$ 40,548,393</u>	<u>\$ 75,165,963</u>	<u>\$ 24,701,007</u>	<u>\$ -50,464,956</u>	-67.1%

Ag. and Natural Resources

Non General Fund

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Agriculture & Land Stewardship</u>					
Renewable Fuels-VAAPFAP	\$ 400,000	\$ 0	\$ 400,000	\$ 400,000	
Native Horse & Dog Program	293,441	305,516	305,516	0	0.0%
Total Agriculture & Land Stewardship	\$ 693,441	\$ 305,516	\$ 705,516	\$ 400,000	130.9%
<u>Natural Resources, Department of</u>					
Fish and Game Protection Fund	\$ 28,030,165	\$ 29,188,895	\$ 30,038,895	\$ 850,000	2.9%
Snowmobile Fees To F&G Fund	100,000	100,000	100,000	0	0.0%
Boat Registration Fees To F&G	1,400,000	1,400,000	1,400,000	0	0.0%
Underground Storage Tank Fund	75,000	75,000	75,000	0	0.0%
Stormwater Transfer to E & G	200,000	0	0	0	
Stormwater Transfer To EPD	250,000	0	0	0	
Groundwater Protection Fund	3,666,471	3,717,200	3,717,200	0	0.0%
Oil Overchar (EXXON)	0	25,000	100,000	75,000	300.0%
Oil Overcharge (Stripper Well)	0	150,000	25,000	-125,000	-83.3%
Hazardous Waste Remedial Fund	73,606	0	0	0	
Total Natural Resources, Department of	\$ 33,795,242	\$ 34,656,095	\$ 35,456,095	\$ 800,000	2.3%
Total Ag. and Natural Resources	\$ 34,488,683	\$ 34,961,611	\$ 36,161,611	\$ 1,200,000	3.4%

Economic Development

Non General Fund

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Economic Development, Dept. of</u>					
Business Development					
Workforce Dev. Approp. - WDF	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 0	0.0%
Insurance Development-Ins. Reg. Fees	100,000	100,000	100,000	0	0.0%
Total Business Development	4,100,000	4,100,000	4,100,000	0	0.0%
Community & Rural Development					
Tourism Operations - CAT Fund	1,200,000	1,200,000	1,200,000	0	0.0%
RC 2000 - Council of Gov.	150,000	150,000	150,000	0	0.0%
RC 2000 - Rural Dev. Prg.	370,000	173,000	150,000	-23,000	-13.3%
Community Dev. Loan Fund	75,261	25,261	25,261	0	0.0%
Total Community & Rural Development	1,795,261	1,548,261	1,525,261	-23,000	-1.5%
Total Economic Development, Dept. of	\$ 5,895,261	\$ 5,648,261	\$ 5,625,261	\$ -23,000	-0.4%
<u>Iowa Workforce Development</u>					
260E Labor Management Projects	\$ 30,000	\$ 0	\$ 0	\$ 0	
Job Service ACS (Surcharge)	6,525,000	6,525,000	6,525,000	0	0.0%
Workers' Comp. Division	471,000	0	0	0	
P&I Immigration Service Center	160,000	160,000	160,000	0	0.0%
Employment Statistics	67,078	0	0	0	
Iowa Workforce Development	0	471,000	471,000	0	0.0%
Total Iowa Workforce Development	\$ 7,253,078	\$ 7,156,000	\$ 7,156,000	\$ 0	0.0%
Total Economic Development	\$ 13,148,339	\$ 12,804,261	\$ 12,781,261	\$ -23,000	-0.2%

Education

Non General Fund

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Education, Department of</u>					
Education, Dept. of					
Empowerment-HITT	\$ 1,153,250	\$ 1,153,250	\$ 1,153,250	\$ 0	0.0%
Grants & State Aid					
Student Achievement-ENDW	40,000,000	0	0	0	
School Foundation Aid-EEF	44,852,353	25,000,000	25,000,000	0	0.0%
School Aid - ENDW	0	20,000,000	20,000,000	0	0.0%
Student Achieve-Prem. Tax	0	10,000,000	10,000,000	0	0.0%
Student Achievement-UST	0	8,900,000	8,900,000	0	0.0%
Student Achievement-RIIF	0	5,000,000	5,000,000	0	0.0%
Total Grants & State Aid	<u>84,852,353</u>	<u>68,900,000</u>	<u>68,900,000</u>	<u>0</u>	<u>0.0%</u>
Total Education, Department of	<u>\$ 86,005,603</u>	<u>\$ 70,053,250</u>	<u>\$ 70,053,250</u>	<u>\$ 0</u>	<u>0.0%</u>
Total Education	<u><u>\$ 86,005,603</u></u>	<u><u>\$ 70,053,250</u></u>	<u><u>\$ 70,053,250</u></u>	<u><u>\$ 0</u></u>	<u><u>0.0%</u></u>

Health and Human Rights

Non General Fund

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Elder Affairs, Department of</u>					
Aging Programs-SLTF	\$ 5,339,344	\$ 6,592,292	\$ 7,594,879	\$ 1,002,587	15.2%
<u>Health, Department of Public</u>					
Tobacco Use Prev./Control-HITT	\$ 9,345,394	\$ 5,000,000	\$ 5,000,000	\$ 0	0.0%
Substance Abuse-HITT	11,825,000	10,000,000	11,799,557	1,799,557	18.0%
Healthy lowans 2010-HITT	2,565,064	2,390,064	2,417,473	27,409	1.1%
Smoking Cessation Prod.-HITT	75,000	75,000	75,000	0	0.0%
Environmental Hazards	20,000	0	0	0	
Addictive Disorders-Gambling	1,690,000	1,690,000	1,690,000	0	0.0%
Gambling Treatment Program	1,692,364	2,055,866	1,990,509	-65,357	-3.2%
Substance Abuse Treatment-HITT	2,000,000	0	0	0	
Total Health, Department of Public	\$ 29,212,822	\$ 21,210,930	\$ 22,972,539	\$ 1,761,609	8.3%
<u>Human Rights, Department of</u>					
Oil Overcharge Weatherization	\$ 0	\$ 25,000	\$ 0	\$ -25,000	-100.0%
<u>Veterans Affairs, Comm. of</u>					
Veterans Home - Gambling	\$ 371,488	\$ 0	\$ 779,580	\$ 779,580	
Total Health and Human Rights	\$ 34,923,654	\$ 27,828,222	\$ 31,346,998	\$ 3,518,776	12.6%

Human Services

Non General Fund

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
Human Services, Department of					
Medical Services					
Phys Et AI Provider Inc-HITT	\$ 8,095,718	\$ 8,095,718	\$ 8,095,718	\$ 0	0.0%
Dental Provider Inc-HITT	1,897,354	3,814,973	3,814,973	0	0.0%
Hospital Provider Inc-HITT	4,592,897	3,035,278	3,035,278	0	0.0%
Home Hlth. Care Prov Inc-HITT	2,108,279	2,108,279	2,108,279	0	0.0%
Critical Access Hospitals-HITT	250,000	250,000	250,000	0	0.0%
Home Health Day Care Exp.-HITT	1,975,496	1,975,496	1,975,496	0	0.0%
Respite Care Expansion-HITT	1,137,309	1,137,309	1,137,309	0	0.0%
CHIP Exp. to 200% of FPL-HITT	200,000	200,000	200,000	0	0.0%
Medical Assistance-GF Transfer	6,600,000	6,600,000	6,600,000	0	0.0%
Medicaid-Hospital Trust Fund	7,000,000	12,000,000	11,973,000	-27,000	-0.2%
Medicaid- ENDW	2,500,000	0	0	0	
Breast Cancer Treatment-HITT	250,000	250,000	250,000	0	0.0%
Medical Assist. Supp. - HITT	7,500,000	17,500,000	17,500,000	0	0.0%
LTC Provider Rate Changes-SLTF	24,750,000	29,950,000	29,950,000	0	0.0%
Nurse Facility Grants-SLTF	10,500,000	0	20,000,000	20,000,000	
LTC Alternative Services-SLTF	48,500,000	36,000,000	36,000,000	0	0.0%
HIPAA Implementation	0	2,100,000	0	-2,100,000	-100.0%
State Supplementary Assistance	882,381	882,381	882,381	0	0.0%
LTC-Admin. Costs-SLTF	792,602	1,733,406	1,733,406	0	0.0%
Total Medical Services	129,532,036	127,632,840	145,505,840	17,873,000	14.0%
Child and Family Services					
RTSS Provider Increase-HITT	3,243,026	3,243,026	3,243,026	0	0.0%
Adoption, II, Sc, Hs Prov-HITT	468,967	468,967	468,967	0	0.0%
Provider Rate/Meth Chgs-HITT	545,630	545,630	545,630	0	0.0%
Total Child and Family Services	4,257,623	4,257,623	4,257,623	0	0.0%

Human Services

Non General Fund

	Actual FY 2002 (1)	Estimated FY 2003 (2)	Dept Request FY 2004 (3)	Dept. Req. vs Est. FY 2003 (4)	Percent Change (5)
Human Services, Department of (cont.)					
MH/MR/DD/BI					
POS Provider Increase-HITT	146,750	146,750	146,750	0	0.0%
Federal Funds - TANF, etc.					
FIP - TANF	40,931,716	46,658,982	50,492,790	3,833,808	8.2%
Promise Jobs - TANF	13,687,223	13,412,794	13,412,794	0	0.0%
Field Operations - TANF	17,235,056	12,885,790	16,232,625	3,346,835	26.0%
General Admin. - TANF	3,238,614	3,238,614	3,238,614	0	0.0%
Local Admin. Cost - TANF	2,122,982	2,122,982	2,122,982	0	0.0%
State Day Care - TANF	28,638,329	28,638,329	21,145,765	-7,492,564	-26.2%
Emerg. Assist. - TANF	2,846,432	1,000,000	0	-1,000,000	-100.0%
MH/DD Comm. Serv. - TANF	0	4,349,266	4,349,266	0	0.0%
Child & Fam. Serv. - TANF	22,896,571	22,896,571	24,196,571	1,300,000	5.7%
Child Abuse Prevention-TANF	731,000	250,000	250,000	0	0.0%
Pregnancy Prevent. - TANF	2,415,839	2,514,413	2,049,061	-465,352	-18.5%
Training & Tech. - TANF	472,667	565,088	1,037,186	472,098	83.5%
Volunteers - TANF	42,663	42,663	42,663	0	0.0%
Ind. Dev. Accts.-TANF	418,305	0	0	0	
HOPES - Transfer to DPH-TANF	200,000	200,000	200,000	0	0.0%
0-5 Children - TANF	6,348,561	6,350,000	6,350,000	0	0.0%
Total Federal Funds - TANF, etc.	<u>142,225,958</u>	<u>145,125,492</u>	<u>145,120,317</u>	<u>-5,175</u>	0.0%
Total Human Services	<u>\$ 276,162,367</u>	<u>\$ 277,162,705</u>	<u>\$ 295,030,530</u>	<u>\$ 17,867,825</u>	6.4%

Justice System

Non General Fund

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Corrections, Department of</u>					
CBC Districts					
CBC District II - HITT	\$ 127,217	\$ 127,217	\$ 127,217	\$ 0	0.0%
CBC District III - HITT	35,359	35,359	35,359	0	0.0%
CBC District IV - HITT	191,731	191,731	191,731	0	0.0%
CBC District V - HITT	255,693	255,639	255,693	54	0.0%
Total CBC Districts	610,000	609,946	610,000	54	0.0%
Corrections Central Office					
Corrections Technology	0	0	1,200,000	1,200,000	
Corrections Institutions					
Critical Care Unit-HITT	0	1,100,000	1,100,000	0	0.0%
Total Corrections, Department of	\$ 610,000	\$ 1,709,946	\$ 2,910,000	\$ 1,200,054	70.2%
<u>Judicial Branch</u>					
Enhanced Court Collect	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 0	0.0%
Court Tech & Modern Fund	1,000,000	1,000,000	1,000,000	0	0.0%
Total Judicial Branch	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 0	0.0%
<u>Public Safety, Department of</u>					
Fire Marshal-School Infra. Fund	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0	0.0%
Capitol Bldg Security-RIIF	0	850,000	850,000	0	0.0%
Total Public Safety, Department of	\$ 50,000	\$ 900,000	\$ 900,000	\$ 0	0.0%
Total Justice System	\$ 5,660,000	\$ 7,609,946	\$ 8,810,000	\$ 1,200,054	15.8%

Trans., Infra., Capitals Non General Fund

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Agriculture & Land Stewardship</u>					
Cons. Res. Enhance (CREP)-EFF	\$ 0	\$ 1,500,000	\$ 2,000,000	\$ 500,000	33.3%
Watershed Protection Prog.-EFF	2,214,831	2,700,000	3,200,000	500,000	18.5%
Farm Demonstration Prog.-EFF	842,900	500,000	850,000	350,000	70.0%
Agri. Drainage Wells-EFF	500,000	0	1,500,000	1,500,000	
Soil Cons. Cost Share-EFF	7,275,889	3,500,000	5,500,000	2,000,000	57.1%
Cons. Reserve Prog. (CRP)-EFF	1,127,674	0	2,000,000	2,000,000	
Loess Hills Cons. Auth.-EFF	662,384	0	500,000	500,000	
Southern Ia. Cons Auth.-EFF	220,795	0	0	0	
Coop. Soil Survey Program-EFF	0	0	200,000	200,000	
Total Agriculture & Land Stewardship	\$ 12,844,473	\$ 8,200,000	\$ 15,750,000	\$ 7,550,000	92.1%
<u>DED Capitals</u>					
Local Housing Assist.-RIIF	\$ 1,000,000	\$ 0	\$ 800,000	\$ 800,000	
Physical Infra. Assist.-RIIF	0	0	1,268,696	1,268,696	
Iowa Works - RCF	0	0	150,000,000	150,000,000	
ACE Program - RCF	2,500,000	2,500,000	2,500,000	0	0.0%
Brownfields Redev. Prog-EFF	1,766,359	0	1,000,000	1,000,000	
Advanced Research (ARC)-RCF	0	3,268,696	2,000,000	-1,268,696	-38.8%
Total DED Capitals	\$ 5,266,359	\$ 5,768,696	\$ 157,568,696	\$ 151,800,000	2631.4%
<u>Iowa Workforce Development</u>					
Capital Requests - RCF	\$ 0	\$ 0	\$ 945,500	\$ 945,500	
<u>IA Telecomm. & Technology Comm.</u>					
ICN-ATM Conversion-RCF	\$ 3,500,000	\$ 5,000,000	\$ 0	\$ -5,000,000	-100.0%
ICN Maint & Leases-RIIF	0	2,727,004	2,727,000	-4	0.0%
Total IA Telecomm. & Technology Comm.	\$ 3,500,000	\$ 7,727,004	\$ 2,727,000	\$ -5,000,004	-64.7%

Trans., Infra., Capitals

Non General Fund

	Actual FY 2002 <u>(1)</u>	Estimated FY 2003 <u>(2)</u>	Dept Request FY 2004 <u>(3)</u>	Dept. Req. vs Est. FY 2003 <u>(4)</u>	Percent Change <u>(5)</u>
Information Technology, Dept. of					
ERP System-RCF	\$ 0	\$ 4,400,000	\$ 0	\$ -4,400,000	-100.0%
Enterprise Data Warehouse-RIIF	0	624,000	0	-624,000	-100.0%
Pooled Technology-RIIF	<u>13,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Information Technology, Dept. of	\$ 13,000,000	\$ 5,024,000	\$ 0	\$ -5,024,000	-100.0%
Transportation, Department of					
Road Use Tax Fund					
Driver's Lic. Equip Lease	\$ 3,997,000	\$ 3,997,000	\$ 2,820,000	\$ -1,177,000	-29.4%
Operations & Finance	5,747,504	5,056,320	5,227,174	170,854	3.4%
Administrative Services	543,008	517,083	517,917	834	0.2%
Planning & Programming	487,563	461,698	443,851	-17,847	-3.9%
Motor Vehicle	28,291,902	28,357,256	28,798,337	441,081	1.6%
Personnel Reimbursement	37,500	37,500	37,500	0	0.0%
Unemployment Compensation	17,000	17,000	17,000	0	0.0%
Workers' Compensation	77,000	77,000	77,000	0	0.0%
Indirect Cost Recoveries	102,000	102,000	102,000	0	0.0%
Auditor Reimbursement	48,000	54,314	54,314	0	0.0%
Co. Issuance-Driver Lic.	30,000	30,000	30,000	0	0.0%
Road/Weather Conditions Info.	100,000	100,000	100,000	0	0.0%
I-35 Corridor Coalition	50,000	50,000	0	-50,000	-100.0%
Vehicle Reg. System Rewrite	0	5,000,000	5,000,000	0	0.0%
Mississippi River Parkway Comm.	0	40,000	40,000	0	0.0%
Special Assessment-Cedar Falls	157,781	0	0	0	
Scale & Inspection Sites	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>200,000</u>	
Total Road Use Tax Fund	39,686,258	43,897,171	43,465,093	-432,078	-1.0%
Primary Road Fund					
Operations & Finance	32,032,343	31,594,629	32,109,775	515,146	1.6%

Trans., Infra., Capitals

Non General Fund

	Actual FY 2002 (1)	Estimated FY 2003 (2)	Dept Request FY 2004 (3)	Dept. Req. vs Est. FY 2003 (4)	Percent Change (5)
Transportation, Department of (cont.)					
Primary Road Fund (cont.)					
Waste Water Improvements	400,000	0	0	0	
Garage Roofing Projects	400,000	400,000	300,000	-100,000	-25.0%
Administrative Services	3,335,632	3,182,316	3,181,482	-834	0.0%
Planning & Programming	9,263,676	8,772,302	8,433,165	-339,137	-3.9%
ADA Improvements	200,000	200,000	0	-200,000	-100.0%
Highway Division	175,195,223	170,540,659	170,840,643	299,984	0.2%
Admin. Bldg. Improvements	1,500,000	2,000,000	0	-2,000,000	-100.0%
Motor Vehicle	1,118,328	2,240,462	1,147,381	-1,093,081	-48.8%
Comm. Staging Facility	350,000	0	0	0	
Personnel Reimbursement	712,500	712,500	712,500	0	0.0%
Cedar Rapids Lab. Addition	320,000	0	0	0	
Unemployment Compensation	328,000	328,000	328,000	0	0.0%
Exhaust System Repairs	350,000	0	0	0	
Workers Compensation	1,883,000	1,883,000	1,883,000	0	0.0%
Maintenance Garages	0	0	2,000,000	2,000,000	
Garage Fuel & Waste Management	800,000	800,000	800,000	0	0.0%
Indirect Cost Recov.	748,000	748,000	748,000	0	0.0%
Facility Utility Improvements	0	200,000	0	-200,000	-100.0%
Auditor Reimbursement	297,000	336,036	336,036	0	0.0%
Transportation Maps	0	275,000	275,000	0	0.0%
Heating System Replacements	200,000	200,000	0	-200,000	-100.0%
Field Facility Deferred Maint.	351,500	351,500	351,500	0	0.0%
Field Tuckpointing	100,000	0	0	0	
Equipment Replacement	5,340,000	0	0	0	
Ames Site Utilization Study	200,000	0	0	0	
Total Primary Road Fund	235,425,202	224,764,404	223,446,482	-1,317,922	-0.6%
Total Transportation, Department of	\$ 275,111,460	\$ 268,661,575	\$ 266,911,575	\$ -1,750,000	-0.7%

Trans., Infra., Capitals

Non General Fund

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Treasurer of State</u>					
County Fair Improvements-RCF	\$ 1,060,000	\$ 1,060,000	\$ 0	\$ -1,060,000	-100.0%
Comm. Attract. & Tourism-RCF	12,500,000	12,500,000	12,500,000	0	0.0%
ICN Debt Service - RCF	1,465,835	13,044,784	12,861,000	-183,784	-1.4%
Prison Infra. Bonds - RCF	5,182,272	5,417,250	5,185,576	-231,674	-4.3%
Attorney Litigation Fees-RCF	10,617,000	14,924,000	0	-14,924,000	-100.0%
Tobacco Litigation Supp.-RCF	944,880	0	0	0	
Total Treasurer of State	\$ 31,769,987	\$ 46,946,034	\$ 30,546,576	\$ -16,399,458	-34.9%
<u>Corrections Capital</u>					
Inst. Perimeter Fence-RCF	\$ 0	\$ 3,523,850	\$ 0	\$ -3,523,850	-100.0%
Ft. Madison-Alliant Energy-RIIF	333,168	333,168	333,168	0	0.0%
Ft. Madison Sp. Needs-RCF	6,400,000	2,000,000	0	-2,000,000	-100.0%
Oakdale Expansion-RCF	0	4,100,000	15,000,000	10,900,000	265.9%
Oakdale Water Access-RCF	100,000	0	0	0	
Mitchellville Waste Water-RCF	364,400	0	0	0	
Anamosa Dietary - RCF	0	0	3,250,000	3,250,000	
IMCC Power Plant-RIIF	0	0	1,155,000	1,155,000	
Major Maintenance - RCF	0	0	52,576,295	52,576,295	
Fort Dodge Res. Facility-RCF	0	0	2,848,085	2,848,085	
Davenport Res. Facility-RCF	0	0	6,500,000	6,500,000	
Total Corrections Capital	\$ 7,197,568	\$ 9,957,018	\$ 81,662,548	\$ 71,705,530	720.2%
<u>Cultural Affairs Capital</u>					
Historical Site Pres. - RIIF	\$ 1,000,000	\$ 0	\$ 830,000	\$ 830,000	
Battle Flag Preservation-RIIF	150,000	100,000	150,000	50,000	50.0%
Total Cultural Affairs Capital	\$ 1,150,000	\$ 100,000	\$ 980,000	\$ 880,000	880.0%

Trans., Infra., Capitals

Non General Fund

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>State Fair Authority Capital</u>					
Capital Improvements-RCF	\$ 500,000	\$ 500,000	\$ 0	\$ -500,000	-100.0%
<u>General Services Capital</u>					
Statewide Routine Maint-RIIF	\$ 2,000,000	\$ 0	\$ 19,180,000	\$ 19,180,000	
Major Maintenance-RCF	11,500,000	15,750,000	16,703,000	953,000	6.1%
Micrographic Demolition-RCF	0	170,000	0	-170,000	-100.0%
Employee Relocation-RIIF	1,000,000	898,000	1,711,901	813,901	90.6%
Capitol Complex Security-RCF	0	1,000,000	1,000,000	0	0.0%
Capitol Rest. Interior-RCF	1,700,000	2,700,000	0	-2,700,000	-100.0%
Parking Lots-RCF	0	93,000	1,307,000	1,214,000	1305.4%
Records Center Remodeling-RCF	0	1,600,000	10,767,000	9,167,000	572.9%
Capitol Interior - RCF	0	5,000,000	6,239,000	1,239,000	24.8%
Property Acquisition-RCF	200,000	0	354,000	354,000	
Med. Cent. Appraisal/Study-RCF	250,000	0	0	0	
Metro Med. Center Option-RCF	500,000	0	0	0	
State Laboratory Facility-RCF	16,670,000	16,670,000	16,660,000	-10,000	-0.1%
Terrace Hill Maint.-RIIF	0	0	202,000	202,000	
Judicial Bldg. Maint.-RIIF	0	0	273,000	273,000	
Cap.Bldg.Paving Repairs-RCF	0	0	935,000	935,000	
Parking Lots & Streets-RCF	0	0	1,209,000	1,209,000	
Cap. Complex Sidewalks-RCF	0	0	349,000	349,000	
Wallace Bldg. Renovation-RCF	0	0	4,101,000	4,101,000	
Replace Court Ave. Bridge-RCF	0	0	1,194,000	1,194,000	
Cap. Comp. Tunnel Repair-RCF	0	0	303,000	303,000	
Wallace Bulding Eval. - RCF	0	0	250,000	250,000	
Electrical Dist. Repairs - RCF	0	0	1,867,000	1,867,000	

Trans., Infra., Capitals

Non General Fund

	Actual FY 2002 <u>(1)</u>	Estimated FY 2003 <u>(2)</u>	Dept Request FY 2004 <u>(3)</u>	Dept. Req. vs Est. FY 2003 <u>(4)</u>	Percent Change <u>(5)</u>
General Services Capital (cont.)					
Judicial Bldg. Road - RUTF	34,000	0	0	0	
Parking Structure - RCF	0	3,400,000	0	-3,400,000	-100.0%
Total General Services Capital	\$ 33,854,000	\$ 47,281,000	\$ 84,604,901	\$ 37,323,901	78.9%
Human Services Capital					
Health/Safety/Loss-RCF	\$ 0	\$ 0	\$ 4,852,739	\$ 4,852,739	
Maintenance-RCF	0	0	3,235,190	3,235,190	
ADA Capitals-RCF	0	0	1,398,985	1,398,985	
Major Projects-RCF	0	0	2,400,000	2,400,000	
Routine Maintenance-RCF	0	0	5,243,177	5,243,177	
Alternative Ser. Facility-RCF	0	200,000	0	-200,000	-100.0%
Total Human Services Capital	\$ 0	\$ 200,000	\$ 17,130,091	\$ 16,930,091	8465.0%
Natural Resources Capital					
Natural Resources Capital					
Destination Park-RCF	\$ 1,000,000	\$ 1,000,000	\$ 3,000,000	\$ 2,000,000	200.0%
Restore the Outdoors-RCF	2,500,000	2,500,000	2,500,000	0	0.0%
Lewis & Clark Water-RCF	0	281,400	1,500,000	1,218,600	433.0%
Total Natural Resources Capital	3,500,000	3,781,400	7,000,000	3,218,600	85.1%
Environment First Fund					
GIS Info. for Watershed-EFF	195,000	0	195,000	195,000	
Vol. & Keepers of Land-EFF	70,000	100,000	100,000	0	0.0%
Water Quality Monitoring-EFF	2,400,000	2,605,000	3,000,000	395,000	15.2%
Lake Dredging-EFF	0	350,000	5,000,000	4,650,000	1328.6%
Marine Fuel Tax Projects-EFF	1,800,000	2,300,000	2,700,000	400,000	17.4%
Water Quality Protection-EFF	0	500,000	500,000	0	0.0%
Air Quality Equipment-EFF	0	500,000	500,000	0	0.0%

Trans., Infra., Capitals

Non General Fund

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Natural Resources Capital (cont.)</u>					
<u>Environment First Fund (cont.)</u>					
REAP-EFF	7,200,000	2,000,000	15,000,000	13,000,000	650.0%
Pollutant Discharge Elimin.-EFF	180,000	0	0	0	
Floodplain Protection-EFF	0	0	0	0	
Waste Tire Abatement-EFF	500,000	0	0	0	
Landforms & Ecosystem-EFF	125,000	0	0	0	
Trees Planting Program-EFF	250,000	0	0	0	
Lewis & Clark Water System-EFF	60,000	0	0	0	
Wastewater Systems Assist.-EFF	0	0	0	0	
Park Operations & Main.- EFF	0	0	2,000,000	2,000,000	
Total Environment First Fund	<u>12,780,000</u>	<u>8,355,000</u>	<u>28,995,000</u>	<u>20,640,000</u>	247.0%
Total Natural Resources Capital	<u>\$ 16,280,000</u>	<u>\$ 12,136,400</u>	<u>\$ 35,995,000</u>	<u>\$ 23,858,600</u>	196.6%
<u>Public Defense Capital</u>					
Readiness Center-RCF	\$ 400,000	\$ 400,000	\$ 461,000	\$ 61,000	15.3%
Armory Maintenance-RCF	700,000	700,000	1,269,636	569,636	81.4%
Iowa City Readiness Center-RCF	0	0	195,200	195,200	
Readiness Centers-RCF	0	0	877,500	877,500	
Boone Army Renovation-RCF	0	111,000	1,477,400	1,366,400	1231.0%
Waterloo Armory Renov.-RCF	0	612,100	0	-612,100	-100.0%
Total Public Defense Capital	<u>\$ 1,100,000</u>	<u>\$ 1,823,100</u>	<u>\$ 4,280,736</u>	<u>\$ 2,457,636</u>	134.8%
<u>Regents Capital</u>					
ISU-Business Bldg.-RCF	\$ 4,200,000	\$ 6,700,000	\$ 0	\$ -6,700,000	-100.0%
Lakeside Laboratory-RCF	0	390,000	0	-390,000	-100.0%
UNI-McCollum Hall-RCF	5,800,000	8,400,000	0	-8,400,000	-100.0%
ISD-Utility System-RCF	0	250,000	0	-250,000	-100.0%

Trans., Infra., Capitals

Non General Fund

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Regents Capital (cont.)</u>					
ISD-Tuckpointing-RCF	0	185,000	0	-185,000	-100.0%
ISU-Coover Hall-RCF	0	0	15,600,000	15,600,000	
IBSSS-HVAC System-RCF	0	450,000	0	-450,000	-100.0%
ISU-Livestock Biosecurity-RCF	0	2,797,000	0	-2,797,000	-100.0%
ISU-Plant Sciences-RCF	0	4,148,000	0	-4,148,000	-100.0%
SUI-Biology Building-RCF	7,300,000	3,000,000	0	-3,000,000	-100.0%
SUI-Journalism Bldg-RCF	0	2,600,000	7,200,000	4,600,000	176.9%
UNI-Teaching Center Bldg-RCF	0	1,730,000	6,490,000	4,760,000	275.1%
ISU-Classrooms & Aud.-RCF	0	2,112,100	10,177,300	8,065,200	381.9%
SUI-Art Building-RCF	4,453,000	7,910,000	3,653,000	-4,257,000	-53.8%
UNI-Steam Distribution-RCF	3,990,000	4,320,000	4,390,000	70,000	1.6%
Tuition Replacement - RCF	600,860	10,503,733	10,610,409	106,676	1.0%
ISU-Gilman Hall-RCF	2,500,000	0	0	0	
Special Schools Capitals-RCF	835,000	0	0	0	
Tuition Replacement-ENDW	0	16,843,772	13,343,050	-3,500,722	-20.8%
Maintenance/Fire Safety-RCF	0	0	14,937,000	14,937,000	
SUI-Chemistry Building-RCF	0	0	19,900,000	19,900,000	
UNI-Electrical Dist.- RCF	0	0	7,000,000	7,000,000	
ISU Engineering Bldg-RIIF	0	0	7,000,000	7,000,000	
ISU-Veterinary Lab-RCF	0	0	2,600,000	2,600,000	
UNI-Science Buildings-RCF	0	0	5,700,000	5,700,000	
Total Regents Capital	\$ 29,678,860	\$ 72,339,605	\$ 128,600,759	\$ 56,261,154	77.8%
<u>Transportation Capitals</u>					
Comm. Service Airports-RCF	\$ 1,000,000	\$ 1,100,000	\$ 1,100,000	\$ 0	0.0%
Gen. Aviation Airports-RCF	500,000	581,400	581,400	0	0.0%
Recreational Trails-RCF	1,000,000	2,000,000	3,050,000	1,050,000	52.5%
Total Transportation Capitals	\$ 2,500,000	\$ 3,681,400	\$ 4,731,400	\$ 1,050,000	28.5%

Trans., Infra., Capitals

Non General Fund

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Education Capital</u>					
Enrich Iowa Libraries-RIIF	\$ 500,000	\$ 600,000	\$ 600,000	\$ 0	0.0%
IPTV-Uninterruptable Power-RCF	0	0	300,000	300,000	
IPTV-HDTV Conversion-RCF	<u>2,400,000</u>	<u>1,000,000</u>	<u>20,618,825</u>	<u>19,618,825</u>	1961.9%
Total Education Capital	\$ 2,900,000	\$ 1,600,000	\$ 21,518,825	\$ 19,918,825	1244.9%
<u>Judicial Branch Capital</u>					
Judicial Bldg. Parking-RCF	\$ 0	\$ 700,000	\$ 0	\$ -700,000	-100.0%
Judicial Bldg. Furnishings-RCF	0	1,250,000	0	-1,250,000	-100.0%
Judicial Building-RCF	<u>10,300,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Judicial Branch Capital	\$ 10,300,000	\$ 1,950,000	\$ 0	\$ -1,950,000	-100.0%
<u>Veterans Affairs Capitals</u>					
Veterans Affairs Capitals-RCF	\$ 0	\$ 0	\$ 1,271,400	\$ 1,271,400	
Residence Demolition-RIIF	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>-50,000</u>	-100.0%
Total Veterans Affairs Capitals	\$ 0	\$ 50,000	\$ 1,271,400	\$ 1,221,400	2442.8%
Total Trans., Infra., & Capitals	<u>\$ 446,952,707</u>	<u>\$ 493,945,832</u>	<u>\$ 855,225,007</u>	<u>\$ 361,279,175</u>	73.1%

Unassigned Standing

Non General Fund

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Legislative Branch</u>					
Nat. Conf. Ins. Legislators	\$ 5,000	\$ 0	\$ 0	\$ 0	
<u>Transportation, Department of</u>					
DL Suspension Services-RUTF	\$ 225,000	\$ 225,000	\$ 225,000	\$ 0	0.0%
Co. Treas. Equip Standing-RUTF	<u>650,000</u>	<u>1,000,000</u>	<u>650,000</u>	<u>-350,000</u>	-35.0%
Total Transportation, Department of	<u>\$ 875,000</u>	<u>\$ 1,225,000</u>	<u>\$ 875,000</u>	<u>\$ -350,000</u>	-28.6%
<u>Natural Resources Capital</u>					
Fish and Game Capital-F & G	<u>\$ 5,000,000</u>	<u>\$ 2,218,000</u>	<u>\$ 7,000,000</u>	<u>\$ 4,782,000</u>	215.6%
Total Unassigned Standing	<u><u>\$ 5,880,000</u></u>	<u><u>\$ 3,443,000</u></u>	<u><u>\$ 7,875,000</u></u>	<u><u>\$ 4,432,000</u></u>	128.7%

Summary Data

FTE

	Actual FY 2002	Estimated FY 2003	Dept Request FY 2004	Dept. Req. vs Est. FY 2003	Percent Change
	(1)	(2)	(3)	(4)	(5)
Administration and Regulation	1,808.73	1,899.60	1,903.56	3.96	0.2%
Ag. and Natural Resources	1,388.48	1,559.75	1,559.75	0.00	0.0%
Economic Development	1,129.30	1,172.08	1,177.88	5.80	0.5%
Education	26,527.70	26,385.60	26,291.26	-94.34	-0.4%
Health and Human Rights	1,421.21	1,510.26	1,498.04	-12.22	-0.8%
Human Services	5,302.57	5,378.29	5,570.87	192.58	3.6%
Justice System	7,937.95	8,047.44	8,074.60	27.16	0.3%
Trans., Infra., & Capitals	3,435.62	3,554.98	3,538.00	-16.98	-0.5%
Unassigned Standing	412.29	412.09	412.09	0.00	0.0%
Grand Total	<u>49,363.85</u>	<u>49,920.09</u>	<u>50,026.05</u>	<u>105.96</u>	0.2%

Administration and Regulation

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Auditor of State</u>					
Auditor of State - Gen. Office	109.11	102.42	105.72	3.30	3.2%
<u>Ethics and Campaign Disclosure</u>					
Ethics and Campaign Disclosure	6.54	6.00	6.00	0.00	0.0%
<u>Commerce, Department of</u>					
Department of Commerce					
Administration	16.10	0.00	0.00	0.00	
Alcoholic Beverages	24.29	33.00	33.00	0.00	0.0%
Banking Division	66.74	72.00	65.00	-7.00	-9.7%
Credit Union Division	15.05	19.00	19.00	0.00	0.0%
Insurance Division	87.55	93.50	92.50	-1.00	-1.1%
Professional Licensing	8.90	11.00	11.00	0.00	0.0%
Utilities Division	66.27	77.00	79.00	2.00	2.6%
Total Department of Commerce	284.90	305.50	299.50	-6.00	-2.0%
Unappropriated					
Dual Party Relay Service	0.00	4.00	0.00	-4.00	-100.0%
Total Commerce, Department of	284.90	309.50	299.50	-10.00	-3.2%
<u>General Services, Dept. of</u>					
General Services, Dept. of					
DGS Administration & Property	0.00	149.40	145.45	-3.95	-2.6%
Property Mgmt.	122.17	0.00	0.00	0.00	
Terrace Hill Operations	4.94	5.00	5.00	0.00	0.0%
Utilities	0.86	1.00	1.00	0.00	0.0%
Centralized Purchasing Div.	14.86	16.75	15.15	-1.60	-9.6%

Administration and Regulation

FTE

	Actual FY 2002 (1)	Estimated FY 2003 (2)	Dept Request FY 2004 (3)	Dept. Req. vs Est. FY 2003 (4)	Percent Change (5)
<u>General Services, Dept. of (cont.)</u>					
General Services, Dept. of (cont.)					
State Fleet Administrator	16.04	18.50	19.15	0.65	3.5%
Central Print Division	20.99	28.80	25.95	-2.85	-9.9%
Total General Services, Dept. of	179.86	219.45	211.70	-7.75	-3.5%
Unappropriated					
Recycling Revolving Fund	0.00	1.00	0.00	-1.00	-100.0%
Centralized Purchasing - Admin	0.94	1.00	1.00	0.00	0.0%
Federal Surplus Property	5.56	7.30	7.30	0.00	0.0%
Self Insurance/Risk Management	1.29	2.00	2.00	0.00	0.0%
Centralized Printing Revolving	1.32	0.00	0.00	0.00	
Total Unappropriated	9.11	11.30	10.30	-1.00	-8.8%
Total General Services, Dept. of	188.97	230.75	222.00	-8.75	-3.8%
<u>Information Technology, Dept. of</u>					
ITD Operations	0.02	0.00	0.00	0.00	
Pooled Technology Account	2.68	0.00	0.00	0.00	
IT Operations Revolving Fund	128.93	138.00	139.00	1.00	0.7%
lowaccess Revolving Fund	0.78	0.00	0.00	0.00	
Total Information Technology, Dept. of	132.41	138.00	139.00	1.00	0.7%
<u>Governor</u>					
Governor's Office, Iowa					
General Office	17.06	17.25	17.25	0.00	0.0%
Terrace Hill Quarters	3.00	3.00	3.00	0.00	0.0%

Administration and Regulation

FTE

	Actual FY 2002 <u>(1)</u>	Estimated FY 2003 <u>(2)</u>	Dept Request FY 2004 <u>(3)</u>	Dept. Req. vs Est. FY 2003 <u>(4)</u>	Percent Change <u>(5)</u>
<u>Governor (cont.)</u>					
Governor's Office, Iowa (cont.)					
Admin Rules Coordinator	3.00	3.00	3.00	0.00	0.0%
State-Federal Relations	<u>2.98</u>	<u>2.00</u>	<u>2.00</u>	<u>0.00</u>	<u>0.0%</u>
Total Governor's Office, Iowa	26.04	25.25	25.25	0.00	0.0%
Unappropriated					
Statewide Volunteer Program	<u>1.38</u>	<u>1.75</u>	<u>1.75</u>	<u>0.00</u>	<u>0.0%</u>
Total Governor	<u>27.42</u>	<u>27.00</u>	<u>27.00</u>	<u>0.00</u>	<u>0.0%</u>
<u>Inspections & Appeals, Dept of</u>					
Inspections and Appeals					
Administration Division	18.80	19.34	19.25	-0.09	-0.5%
Audits Division	7.94	0.00	0.00	0.00	
Administrative Hearings Div.	28.09	23.00	23.00	0.00	0.0%
Investigations Division	37.15	41.00	41.00	0.00	0.0%
Health Facilities Division	101.26	101.75	101.75	0.00	0.0%
Inspections Division	14.90	12.00	12.00	0.00	0.0%
Employment Appeal	12.98	15.00	15.00	0.00	0.0%
Child Advocacy Board	<u>15.23</u>	<u>42.99</u>	<u>43.49</u>	<u>0.50</u>	<u>1.2%</u>
Total Inspections and Appeals	236.35	255.08	255.49	0.41	0.2%
Racing Commission					
Pari-mutuel Regulation	22.27	24.53	24.53	0.00	0.0%
Excursion Boat Gambling Reg.	<u>26.99</u>	<u>30.22</u>	<u>30.22</u>	<u>0.00</u>	<u>0.0%</u>
Total Racing Commission	<u>49.26</u>	<u>54.75</u>	<u>54.75</u>	<u>0.00</u>	<u>0.0%</u>
Total Inspections & Appeals, Dept of	<u>285.61</u>	<u>309.83</u>	<u>310.24</u>	<u>0.41</u>	<u>0.1%</u>

Administration and Regulation

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Management, Department of</u>					
DOM General Office & Statewide	28.22	33.00	33.00	0.00	0.0%
Statewide Property Tax Admin.	1.00	0.00	0.00	0.00	
Enterprise Resource Plan.	<u>0.00</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>	0.0%
Total Management, Department of	<u>29.22</u>	<u>34.00</u>	<u>34.00</u>	<u>0.00</u>	0.0%
<u>Personnel, Department of</u>					
Personnel, Department of					
IDOP-Admin. and Prog. Op.	69.04	76.00	66.00	-10.00	-13.2%
IDOP - Retirement					
IPERS Administration	84.66	90.13	95.13	5.00	5.5%
Unappropriated					
Worker's Comp Insurance Fund	<u>0.08</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
Total Personnel, Department of	<u>153.78</u>	<u>166.13</u>	<u>161.13</u>	<u>-5.00</u>	-3.0%
<u>Revenue and Finance, Dept. of</u>					
Revenue and Finance, Dept. of					
Revenue & Finance	422.39	390.17	410.17	20.00	5.1%
Lottery Division					
Lottery Operations	<u>108.99</u>	<u>117.00</u>	<u>117.00</u>	<u>0.00</u>	0.0%
Total Revenue and Finance, Dept. of	<u>531.38</u>	<u>507.17</u>	<u>527.17</u>	<u>20.00</u>	3.9%
<u>Secretary of State</u>					
Administration and Elections	9.27	10.00	10.00	0.00	0.0%
Business Services	<u>26.39</u>	<u>32.00</u>	<u>32.00</u>	<u>0.00</u>	0.0%
Total Secretary of State	<u>35.66</u>	<u>42.00</u>	<u>42.00</u>	<u>0.00</u>	0.0%

Administration and Regulation

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Treasurer of State</u>					
Treasurer - General Office	23.73	26.80	29.80	3.00	11.2%
Total Administration and Regulation	<u>1,808.73</u>	<u>1,899.60</u>	<u>1,903.56</u>	<u>3.96</u>	0.2%

Ag. and Natural Resources

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Agriculture & Land Stewardship</u>					
Agriculture & Land Stewardship					
Administrative Division	363.12	440.13	440.13	0.00	0.0%
Ag Drainage Wells - GW	2.01	5.00	5.00	0.00	0.0%
Water Protection Fund	9.61	8.00	8.00	0.00	0.0%
EPA Non Point Source Pollution	13.14	15.00	15.00	0.00	0.0%
Abandoned Mined Lands Grant	4.00	4.00	4.00	0.00	0.0%
Total Agriculture & Land Stewardship	<u>391.88</u>	<u>472.13</u>	<u>472.13</u>	<u>0.00</u>	<u>0.0%</u>
Unappropriated					
Agri-Dev Auth - Administration	3.76	6.00	6.00	0.00	0.0%
Renewable Fuels & Coproducts	0.99	1.00	1.00	0.00	0.0%
Pseudorabies	3.77	5.50	5.50	0.00	0.0%
Total Unappropriated	<u>8.52</u>	<u>12.50</u>	<u>12.50</u>	<u>0.00</u>	<u>0.0%</u>
Total Agriculture & Land Stewardship	<u>400.40</u>	<u>484.63</u>	<u>484.63</u>	<u>0.00</u>	<u>0.0%</u>
<u>Natural Resources, Department of</u>					
Department of Natural Resource	<u>988.08</u>	<u>1,075.12</u>	<u>1,075.12</u>	<u>0.00</u>	<u>0.0%</u>
Total Ag. and Natural Resources	<u><u>1,388.48</u></u>	<u><u>1,559.75</u></u>	<u><u>1,559.75</u></u>	<u><u>0.00</u></u>	<u><u>0.0%</u></u>

Economic Development

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Economic Development, Dept. of</u>					
Administrative Services					
Administrative Division	0.00	24.75	24.75	0.00	0.0%
General Administration	21.19	0.00	0.00	0.00	
IA Comm. on Volunteerism	3.41	4.00	4.00	0.00	0.0%
Total Administrative Services	<u>24.60</u>	<u>28.75</u>	<u>28.75</u>	<u>0.00</u>	<u>0.0%</u>
Business Development					
Business Development Division	0.00	46.25	46.25	0.00	0.0%
Business Development	19.18	0.00	0.00	0.00	
Workforce Recruitment Proj.	1.36	0.00	0.00	0.00	
International Trade	13.69	0.00	0.00	0.00	
Strategic Investment Fund	8.12	8.25	8.25	0.00	0.0%
Value-Added Ag. Products	2.00	2.50	2.50	0.00	0.0%
Workforce Development Fund	3.11	3.75	3.75	0.00	0.0%
Total Business Development	<u>47.46</u>	<u>60.75</u>	<u>60.75</u>	<u>0.00</u>	<u>0.0%</u>
Community & Rural Development					
Community and Rural Dev. Div.	0.00	60.75	60.75	0.00	0.0%
Tourism Operations	16.21	0.00	0.00	0.00	
Community Assistance	7.72	0.00	0.00	0.00	
Film Office	1.71	0.00	0.00	0.00	
Mainstreet/Rural Mainst.	2.92	0.00	0.00	0.00	
Community Dev. Programs	4.85	0.00	0.00	0.00	
Community Dev. Block Grant	21.13	0.00	0.00	0.00	
Local Housing Assistance Fund	1.01	1.00	1.00	0.00	0.0%
Tourism/Recreation Dev.	0.98	2.25	2.25	0.00	0.0%
Total Community & Rural Development	<u>56.53</u>	<u>64.00</u>	<u>64.00</u>	<u>0.00</u>	<u>0.0%</u>

Economic Development

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Economic Development, Dept. of (cont.)</u>					
Unappropriated					
Finance Auth.-Title Guaranty	12.45	17.33	17.33	0.00	0.0%
Finance Authority	32.00	38.00	38.00	0.00	0.0%
IFA-Sec. 8 HUD Funding	22.85	26.00	26.00	0.00	0.0%
Total Unappropriated	<u>67.30</u>	<u>81.33</u>	<u>81.33</u>	<u>0.00</u>	<u>0.0%</u>
Total Economic Development, Dept. of	<u>195.89</u>	<u>234.83</u>	<u>234.83</u>	<u>0.00</u>	<u>0.0%</u>
<u>Iowa Workforce Development</u>					
Iowa Workforce Development					
Iowa Workforce Development	0.00	95.36	94.87	-0.49	-0.5%
Labor Division	91.56	0.00	0.00	0.00	
Job Service ACS (Surcharge)	109.24	103.56	107.08	3.52	3.4%
Employment Statistics	0.77	0.72	0.00	-0.72	-100.0%
Welfare-To-Work Match	1.89	1.95	0.00	-1.95	-100.0%
Total Iowa Workforce Development	<u>203.46</u>	<u>201.59</u>	<u>201.95</u>	<u>0.36</u>	<u>0.2%</u>
Unappropriated					
Special Contingency Fund	94.50	102.66	102.66	0.00	0.0%
IWD Major Federal Programs	495.00	386.00	386.00	0.00	0.0%
IWD Minor Federal Programs	54.00	163.00	163.00	0.00	0.0%
Admin. Contribution Surcharge	0.12	0.00	0.00	0.00	
Amateur Boxing Grants Fund	0.30	0.32	0.32	0.00	0.0%
Total Unappropriated	<u>643.92</u>	<u>651.98</u>	<u>651.98</u>	<u>0.00</u>	<u>0.0%</u>
Total Iowa Workforce Development	<u>847.38</u>	<u>853.57</u>	<u>853.93</u>	<u>0.36</u>	<u>0.0%</u>
<u>Public Employment Relations Board</u>					
General Office	10.75	10.00	10.00	0.00	0.0%

Economic Development

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Regents, Board of</u>					
University of Iowa					
Oak Park Res./Tech. Park	3.19	0.00	0.00	0.00	
Advanced Drug Development	4.64	0.00	0.00	0.00	
SUI Economic Development	0.00	6.00	11.88	5.88	98.0%
Total University of Iowa	<u>7.83</u>	<u>6.00</u>	<u>11.88</u>	<u>5.88</u>	<u>98.0%</u>
Iowa State University					
Small Business Dev. Ctrs.	5.49	0.00	0.00	0.00	
Research Park/ISIS	4.47	0.00	0.00	0.00	
Inst. for Physical Res.	46.42	0.00	0.00	0.00	
ISU Economic Development	0.00	56.53	62.49	5.96	10.5%
Total Iowa State University	<u>56.38</u>	<u>56.53</u>	<u>62.49</u>	<u>5.96</u>	<u>10.5%</u>
Univ. of Northern Iowa					
Metal Casting	2.42	0.00	0.00	0.00	
Decision Making Institute	8.65	0.00	0.00	0.00	
UNI Economic Development	0.00	11.15	4.75	-6.40	-57.4%
Total Univ. of Northern Iowa	<u>11.07</u>	<u>11.15</u>	<u>4.75</u>	<u>-6.40</u>	<u>-57.4%</u>
Total Regents, Board of	<u>75.28</u>	<u>73.68</u>	<u>79.12</u>	<u>5.44</u>	<u>7.4%</u>
Total Economic Development	<u><u>1,129.30</u></u>	<u><u>1,172.08</u></u>	<u><u>1,177.88</u></u>	<u><u>5.80</u></u>	<u>0.5%</u>

Education

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>College Aid Commission</u>					
Operations & Loan Program					
Scholarship and Grant Admin	4.99	4.69	4.21	-0.48	-10.2%
Unappropriated					
Stafford Loan Program Admin.	<u>31.15</u>	<u>37.31</u>	<u>37.94</u>	<u>0.63</u>	1.7%
Total College Aid Commission	<u>36.14</u>	<u>42.00</u>	<u>42.15</u>	<u>0.15</u>	0.4%
<u>Cultural Affairs, Dept. of</u>					
Cultural Affairs, Dept of					
Cultural Affairs - Admin.	2.29	1.15	1.05	-0.10	-8.7%
Cultural Grants	0.20	0.00	0.00	0.00	
State Historical Society	58.29	56.33	55.56	-0.77	-1.4%
Historical Sites	7.12	7.25	8.00	0.75	10.3%
Iowa Arts Council	<u>8.85</u>	<u>8.52</u>	<u>6.89</u>	<u>-1.63</u>	-19.1%
Total Cultural Affairs, Dept of	<u>76.75</u>	<u>73.25</u>	<u>71.50</u>	<u>-1.75</u>	-2.4%
Unappropriated					
Miscellaneous Income	1.11	1.00	2.00	1.00	100.0%
Hist. Res. Dev. Prog. (HRDP)	0.82	0.75	0.75	0.00	0.0%
Trust Accounts	<u>0.11</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
Total Unappropriated	<u>2.04</u>	<u>1.75</u>	<u>2.75</u>	<u>1.00</u>	57.1%
Total Cultural Affairs, Dept. of	<u>78.79</u>	<u>75.00</u>	<u>74.25</u>	<u>-0.75</u>	-1.0%
<u>Education, Department of</u>					
Administration					
Dept. of Ed. Administration	85.03	97.50	97.50	0.00	0.0%
Vocational Ed. Admin.	12.55	14.60	14.60	0.00	0.0%
Board of Ed. Examiners	6.38	7.00	7.00	0.00	0.0%

Education

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Education, Department of (cont.)</u>					
Administration (cont.)					
Vocational Rehabilitation	269.50	287.50	281.50	-6.00	-2.1%
Independent Living	1.00	1.00	1.00	0.00	0.0%
State Library	17.16	18.00	18.00	0.00	0.0%
School Food Service	13.37	15.00	16.00	1.00	6.7%
Iowa Public Television	84.69	86.00	78.00	-8.00	-9.3%
School to Work	1.42	0.00	0.00	0.00	
Total Administration	491.10	526.60	513.60	-13.00	-2.5%
Iowa Public Television					
IPTV - Regional Councils	7.49	7.00	7.00	0.00	0.0%
Grants & State Aid					
Textbooks Nonpublic	0.04	0.00	0.00	0.00	
Unappropriated					
IPTV-CPB/CSG FY 90/91	2.70	23.77	2.58	-21.19	-89.1%
Education of Handicapped Act	33.84	48.00	48.00	0.00	0.0%
IPTV-CPB/CSG FY 91/93	17.78	4.30	20.24	15.94	370.7%
IPTV-NTIA Equipment Grants	0.68	1.00	3.00	2.00	200.0%
IPTV-Contributions Holding Acc	1.35	2.50	1.50	-1.00	-40.0%
Goals 2000	3.75	0.33	0.00	-0.33	-100.0%
NCES - NAEP Assessments	0.00	1.00	1.00	0.00	0.0%
Drug Free Schools/Communities	1.75	1.80	1.80	0.00	0.0%
Advanced Placement Technology	0.15	0.25	0.25	0.00	0.0%
Standards, Assess. & Account.	0.84	1.25	0.00	-1.25	-100.0%
Improving Teacher Qual. Grants	0.00	3.96	4.00	0.04	1.0%
Career Resource Network	1.22	1.26	1.25	-0.01	-0.8%
School To Work Opportunities	0.03	0.00	0.00	0.00	
IPTV-Star Schools Grant	3.67	0.70	0.00	-0.70	-100.0%

Education

FTE

<u>Actual</u>	<u>Estimated</u>	<u>Dept Request</u>	<u>Dept. Req. vs</u>	<u>Percent</u>
<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>Est. FY 2003</u>	<u>Change</u>
<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>

Education, Department of (cont.)

Unappropriated (cont.)

Community Learning Centers	0.00	0.90	0.90	0.00	0.0%
Community Service/students	0.00	0.10	0.10	0.00	0.0%
State Assessment	0.00	1.00	2.25	1.25	125.0%
Adult Education	4.44	4.70	4.70	0.00	0.0%
Veterans Education	2.99	3.00	3.00	0.00	0.0%
DE Nonfederal Grants	2.00	2.00	2.00	0.00	0.0%
ESEA Title 1	7.98	9.40	9.40	0.00	0.0%
ESEA Title 6	4.42	3.00	3.00	0.00	0.0%
High School Equivalency	0.50	0.50	0.50	0.00	0.0%
English Language Acquisition	0.00	1.72	2.00	0.28	16.3%
IPTV Special Projects	0.13	0.00	0.00	0.00	
IPTV-Friends Funded Program.	11.42	11.00	12.00	1.00	9.1%
Ed Telecommunications Proj	0.98	2.50	1.50	-1.00	-40.0%
Technology Literacy Challenge	1.06	1.00	1.00	0.00	0.0%
IPTV Marketing & Distribution	0.24	0.00	0.00	0.00	
IPTV Educational & Contractual	0.03	2.00	1.50	-0.50	-25.0%
Library Ser. Tech. Act (LSTA)	12.67	14.00	14.00	0.00	0.0%
School Infrastructure	0.73	1.63	1.90	0.27	16.6%
Systems Change Project	4.00	4.00	3.00	-1.00	-25.0%
Reading First State Grants	0.00	2.01	3.25	1.24	61.7%
Reading Excellence Act	1.02	1.13	0.00	-1.13	-100.0%
Vocational Rehabilitation	110.44	120.00	116.00	-4.00	-3.3%
la Occ. Info. Coord. (ISOICC)	1.77	1.75	1.75	0.00	0.0%
AIDS Education	1.25	1.25	1.25	0.00	0.0%
Comprehensive School Reform	0.00	1.00	1.00	0.00	0.0%
School Bus Driver Permit	0.06	3.00	3.00	0.00	0.0%
Miscellaneous Federal Grants	0.11	0.00	0.00	0.00	

Education

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Education, Department of (cont.)</u>					
Unappropriated (cont.)					
Even Start	0.50	0.30	0.30	0.00	0.0%
Headstart Collaborative Grant	1.26	1.00	1.00	0.00	0.0%
School Renovation Program	0.48	0.27	0.00	-0.27	-100.0%
Gates Foundation Leadership Gr.	0.44	1.00	1.00	0.00	0.0%
ESEA Title 2	1.75	0.04	0.00	-0.04	-100.0%
Bilingual Education Title 3	1.15	0.15	0.00	-0.15	-100.0%
Vocational Education Act	8.59	10.00	10.00	0.00	0.0%
Homeless Child and Adults	0.50	1.25	1.25	0.00	0.0%
Total Unappropriated	<u>250.67</u>	<u>296.72</u>	<u>286.17</u>	<u>-10.55</u>	<u>-3.6%</u>
Total Education, Department of	<u>749.30</u>	<u>830.32</u>	<u>806.77</u>	<u>-23.55</u>	<u>-2.8%</u>
<u>Regents, Board of</u>					
Regents, Board of					
Regents Board Office	15.25	16.00	17.00	1.00	6.3%
UNI Re. Educ. Program	1.00	1.00	0.00	-1.00	-100.0%
Total Regents, Board of	<u>16.25</u>	<u>17.00</u>	<u>17.00</u>	<u>0.00</u>	<u>0.0%</u>
University of Iowa					
Univ. of Iowa: Gen. University	3,799.71	4,055.62	4,105.07	49.45	1.2%
Indigent Patient Program: UIHC	5,580.93	5,471.01	5,471.01	0.00	0.0%
Psychiatric Hospital	285.95	272.11	272.11	0.00	0.0%
Center Dis. & Dev. (Hosp-Sch)	129.40	143.34	143.34	0.00	0.0%
Oakdale Campus	43.25	43.25	43.25	0.00	0.0%
University Hygienic Laboratory	102.23	102.49	102.49	0.00	0.0%
Family Practice Program	190.62	192.40	192.40	0.00	0.0%
SCHS - Hemophilia, Cancer	59.65	53.46	53.46	0.00	0.0%
State of Iowa Cancer Registry	1.31	2.40	5.75	3.35	139.6%

Education

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Regents, Board of (cont.)</u>					
University of Iowa (cont.)					
SUI Substance Abuse Consortium	0.45	1.50	1.50	0.00	0.0%
Biocatalysis	7.27	5.20	5.20	0.00	0.0%
Primary Health Care	7.71	7.75	7.75	0.00	0.0%
Iowa Birth Defects Registry	1.30	1.30	1.30	0.00	0.0%
Total University of Iowa	10,209.78	10,351.83	10,404.63	52.80	0.5%
Iowa State University					
Iowa State: Gen. University	3,899.74	3,647.42	3,690.42	43.00	1.2%
ISU-Ag. & Home Ec. Exp. Sta.	523.32	546.98	546.98	0.00	0.0%
ISU - Cooperative Extension	361.42	383.34	383.34	0.00	0.0%
ISU Leopold Center	9.45	11.25	11.25	0.00	0.0%
Livestock Disease Research	2.23	0.00	0.00	0.00	
Total Iowa State University	4,796.16	4,588.99	4,631.99	43.00	0.9%
Univ. of Northern Iowa					
University of Northern Iowa	1,428.79	1,428.79	1,432.01	3.22	0.2%
Recycling & Reuse Center	0.89	0.89	2.00	1.11	124.7%
Total Univ. of Northern Iowa	1,429.68	1,429.68	1,434.01	4.33	0.3%
Special Schools					
Iowa School for the Deaf	126.60	129.60	127.60	-2.00	-1.5%
Braille & Sight Saving School	75.46	81.00	86.34	5.34	6.6%
Total Special Schools	202.06	210.60	213.94	3.34	1.6%
Unappropriated					
SUI Restricted	1,683.50	1,683.50	1,683.50	0.00	0.0%
ISD Restricted	7.01	8.25	7.61	-0.64	-7.8%
IBSSS Restricted	16.50	18.49	18.49	0.00	0.0%
UNI Restricted	145.00	140.00	83.80	-56.20	-40.1%

Education

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Regents, Board of (cont.)</u>					
Unappropriated (cont.)					
UNI Organized Activities	150.00	150.00	60.50	-89.50	-59.7%
ISU Organized Activities	556.26	541.78	541.78	0.00	0.0%
ISU Restricted	1,810.78	1,764.20	1,763.66	-0.54	0.0%
SUI Organized Activities	680.43	680.43	680.43	0.00	0.0%
SUI Auxiliary Enterprises	1,003.77	1,003.77	1,003.77	0.00	0.0%
ISU Auxiliary Enterprises	988.28	881.75	960.17	78.42	8.9%
UNI Auxiliary Enterprises	340.50	340.50	235.30	-105.20	-30.9%
SUI Stores, Services & Revolv	1,627.51	1,627.51	1,627.51	0.00	0.0%
Total Unappropriated	<u>9,009.54</u>	<u>8,840.18</u>	<u>8,666.52</u>	<u>-173.66</u>	<u>-2.0%</u>
Total Regents, Board of	<u>25,663.47</u>	<u>25,438.28</u>	<u>25,368.09</u>	<u>-70.19</u>	<u>-0.3%</u>
Total Education	<u><u>26,527.70</u></u>	<u><u>26,385.60</u></u>	<u><u>26,291.26</u></u>	<u><u>-94.34</u></u>	<u><u>-0.4%</u></u>

Health and Human Rights

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Blind, Iowa Commission for the</u>					
Department for the Blind	98.23	106.50	106.50	0.00	0.0%
<u>Civil Rights Commission</u>					
Civil Rights Commission	34.89	35.00	28.00	-7.00	-20.0%
<u>Elder Affairs, Department of</u>					
Aging Programs	24.82	27.50	27.50	0.00	0.0%
Aging Programs - SLTF	5.48	6.00	6.00	0.00	0.0%
Total Elder Affairs, Department of	30.30	33.50	33.50	0.00	0.0%
<u>Gov. Office of Drug Control Policy</u>					
Drug Policy Coordinator	12.82	11.00	8.00	-3.00	-27.3%
<u>Health, Department of Public</u>					
Department of Public Health					
Tobacco Use Prev./Control-HITT	11.18	11.25	11.25	0.00	0.0%
Healthy Iowans 2010 - HITT	4.15	4.00	4.00	0.00	0.0%
Addictive Disorders	13.55	13.70	13.75	0.05	0.4%
Adult Wellness	22.55	23.75	23.85	0.10	0.4%
Child and Adolescent Wellness	45.08	44.45	44.15	-0.30	-0.7%
Chronic Conditions	8.30	11.15	11.15	0.00	0.0%
Community Capacity - GF	22.33	24.91	25.10	0.19	0.8%
Elderly Wellness	5.14	4.35	4.35	0.00	0.0%
Environmental Hazards	7.02	11.00	8.50	-2.50	-22.7%
Infectious Diseases	33.62	36.70	36.90	0.20	0.5%
Injuries	8.18	6.85	7.05	0.20	2.9%

Health and Human Rights

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Health, Department of Public (cont.)</u>					
Department of Public Health (cont.)					
Public Protection	123.60	144.72	147.10	2.38	1.6%
Resource Management	49.40	53.15	53.15	0.00	0.0%
Total Department of Public Health	354.10	389.98	390.30	0.32	0.1%
Unappropriated					
Vital Records Modernization	25.72	29.25	28.25	-1.00	-3.4%
Total Health, Department of Public	379.82	419.23	418.55	-0.68	-0.2%
<u>Human Rights, Department of</u>					
Human Rights, Dept. of					
Administration	7.00	7.00	7.00	0.00	0.0%
Deaf Services	4.49	7.00	7.00	0.00	0.0%
Persons with Disabilities	2.78	3.50	3.50	0.00	0.0%
Division of Latino Affairs	2.97	3.00	3.00	0.00	0.0%
Status of Women	2.96	3.00	3.00	0.00	0.0%
Status of African Americans	1.08	2.00	2.00	0.00	0.0%
Criminal & Juvenile Justice	7.88	6.96	6.96	0.00	0.0%
Community Grant Fund	1.23	0.00	0.00	0.00	
Total Human Rights, Dept. of	30.39	32.46	32.46	0.00	0.0%
Unappropriated					
Weatherization-D.O.E.	5.57	6.39	6.39	0.00	0.0%
Justice Assistance Act	4.68	1.55	0.00	-1.55	-100.0%
Juvenile Accountability	1.51	0.00	0.00	0.00	
Oil Overcharge Weatherization	0.30	0.20	0.20	0.00	0.0%
Low Income Energy Assistance	3.23	3.20	3.20	0.00	0.0%
Weatherization - HHS (LEAP)	0.60	0.00	0.00	0.00	

Health and Human Rights

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Human Rights, Department of (cont.)</u>					
Unappropriated (cont.)					
Juvenile Accountability Grant	0.09	3.41	3.41	0.00	0.0%
CSBG - Community Action Agcy	5.46	5.21	5.22	0.01	0.2%
Disability Donations & Grants	1.54	1.75	1.75	0.00	0.0%
Total Unappropriated	<u>22.98</u>	<u>21.71</u>	<u>20.17</u>	<u>-1.54</u>	<u>-7.1%</u>
Total Human Rights, Department of	<u>53.37</u>	<u>54.17</u>	<u>52.63</u>	<u>-1.54</u>	<u>-2.8%</u>
<u>Veterans Affairs, Comm. of</u>					
Veterans Affairs, Comm. of					
Veterans Affairs, Comm of	3.24	3.00	3.00	0.00	0.0%
Iowa Veterans Home	803.19	843.00	843.00	0.00	0.0%
Total Veterans Affairs, Comm. of	<u>806.43</u>	<u>846.00</u>	<u>846.00</u>	<u>0.00</u>	<u>0.0%</u>
Unappropriated					
Iowa Veterans Home Canteen	5.35	4.86	4.86	0.00	0.0%
Total Veterans Affairs, Comm. of	<u>811.78</u>	<u>850.86</u>	<u>850.86</u>	<u>0.00</u>	<u>0.0%</u>
Total Health and Human Rights	<u>1,421.21</u>	<u>1,510.26</u>	<u>1,498.04</u>	<u>-12.22</u>	<u>-0.8%</u>

Human Services

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Human Services, Department of</u>					
Economic Assistance					
Family Investment Program	8.49	8.00	12.00	4.00	50.0%
Child Support Recoveries	<u>357.82</u>	<u>405.00</u>	<u>405.00</u>	<u>0.00</u>	<u>0.0%</u>
Total Economic Assistance	366.31	413.00	417.00	4.00	1.0%
Medical Services					
Health Insurance Premium Pmt.	15.51	19.95	21.00	1.05	5.3%
Child and Family Services					
Toledo Juvenile Home	127.67	120.25	130.54	10.29	8.6%
Eldora Training School	211.33	223.63	218.53	-5.10	-2.3%
Community Based Services	0.99	0.00	0.00	0.00	
Child and Family Services	<u>0.46</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
Total Child and Family Services	340.45	343.88	349.07	5.19	1.5%
MH/MR/DD/BI					
Cherokee Mental Health Inst.	225.05	227.50	227.65	0.15	0.1%
Clarinda Mental Health Inst.	121.07	122.15	118.15	-4.00	-3.3%
Independence Mental Health Ins	316.32	283.00	317.80	34.80	12.3%
Mt. Pleasant Mental Health Ins	97.75	100.07	86.44	-13.63	-13.6%
Glenwood Resource Center	810.83	877.75	877.75	0.00	0.0%
Woodward Resource Center	634.25	673.76	673.76	0.00	0.0%
Sexual Predator Civil Commit.	<u>19.00</u>	<u>44.00</u>	<u>68.14</u>	<u>24.14</u>	<u>54.9%</u>
Total MH/MR/DD/BI	2,224.27	2,328.23	2,369.69	41.46	1.8%
Managing and Delivering Services					
Field Operations	1,895.23	1,771.50	1,951.00	179.50	10.1%
General Administration	<u>307.11</u>	<u>323.50</u>	<u>286.00</u>	<u>-37.50</u>	<u>-11.6%</u>
Total Managing and Delivering Services	2,202.34	2,095.00	2,237.00	142.00	6.8%

Human Services

FTE

	Actual FY 2002 <u>(1)</u>	Estimated FY 2003 <u>(2)</u>	Dept Request FY 2004 <u>(3)</u>	Dept. Req. vs Est. FY 2003 <u>(4)</u>	Percent Change <u>(5)</u>
<u>Human Services, Department of (cont.)</u>					
Unappropriated					
MI/MR/DD Case Management	104.17	122.44	121.32	-1.12	-0.9%
Iowa Refugee Service Center	24.82	28.87	28.87	0.00	0.0%
Refugee Resettlement	0.52	1.51	1.51	0.00	0.0%
Child Abuse Project	4.47	5.00	5.00	0.00	0.0%
Community MH Block Grant	0.99	1.00	1.00	0.00	0.0%
Eldora Canteen Fund	0.44	0.25	0.25	0.00	0.0%
Mt. Pleasant Canteen Fund	0.70	0.70	0.70	0.00	0.0%
IV-E Independent Living Grant	9.90	10.00	10.00	0.00	0.0%
Glenwood Canteen Fund	2.66	2.66	2.66	0.00	0.0%
Woodward Warehouse Rev. Fund	5.02	5.80	5.80	0.00	0.0%
Total Unappropriated	<u>153.69</u>	<u>178.23</u>	<u>177.11</u>	<u>-1.12</u>	<u>-0.6%</u>
Total Human Services	<u><u>5,302.57</u></u>	<u><u>5,378.29</u></u>	<u><u>5,570.87</u></u>	<u><u>192.58</u></u>	<u><u>3.6%</u></u>

Justice System

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Justice, Department of</u>					
General Office A.G.	194.94	207.50	207.50	0.00	0.0%
Consumer Advocate	25.09	27.00	27.00	0.00	0.0%
Victim Compensation Fund	19.89	20.00	20.00	0.00	0.0%
Total Justice, Department of	239.92	254.50	254.50	0.00	0.0%
<u>Corrections, Department of</u>					
CBC Districts					
CBC District I	200.26	200.26	200.26	0.00	0.0%
CBC District II	140.84	140.34	140.34	0.00	0.0%
CBC District III	82.99	80.49	80.49	0.00	0.0%
CBC District IV	73.42	74.17	74.26	0.09	0.1%
CBC District V	219.53	228.03	226.03	-2.00	-0.9%
CBC District VI	194.28	195.28	192.28	-3.00	-1.5%
CBC District VII	104.45	99.45	99.45	0.00	0.0%
CBC District VIII	89.35	90.35	90.35	0.00	0.0%
Total CBC Districts	1,105.12	1,108.37	1,103.46	-4.91	-0.4%
Corrections Central Office					
Central Office Corrections	34.10	42.18	42.18	0.00	0.0%
Corrections Training Center	6.29	0.00	0.00	0.00	
Total Corrections Central Office	40.39	42.18	42.18	0.00	0.0%
Corrections Institutions					
Ft. Madison Inst.	478.67	554.06	576.50	22.44	4.1%
Anamosa Inst.	362.59	379.75	375.75	-4.00	-1.1%
Oakdale Inst.	318.40	326.50	326.50	0.00	0.0%
Newton Inst.	342.55	371.25	371.25	0.00	0.0%
Mt Pleasant Inst.	326.32	331.06	327.06	-4.00	-1.2%
Rockwell City Inst.	108.49	110.00	110.00	0.00	0.0%

Justice System

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Corrections, Department of (cont.)</u>					
Corrections Institutions (cont.)					
Clarinda Inst.	277.99	291.76	291.76	0.00	0.0%
Mitchellville Inst.	198.18	216.00	216.00	0.00	0.0%
Ft. Dodge Inst.	375.99	394.00	394.00	0.00	0.0%
Total Corrections Institutions	2,789.18	2,974.38	2,988.82	14.44	0.5%
Unappropriated					
IMCC Inmate Tele. Rebate	2.01	6.00	6.00	0.00	0.0%
Anamosa Canteen Fund	1.61	1.00	1.00	0.00	0.0%
Oakdale Canteen Fund	0.00	1.00	1.00	0.00	0.0%
Mt. Pleasant Canteen Fund	1.80	1.80	1.80	0.00	0.0%
Consolidated Farm Operations	5.05	6.00	6.00	0.00	0.0%
Iowa State Industries	83.21	79.34	79.34	0.00	0.0%
Recycling Program	0.00	1.00	1.00	0.00	0.0%
Total Unappropriated	93.68	96.14	96.14	0.00	0.0%
Total Corrections, Department of	4,028.37	4,221.07	4,230.60	9.53	0.2%
<u>IA Telecommun & Technology Commission</u>					
IA Telecomm. & Technology	104.11	105.10	104.99	-0.11	-0.1%
<u>Inspections & Appeals, Dept of</u>					
Public Defender	194.45	202.00	202.00	0.00	0.0%
<u>Judicial Branch</u>					
Judicial Branch	2,104.38	1,919.01	1,921.01	2.00	0.1%
<u>Law Enforcement Academy</u>					
Operations	29.71	30.05	30.05	0.00	0.0%

Justice System

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Parole, Board of</u>					
Parole Board	13.63	16.00	16.50	0.50	3.1%
<u>Public Defense, Department of</u>					
Public Defense, Dept. of					
Military Division	256.33	290.01	298.00	7.99	2.8%
Emergency Management Division					
Emergency Management Division	24.72	25.25	25.25	0.00	0.0%
Unappropriated					
Wireless E911 Surcharge	2.50	2.50	2.50	0.00	0.0%
Hazard Mitigation #1121	0.00	1.00	1.00	0.00	0.0%
Nat. Guard Fac. Impr. Fund	2.93	3.70	3.20	-0.50	-13.5%
Military Operations Fund	3.49	4.00	4.00	0.00	0.0%
Power Plant Funds	4.02	5.50	5.50	0.00	0.0%
Hazard Mitigation	3.28	5.75	5.75	0.00	0.0%
State & Local Assistance	2.61	3.00	3.75	0.75	25.0%
Emergency Response Fund	0.80	0.80	0.80	0.00	0.0%
Haz. Mat. Trans. UNIF Safety Act	0.70	1.70	1.70	0.00	0.0%
93 Summer Flood	0.00	2.00	2.00	0.00	0.0%
Title III, Haz Mat Train Fund	0.00	0.00	1.00	1.00	
1999 Storm #1282/Pub. Asst.	1.50	1.50	1.50	0.00	0.0%
Total Unappropriated	<u>21.83</u>	<u>31.45</u>	<u>32.70</u>	<u>1.25</u>	4.0%
Total Public Defense, Department of	<u>302.88</u>	<u>346.71</u>	<u>355.95</u>	<u>9.24</u>	2.7%
<u>Public Safety, Department of</u>					
Public Safety, Dept. of					
Public Safety Administration	36.97	38.50	38.50	0.00	0.0%
Investigation, DCI	223.02	230.50	230.50	0.00	0.0%

Justice System

FTE

	Actual FY 2002 <u>(1)</u>	Estimated FY 2003 <u>(2)</u>	Dept Request FY 2004 <u>(3)</u>	Dept. Req. vs Est. FY 2003 <u>(4)</u>	Percent Change <u>(5)</u>
Public Safety, Department of (cont.)					
Public Safety, Dept. of (cont.)					
Narcotics Enforcement	55.16	61.00	61.00	0.00	0.0%
Fire Marshal	34.80	40.00	40.00	0.00	0.0%
Fire Service	8.49	12.00	12.00	0.00	0.0%
Capitol Police	26.10	26.00	26.00	0.00	0.0%
Iowa State Patrol	533.98	543.00	544.00	1.00	0.2%
Fire Fighter Training	0.98	1.00	1.00	0.00	0.0%
Capitol Security - RIIF	0.00	0.00	5.00	5.00	
Total Public Safety, Dept. of	<u>919.50</u>	<u>952.00</u>	<u>958.00</u>	<u>6.00</u>	0.6%
Unappropriated					
Peace Officers Retirement Fund	1.00	1.00	1.00	0.00	0.0%
Total Public Safety, Department of	<u>920.50</u>	<u>953.00</u>	<u>959.00</u>	<u>6.00</u>	0.6%
Total Justice System	<u><u>7,937.95</u></u>	<u><u>8,047.44</u></u>	<u><u>8,074.60</u></u>	<u><u>27.16</u></u>	0.3%

Trans., Infra., Capitals

FTE

	Actual FY 2002 <u>(1)</u>	Estimated FY 2003 <u>(2)</u>	Dept Request FY 2004 <u>(3)</u>	Dept. Req. vs Est. FY 2003 <u>(4)</u>	Percent Change <u>(5)</u>
<u>Transportation, Department of</u>					
Primary Road Fund					
Operations & Finance	285.62	267.00	270.00	3.00	1.1%
Administrative Services	40.51	37.00	37.00	0.00	0.0%
Planning & Programming	130.41	146.00	142.00	-4.00	-2.7%
Highway Division	2,386.53	2,482.00	2,485.00	3.00	0.1%
Motor Vehicle	503.59	526.00	508.00	-18.00	-3.4%
Total Primary Road Fund	<u>3,346.66</u>	<u>3,458.00</u>	<u>3,442.00</u>	<u>-16.00</u>	<u>-0.5%</u>
Unappropriated					
Highway Beautification Fund	7.74	9.00	9.00	0.00	0.0%
Materials and Equipment Rev. Fund	81.22	87.98	87.00	-0.98	-1.1%
Total Unappropriated	<u>88.96</u>	<u>96.98</u>	<u>96.00</u>	<u>-0.98</u>	<u>-1.0%</u>
Total Trans., Infra., & Capitals	<u><u>3,435.62</u></u>	<u><u>3,554.98</u></u>	<u><u>3,538.00</u></u>	<u><u>-16.98</u></u>	<u><u>-0.5%</u></u>

Unassigned Standing

FTE

	<u>Actual</u> <u>FY 2002</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2003</u> <u>(2)</u>	<u>Dept Request</u> <u>FY 2004</u> <u>(3)</u>	<u>Dept. Req. vs</u> <u>Est. FY 2003</u> <u>(4)</u>	<u>Percent</u> <u>Change</u> <u>(5)</u>
<u>Legislative Branch</u>					
Legislature	412.09	412.09	412.09	0.00	0.0%
<u>Public Defense, Department of</u>					
Compensation & Expense	<u>0.20</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
Total Unassigned Standing	<u><u>412.29</u></u>	<u><u>412.09</u></u>	<u><u>412.09</u></u>	<u><u>0.00</u></u>	0.0%

APPENDIX B

**PROJECTED FY 2004 BUILT-IN AND ANTICIPATED
GENERAL FUND EXPENDITURES**

(Dollars in Millions)

Incremental Built-in Increases and Decreases	LFB Estimates
K-12 School Foundation Aid (FY 2004 Allowable Growth)	\$ 94.7
M & E Property Tax Replacement Fund	0.7
Homestead Tax Credit	8.4
Agricultural Land Tax Credit	3.6
Property Tax Replacement	5.2
Elderly and Disabled Tax Credit	0.9
Other Tax Credits	0.9
Human Services – Medical Assistance	97.7
Human Services – State Children’s Health Insurance Program	0.4
Mental Health Growth Factor	4.9
Human Services – State Cases	0.4
Education – Early Intervention Block Grant	-30.0
Educational Excellence	14.0
Education – At-Risk Early Childhood Education	1.0
School to Career Program	0.5
State Appeal Board Claims	2.5
Cash Reserve Fund Appropriation	45.3
Endowment for Iowa’s Health Account Appropriation	28.3
 Total Built-in Increases and Decreases	 <u>\$ 279.4</u>

PROJECTED FY 2004 BUILT-IN AND ANTICIPATED GENERAL FUND EXPENDITURES (CONTINUED)

(Dollars in Millions)

Anticipated Incremental Increases and Decreases	LFB Estimates
Collective Bargaining Salary Packages	\$ 41.1
Salary Adjustment Add-Back	41.1
State Employee Furlough Add-Back	33.5
Education - Teacher Quality/Student Achievement	26.0
Corrections – Ft. Madison Special Needs Unit Start-up Costs	2.1
Inspections and Appeals - Indigent Defense	2.7
General Services Parking Structure Operational Costs	0.1
Judicial Branch – Retirement Fund Contribution	2.2
Judicial Branch – New Building Operational Costs	1.0
Public Safety – Capitol Security	0.9
Regents – Tuition Replacement	13.3
Education – College Student Aid Work Study Program	2.8
Human Services – Children/Families/Caseload Increase/Adjustment	0.7
Human Services – Sexual Predators Civil Commitment and Treatment	0.7
Natural Resources – Park Operations	0.7
Agriculture – Soil Conservation Cost Share Staff	1.2
Total Anticipated Increases and Decreases	\$ 170.1
TOTAL PROJECTED EXPENDITURES	\$ 449.5

FY 2004 ESTIMATED GENERAL FUND EXPENDITURES

Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 2004 vs. FY 2003 (4)	Options for Reductions and Other Options (5)	Savings (6)
K-12 School Foundation Aid <i>Standing Unlimited Appropriation</i>	The School Foundation Program establishes limits and controls on local school district spending authority. By formula, the Program determines the amount of State Aid and local property tax used in funding the majority of school district budgets.	<ul style="list-style-type: none"> Assumes 2.0% allowable growth. 	\$ 94.7	<ul style="list-style-type: none"> A reduction to allowable growth by each 1.0% will reduce State Aid by approximately by \$22.5 million. 	\$ 22.5
		<ul style="list-style-type: none"> Assumes increase in taxable valuations of 2.2%. 		<ul style="list-style-type: none"> Increasing the Uniform Levy from \$5.40 to \$5.50 is estimated to reduce State Aid by \$10.1 million. This option will increase local property tax by the amount reduced to State aid. 	\$ 10.1
		<ul style="list-style-type: none"> Assumes enrollment decrease of 0.6%. 		<ul style="list-style-type: none"> Reducing the Regular Program Foundation Level from 87.5% to 86.5% will reduce State Aid and increase local property tax. 	\$ 22.7
		<ul style="list-style-type: none"> Assumes special education weighting increase of 4.0% Assumes supplemental weighting for shared pupil/teacher increase of 10.0%. Assumes an English as a Second Language weighting increase of 11.0%. In FY 2003, \$45.0 million was appropriated for State Aid from non-General Fund sources. This estimate assumes the \$45.0 million will be from the General Fund in FY 2004. 		<ul style="list-style-type: none"> Reducing the FY 2003 State Cost per Pupil and District Cost per Pupil by \$200 and reducing the AEA Special Education Cost per Pupil by \$25. 	\$ 111.2

Projected FY 2004 Built-in and Anticipated Expenditures

FY 2004 ESTIMATED GENERAL FUND EXPENDITURES

Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 2004 vs. FY 2003 (4)	Options for Reductions and Other Options (5)	Savings (6)
Machinery and Equipment (M & E) Property Tax Replacement Fund <i>Standing Unlimited Appropriation</i>	Due to the phase out of the property tax on M&E, current law provides for the replacement of lost valuation compared to the base year (FY 1996). House File 2165 (1996 Legislative Session) expanded the replacement to include tax increment financing (TIF) districts.	<ul style="list-style-type: none"> Based on the Department of Revenue and Finance estimate of local government claim to be filed. 	\$ 0.7	<ul style="list-style-type: none"> Maintain the FY 2003 funding level. 	\$ 0.7
Homestead Tax Credit <i>Standing Unlimited Appropriation</i>	Provides a property tax credit for residential homeowners.	<ul style="list-style-type: none"> Estimated base on an increased number of homesteads as well as levy rate changes. Restores FY 2003 funding reductions. 	\$ 8.4	<ul style="list-style-type: none"> Maintain the FY 2003 funding level. 	\$ 8.4
Agricultural Land Tax Credit <i>Standing Limited Appropriation</i>	Provides a property tax credit to individuals for qualified lands used for agricultural purposes. Includes the Family Farm Tax Credit.	<ul style="list-style-type: none"> The increase restores the reductions enacted in FY 2003. 	\$ 3.6	<ul style="list-style-type: none"> Maintain the FY 2003 funding level. 	\$ 3.6
Property Tax Replacement <i>Standing Limited Appropriation</i>	Provides property tax relief to counties. In past years, the State levied a property tax on certain personal property. This appropriation replaces local revenue lost when the property was made exempt from taxation.	<ul style="list-style-type: none"> The increase restores the reductions enacted in FY 2003. 	\$ 5.2	<ul style="list-style-type: none"> Maintain the FY 2003 funding level. 	\$ 5.2

FY 2004 ESTIMATED GENERAL FUND EXPENDITURES

Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 2004 vs. FY 2003 (4)	Options for Reductions and Other Options (5)	Savings (6)
Elderly and Disabled Tax Credit <i>Standing Limited Appropriation</i>	Provides a property tax credit for low-income elderly or disabled taxpayers.	<ul style="list-style-type: none"> Based on actual FY 2002 tax credits. 	\$ 0.9	<ul style="list-style-type: none"> Maintain the FY 2003 funding level. 	\$ 0.9
Other Tax Credits and Tax Administration Appropriations <i>Standing Limited Appropriations</i>	Includes: Franchise Tax Reimbursement and Military Service Tax Credit.	<ul style="list-style-type: none"> The increase restores the reductions enacted in FY 2003. 	\$ 0.9	<ul style="list-style-type: none"> Maintain the FY 2003 funding level. 	\$ 0.9

FY 2004 ESTIMATED GENERAL FUND EXPENDITURES

Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 2004 vs. FY 2003 (4)	Options for Reductions and Other Options (5)	Savings (6)
Human Services – Medical Assistance <i>Appropriation</i>	Medical Assistance is a state/federal entitlement program that provides medical services to eligible low-income recipients. To qualify for federal funding, the State must reimburse providers for certain mandatory services. The State has the option to provide coverage of additional services and can elect to expand coverage to optional eligibility groups. Iowa is currently covering most of the optional services and optional eligibility groups for which federal funding is available. The State also has the ability to set the rates it uses to reimburse service providers, within federal guidelines.	<ul style="list-style-type: none"> • Increased provider reimbursements (\$58.0 million) due to increased eligibles and increased utilization above FY 2003 appropriation. • Increased provider reimbursements (\$39.7 million) due to increased eligibles and increased utilization above FY 2003 projected expenditure level. This includes: <ul style="list-style-type: none"> • A 19.6% increase in drug product costs. • A 6.0% increase for nursing facilities due to case-mix reimbursement methodology. • Increased waiver expenditures. 	\$ 97.7	<ul style="list-style-type: none"> • Increase Federal Match percentage. Requires Congressional Action and is temporary. A 1.0% increase will save \$7.0 million. • Reduce or eliminate optional Medicaid coverage groups. The savings will depend on the options eliminated. • Reduce current provider rates. The savings depends on which provider rates are adjusted. • Eliminate optional services. The savings will depend on the options eliminated. • Increase co-pays for products or services provided by the Medical Assistance Program. No estimate available. 	\$ 7.0

FY 2004 ESTIMATED GENERAL FUND EXPENDITURES

Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 2004 vs. FY 2003 (4)	Options for Reductions and Other Options (5)	Savings (6)
Human Services – State Children’s Health Insurance Program <i>Appropriation</i>	The State Children’s Health Insurance Program (CHIP) provides health insurance to low-income uninsured children living in families with incomes below 200.0% of the federal poverty level.	<ul style="list-style-type: none"> • Includes a 25.0% increase in Healthy and Well Kids in Iowa (<i>hawk-i</i>) enrollment and a 20.0% increase in the Medicaid expansion enrollment over the FY 2003 projected enrollment. • A decrease of \$2.2 million is the projected carry forward from FY 2003. 	\$ 0.4	<ul style="list-style-type: none"> • Initiate waiting list, change benefit package currently offered, improve federal legislation related to Program requirements and allotments. The amount of the savings is not available. 	
Mental Health Growth Factor <i>Appropriation</i>	The Mental Health Growth Factor provides an increase for inflation applied to the sum of the county base expenditures for county Mental Health/Mental Retardation/Developmental Disabilities Services funds and the previous allowable growth appropriation.	<ul style="list-style-type: none"> • A 2.1424% increase of the base expenditure calculation was the result of enactment of HF 2623 (FY 2003 Omnibus Appropriations Act). 	\$ 4.9	<ul style="list-style-type: none"> • Eliminate the FY 2004 increase enacted in HF 2623. • Eliminate the FY 2004 allowable growth for mental health expenditures. 	\$ 4.9 \$ 19.1

FY 2004 ESTIMATED GENERAL FUND EXPENDITURES

Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 2004 vs. FY 2003 (4)	Options for Reductions and Other Options (5)	Savings (6)
Education – At-Risk Early Childhood Education <i>Standing Limited Appropriation</i>	Provides grants to preschool and K-3 programs to enhance at-risk early childhood education.	<ul style="list-style-type: none"> The standing appropriation was reduced in FY 2002 and FY 2003. Without further action by the General Assembly, it will revert to the statutory amount of \$12.6 million in FY 2004. 	\$ 1.0	<ul style="list-style-type: none"> Notwithstanding the appropriation and maintain the FY 2003 funding level of \$11.6 million. 	\$ 1.0
School to Career Program <i>Standing Limited Appropriation</i>	Provides post-secondary training (classroom training and company internships) in career fields needed by employers. The employer funds a portion of the student's post-secondary education or apprenticeship training and receives a partial reimbursement for the student employee's wages.	<ul style="list-style-type: none"> Section 15.365, <u>Code of Iowa</u>, appropriates up to \$500,000 annually for the Program. In FY 2003, this Section was notwithstanding and \$28,498 was appropriated. 	\$ 0.5	<ul style="list-style-type: none"> Notwithstanding Section 15.365 and appropriate a lesser amount. The Department of Economic Development is requesting the same funding for FY 2004 compared to FY 2003. 	\$ 0.5

FY 2004 ESTIMATED GENERAL FUND EXPENDITURES

Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 2004 vs. FY 2003 (4)	Options for Reductions and Other Options (5)	Savings (6)
State Appeal Board Claims <i>Standing Unlimited</i>	<ul style="list-style-type: none"> • The Board is composed of the Auditor, Treasurer and the Director of the Department of Management. (Section 73A.1, <u>Code of Iowa</u>) • The Board authorizes claims under: <ul style="list-style-type: none"> • Chapter 25, <u>Code of Iowa</u>, for the payment of bills, fees, refunds, and credits; and • Chapter 669, <u>Code of Iowa</u>, State Tort Claims. • Payment is made from the appropriation or fund of original certification of the claim, unless the appropriation or fund has reverted. Then the payment is from un-obligated State funds. 	<ul style="list-style-type: none"> • Increase based on historical level of claims paid through the Appeal Board. • In FY 2001, the State paid \$8.0 million in claims. • In FY 2002, Appeal Board claims totaled approximately \$7.0 million. • In FY 2003, the General Assembly appropriated \$4.5 million for claims. • The FY 2004 claims are estimated to be \$7.0 million 	\$ 2.5	<ul style="list-style-type: none"> • Section 25.7, <u>Code of Iowa</u>, provides that any claim against the State presented to the General Assembly through the State Appeal Board, and the General Assembly has refused to make an appropriation, such refusal constitutes adjudication against the claim, which bars any further proceedings before the General Assembly for the payment of the claim. No estimate for savings provided. 	

FY 2004 ESTIMATED GENERAL FUND EXPENDITURES

Built-In Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 2004 vs. FY 2003 (4)	Options for Reductions and Other Options (5)	Savings (6)
Cash Reserve Fund Appropriation <i>Standing Unlimited Appropriation</i>	Section 8.57(1)(a)(2), <u>Code of Iowa</u> , requires a General Fund appropriation to the Cash Reserve Fund if the ending balance of the General Fund (that is transferred to the Cash Reserve Fund) is not sufficient for the Cash Reserve Fund to reach 7.5% of the adjusted revenue estimate for the current fiscal year.	<ul style="list-style-type: none"> • The projected General Fund ending balance is not sufficient for the Cash Reserve Fund to reach a balance of 7.5% of the adjusted revenue estimate for FY 2004 as determined by the Revenue Estimating Conference in December 2002. 	\$ 45.3	<ul style="list-style-type: none"> • Notwithstanding Section 8.57(1)(a)(2), <u>Code of Iowa</u>, and maintain a balance in the Cash Reserve Fund that is less than 7.5%. 	\$ 45.3
Endowment for Iowa's Health Account <i>Standing Limited Appropriation</i>	Senate File 533 (FY 2002 Tobacco Securitization Appropriations Act) established a six-year standing limited appropriation beginning in FY 2002 to the Endowment for Healthy Iowans. The amounts are as follows: <ul style="list-style-type: none"> • FY 2002 - \$7.2 million • FY 2003 - \$27.1 million • FY 2004 - \$28.3 million • FY 2005 - \$29.8 million • FY 2006 - \$29.6 million • FY 2007 - \$17.8 million 	<ul style="list-style-type: none"> • The appropriations for FY 2002 and FY 2003 were deappropriated. • The standing appropriation for FY 2004 is \$28.3 million. 	\$ 28.3	<ul style="list-style-type: none"> • Reduction of this appropriation may cause cash-flow problems for the Endowment which is mandated to appropriate a minimum of \$56.7 million to the Healthy Iowans Tobacco Trust in FY 2004. 	

FY 2004 ESTIMATED GENERAL FUND EXPENDITURES

Anticipated Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 2004 vs. FY 2003 (4)	Options for Reductions and Other Options (5)	Savings (6)
Collective Bargaining Salary Packages <i>Appropriation</i>	Estimated salary increases for negotiated collective bargaining costs.	<ul style="list-style-type: none"> • Salary increases are subject to collective bargaining and represent the historical cost. • Based on the FY 2003 funding level of \$41.1 million. • Includes a savings of \$6.1 million for the across-the-board salary delay. 	\$ 41.1	<ul style="list-style-type: none"> • Change salary funding policy from past practice. No estimate for savings provided. 	
Salary Adjustment Add-Back <i>Appropriation</i>	This represents the salary adjustment funds that were appropriated from the Underground Fuel Storage Tank Fund and proceeds received from the Regents demutualization in FY 2003. These are ongoing costs that will be built in to the departments FY 2004 operating budgets.	<ul style="list-style-type: none"> • Based on the FY 2003 funding level of \$41.1 million. 	\$ 41.1	<ul style="list-style-type: none"> • No options identified. 	

FY 2004 ESTIMATED GENERAL FUND EXPENDITURES

Anticipated Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 2004 vs. FY 2003 (4)	Options for Reductions and Other Options (5)	Savings (6)
State Employee Furlough Add-Back <i>Appropriation</i>	This is the amount that State agencies' operating budgets were reduced in FY 2003 as enacted by HF 2627 (Second Omnibus Appropriations Act). These are ongoing costs that will be built in to the departments' FY 2004 operating budgets.	<ul style="list-style-type: none"> Based on the \$33.5 million reduction from state agencies' operating budget in FY 2003. 	\$ 33.5	<ul style="list-style-type: none"> Continue the furlough policy in FY 2004. 	\$ 33.5
Teacher Quality/Student Achievement Program <i>Appropriation</i>	<p>Provides funding to school districts to enhance teacher salaries, for a Beginning Teacher and Mentoring Program, for an evaluator training program for administrators, and a team-based variable pay pilot program.</p> <p>Provides funding to the Department of Education for the implementation of the Career Development Program, for National Board Certification stipends, and for administration costs of the Program. Provides funds for the Board of Educational Examiners for fees and costs to administer the Praxis II Examination.</p>	<ul style="list-style-type: none"> In FY 2003, a total of \$40.0 million was appropriated for this Program. Of this, \$16.1 million was from the General Fund and \$23.9 million from non-General Fund sources. The FY 2004 estimate assumes the Program funding will be at \$42.1 million, which includes an increase of \$2.1 million for teacher salary increases. Assumes the entire amount for FY 2004 will be appropriated from the General Fund. 	\$ 26.0	<ul style="list-style-type: none"> Eliminate the Program requirements and associated funding. 	\$ 16.1

FY 2004 ESTIMATED GENERAL FUND EXPENDITURES

Anticipated Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 2004 vs. FY 2003 (4)	Options for Reductions and Other Options (5)	Savings (6)
<p>Corrections – Fort Madison Special Needs Unit Start up Costs</p> <p><i>Appropriation</i></p>	<ul style="list-style-type: none"> Includes costs associated with new 200-bed Critical Care Unit (CCU) at Fort Madison. 	<ul style="list-style-type: none"> Includes annualized costs for operations. In FY 2003 the appropriation was based on opening a 200-bed facility in three phases. Includes opening beds at Fort Madison to comply with a federal court order. The HF 2615 (Healthy Iowans Tobacco Trust Fund Appropriations Act) includes \$1.1 million for the CCU in FY 2003. If the General Assembly chooses to fund the CCU entirely from the General Fund in FY 2004, then the built-in increase is \$3.1 million for the General Fund and a decrease of \$1.1 million for the Healthy Iowans Tobacco Trust Fund. 	<p>\$ 2.1</p>	<ul style="list-style-type: none"> No options for savings identified. The State is under a federal court order to provide these services. 	

FY 2004 ESTIMATED GENERAL FUND EXPENDITURES

Anticipated Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 2004 vs. FY 2003 (4)	Options for Reductions and Other Options (5)	Savings (6)
Inspections and Appeals – Indigent Defense and State Public Defender <i>Appropriation</i>	The Indigent Defense Fund and State Public Defender’s Office provide legal counsel to indigent adult and juvenile clients to insure their constitutional right to effective legal counsel.	<ul style="list-style-type: none"> • Based on historical growth in claims and FY 2001 actual expenditures. • Provides an additional \$946,000 to the State Public Defender’s Office to fill all positions, as it is more cost effective for the Public Defender to staff cases (\$224 per case) than private attorneys (\$414 per claim). Assumes current authorized FTEs in the Public Defender’s Office will be filled, thereby lowering the overall increase in funds. • Provides an additional \$1.7 million for indigent defense to pay claims at a level that assumes the State Public Defender’s Office is fully funded and staffed in FY 2004. 	\$ 2.7	<ul style="list-style-type: none"> • No estimate provided. • The General Assembly could lower the hourly rates for private attorneys. • The General Assembly could reduce fee limitations for private attorneys by the type of case. These limitations are currently set by administrative rule. 	

FY 2004 ESTIMATED GENERAL FUND EXPENDITURES

Anticipated Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 2004 vs. FY 2003 (4)	Options for Reductions and Other Options (5)	Savings (6)
General Services – Parking Structure Operational Costs <i>Appropriation</i>	The Department will incur costs associated with the opening of a new parking structure located to the northwest of the Capitol Complex.	<ul style="list-style-type: none"> • Includes five months of costs for parking structure operations and maintenance in FY 2004. The operating cost for the FY 2003 and the first seven months of FY 2004 will be paid by the contractor. 	\$ 0.1	<ul style="list-style-type: none"> • The General Assembly could charge a fee for parking to cover the maintenance costs and the costs for fee collection and administration. 	\$ 0.1
Judicial Branch – Retirement Fund Contribution <i>Appropriation</i>	The Judicial Retirement System provides retirement benefits to judges. Pursuant to Section 602.9104(4), <u>Code of Iowa</u> , the employer's contribution rate is 23.7% of all covered judges' salaries.	<ul style="list-style-type: none"> • Assumes a 3.0% cost of living increase. • In FY 2002, (HF 2627 (FY 2003 Second Omnibus Appropriations Act) notwithstanding the <u>Code of Iowa</u> and reduced the employer's contribution rate to 9.9%. • This estimate assumes notwithstanding language is not used in the FY 2004 bill, which means the contribution rate goes to 23.7%. 	\$ 2.2	<ul style="list-style-type: none"> • The July 2002 Actuarial Report recommends an employer contribution rate of 20.2%. If the <u>Code of Iowa</u> was notwithstanding from 23.7% to 20.2%, the savings would be approximately \$721,000. 	\$ 0.7

FY 2004 ESTIMATED GENERAL FUND EXPENDITURES

Anticipated Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 2004 vs. FY 2003 (4)	Options for Reductions and Other Options (5)	Savings (6)
Judicial Branch – Building Operational Costs <i>Appropriation</i>	This includes the costs associated with opening and operating the new Judicial Building.	<ul style="list-style-type: none"> Includes \$1.0 million for the first year of operating and maintenance expenses. 	\$ 1.0	<ul style="list-style-type: none"> No options identified. 	
Public Safety – Capitol Security <i>Appropriation</i>	An agreement under Chapter 28D, <u>Code of Iowa</u> , was created between the Legislature and the Department of Public Safety for Capitol Security.	<ul style="list-style-type: none"> House File 2614 (FY 2003 Infrastructure Appropriations Act) appropriated \$850,000 from Rebuild Iowa Infrastructure Fund to Post 16 for Capitol Security. The \$850,000 is to be used to pay the salaries of 12.0 Security Officers, 1.0 Secretary, as well as maintenance agreements, overtime for Troopers, and training. 	\$ 0.9	<ul style="list-style-type: none"> Continue to fund from the RIIF. 	\$ 0.9

FY 2004 ESTIMATED GENERAL FUND EXPENDITURES

Anticipated Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 2004 vs. FY 2003 (4)	Options for Reductions and Other Options (5)	Savings (6)
Regents – Tuition Replacement <i>Appropriation</i>	Tuition replacement is the appropriation to pay the debt service costs of academic revenue bonds. The bonds are sold when approved by the General Assembly to pay for certain buildings on the campuses of the Regents' institutions. The payments are "guaranteed" with tuition and fee revenues from the students attending the Regents' universities.	<ul style="list-style-type: none"> • Based on current debt service schedules. • In FY 2003, tuition replacement was funded as follows: <ul style="list-style-type: none"> • \$10.5 million from the Restricted Capital Fund as required by the Tobacco Securitization agreement. • \$16.8 million from the State Wagering Tax allocation designated from the Endowment for Iowa's Health Account. • In FY 2004, the total Tuition Replacement appropriation is estimated to be \$24.0 million. Of this, \$10.6 million will be appropriated from the Restricted Capital Fund and \$13.3 million from the General Fund. 	\$ 13.3	<ul style="list-style-type: none"> • The General Assembly is not required by statute to pay this debt service cost. However, failure to pay the debt service cost could result in higher tuitions or jeopardize future bond ratings. • The General Assembly could possibly fund the appropriation from the wagering tax (which is earmarked for the Endowment) in FY 2004. However, this may cause cash-flow problems for the Endowment. The Endowment is mandated to appropriate a minimum of \$56.7 million to the Healthy Iowans Tobacco Trust in FY 2004. 	\$ 13.3

FY 2004 ESTIMATED GENERAL FUND EXPENDITURES

Anticipated Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 2004 vs. FY 2003 (4)	Options for Reductions and Other Options (5)	Savings (6)
Education – College Student Aid Work Study Program <i>Standing Limited Appropriation</i>	This is a standing limited appropriation set at \$2,750,000 in Section 261.85, <u>Code of Iowa</u> . This State funding is provided to colleges and universities to supplement federal work study funds of approximately \$11.0 million annually. The State funding does not serve as a match for the federal funds.	<ul style="list-style-type: none"> This funding was nullified for FY 2003 in SF 2326 (FY 2003 Omnibus Appropriations Act). 	\$ 2.8	<ul style="list-style-type: none"> Nullify the appropriation for FY 2004. Since this is a standing appropriation, the General Assembly will have to take action to nullify it. 	\$ 2.8
Human Services – Children/Families Caseload Increase/Adjustment <i>Appropriation</i>	Maintains child welfare services at the current year cost, with changes in numbers served and per diem rates based on services provided.	<ul style="list-style-type: none"> Based on the DHS FY 2004 request. 	\$ 0.7	<ul style="list-style-type: none"> Do not fund the increase for children and services not expected to be funded by the federal government in FY 2003 due to changes in federal funding methodology. 	\$ 0.7
Human Services – Sexual Predators Civil Commitment and Treatment <i>Appropriation</i>	Long-term mental health treatment of sexually violent predators, with housing at the Iowa Medical Classification Center at Oakdale.	<ul style="list-style-type: none"> Based on the DHS FY 2004 request. 	\$ 0.7	<ul style="list-style-type: none"> Eliminate the Program. 	\$ 3.4

FY 2004 ESTIMATED GENERAL FUND EXPENDITURES

Anticipated Increases and Decreases

(Dollars in Millions)

Programs/Appropriation (1)	Description of Programs (2)	Factors (3)	Current Law FY 2004 vs. FY 2003 (4)	Options for Reductions and Other Options (5)	Savings (6)
Natural Resources – Park Operations <i>Appropriation</i>	Environment First Funds in the Resource Enhancement and Protection Fund (REAP) used for State Park operations. These expenditures were previously funded from the General Fund.	<ul style="list-style-type: none"> Based on FY 2003 funding as outlined in HF 2614 (FY 2003 Infrastructure Appropriations Act). 	\$ 0.7	<ul style="list-style-type: none"> Reduce services and programs provided at State Parks. Reduce maintenance at State Parks. Close portions of State Parks. 	\$ 0.7
Agriculture – Soil Conservation Cost Share Staff <i>Appropriation</i>	Environment First Funds used to fund FTE positions for staff and program implementation within the Soil Conservation Cost Share Fund.	<ul style="list-style-type: none"> Based on FY 2003 funding as outlined in HF 2614 (FY 2003 Infrastructure Appropriations Act). 	\$ 1.2	<ul style="list-style-type: none"> Reduce service level for Soil Conservation Cost Share Programs. 	\$ 1.2

APPENDIX C

GLOSSARY OF BUDGET TERMS

Across-The-Board Reduction: Section 8.31, Code of Iowa, authorizes the Governor to reduce quarterly allotments of appropriations in amounts sufficient to avoid an overdraft or deficit. The Governor, through Executive Order, has the authority to enact across-the-board reductions in order to restrict spending. While the actual appropriation amount will remain unchanged, the reduction in allotments will reduce spending and will increase reversions. The statute specifically exempts the Legislative Branch and the Judicial Branch from across-the-board reductions made by the Governor under Executive Order. The Governor cannot exempt any specific appropriations from across-the-board reductions; the reduction must be applied across-the-board uniformly and prorated between all departments, agencies, and establishments upon the basis of each respective appropriation. Attorney General opinions in 1980 and 1989 stated that the Governor may not make selective mandatory reductions in appropriations through the practice of “targeted reversions.” Governor Ray issued two of these Orders, Governor Branstad issued four, and Governor Vilsack issued a 4.3% (\$203.0 million) spending reduction through Executive Order Number 24 on November 1, 2001.

Accrual: The basis of accounting under which revenues are recorded when earned and expenditures are recognized in the period in which benefit is derived. It provides for the matching of expense against related revenue.

Allocation: Funds and/or personnel that are apportioned or designated for a program, function, or activity.

Appropriation: A legislative allocation of money for a specific purpose.

75.0% Base Budgeting: A form of modified base budgeting used by the State by which agency managers assume that 75.0% of the current appropriation becomes the base budget for the next fiscal year.

Budget Unit: A predetermined grouping of one or more organizations that indicates an individual entity within a department. There may be one or more budget units within a department. A budget unit generally equals an appropriation made by the General Assembly.

Budgeting for Results: A form of budgeting that ties the appropriation of resources to the expected outcomes or results of a program. A results-oriented performance budget is developed by defining desired program results and determining how many units of the desired outcomes can be achieved with the requested level of funding. Resources are then

allocated based on the expected performance. Progress toward meeting outcomes is tracked and analyzed, and department directors are held accountable for this progress.

Capital Appropriation: An appropriation for long-term additions to or betterment of State property, such as land, buildings, or equipment.

Contract Personnel: Additional workers departments hire from private sector employment organizations using a contractual agreement. The individuals are employees of employment agencies and not the State.

Cost-Of-Living Adjustment (COLA): An annual increase made in the personal services line-item at the beginning of the fiscal year to account for increases in the cost of living. The adjustment is determined in the collective bargaining process.

Deappropriation: A decrease in the amount of an appropriation for a current fiscal year.

Decision Package: An individual request for funding made by a department for personnel, services, equipment, capitals, or other items. Decision packages are either requests to restore the budget to 100.0% of the previous year's appropriation from the 75.0% base budget, or new requests for funding that are above the previous year's appropriation. Decision packages are normally listed in priority order for each budget unit.



Electronic Publishing of Information: A project to provide electronic access to information produced or provided by the Legislative Fiscal Bureau.

Estimated Revenues: A projection compiled by the Revenue Estimating Conference (REC) for General Fund receipts.

Expenditures: Disbursements and payables for services rendered and goods received including authorized encumbrances for a specific period.

Estimated Expenditures: A projection compiled according to legislative action, adjusted for salary, cost-of-living, and merit increases.

Family Investment Program (FIP): The Program in Iowa replacing the Aid for Families with Dependent Children (AFDC) Program, also referred to as Welfare. The Program is administered by the Department of Human Services and receives federal funding from the Temporary Assistance for Needy Families (TANF) federal block grant.

Federal Fiscal Year (FFY): The 12-month financial period used by the federal government for record keeping, budgeting, appropriating, revenue collecting, and other aspects of fiscal management. The federal fiscal year runs from October 1 through September 30.

Fiscal Year (FY): The 12-month financial period used by State government for record keeping, budgeting, appropriating, revenue collecting, and other aspects of fiscal management. The State fiscal year runs from July 1 to June 30.

Full-Time Equivalent (FTE) Positions: One full-time equivalent position represents 2,080 working hours, which is the regular number of hours worked by one full-time person in one fiscal year.

General Fund: The fund with receipts that are not earmarked for dedicated purposes which supports the general functions of State government.

Generally Accepted Accounting Principles (GAAP): A method of accounting approved by the Governmental Accounting Standards Board.

Goal: A broad statement of purpose or intended achievement as established by policy makers or program administrators.

Grants and Aids: State money that passes through State departments for local needs.

Item Veto: The action by the Governor that voids a section of an appropriation bill.

Line-Item: A term to describe funds requested and/or appropriated on a detailed or itemized basis, such as personal services, travel, equipment, or other items.

Merit Increase: The normal pay increase granted at the time of an employee's review date. Currently, a merit increase is the equivalent of one merit step or approximately 4.0% of an employee's salary.

New/Expanded Programs: Departmental requests that are in addition to the current operations of the department.

Objective: A specific statement of intent or action that serves to achieve a stated goal.

Operations: An appropriation of funds for the performance of the normal functions of a department or a division.

Organization: A responsibility center within the management structure of a department.

Performance Measures: Criteria used to assess progress toward objectives in the implementation of a program.

Program Elimination Commission: The Commission established by the 2002 General Assembly, comprised of five voting members and four non-voting members that were given the responsibility of reviewing all programs and other functions funded in whole or in part with State or local government revenues. The goal of the Commission is to identify a 2.0% General Fund savings from the elimination of programs or sale of assets. The Commission is required to submit a report in the format of a legislative bill on or before December 31, 2002, detailing the Commission's findings and recommendations. The report will be submitted to the Governor, the Supreme Court, and the General Assembly.

Reversion: Following the close of a fiscal year, all unencumbered or unobligated balances revert to the State treasury and to the credit of the fund from which the appropriation was made.

Revolving Fund: A fiscal entity with designated revenue source and specific expenditure purpose that has stipulated State agency access as required. All balances in a revolving fund typically remain in the fund at the close of the fiscal year for future expenditures.

Salary Adjustment: Costs for raises, merit step increases, and other expenses associated with the collective bargaining agreement. The cost of the collective bargaining agreement is unknown at the time of budgets are submitted and departments do not include these costs in their requests. An appropriation is made to fund salary adjustment costs in an annual Salary Bill.

Salary Annualization: Costs due to merit step increases, which occur for only part of the first year and require additional funds to be fully funded the second year. For example, if a merit step increase is given halfway through the fiscal year, the first-year cost to the agency is only one-half the amount the department would incur if the step started on the first day of the fiscal year. The department would incur the entire amount in the second year and request the difference between the first and second year amounts in the budget request.

Standing Limited Appropriation: An appropriation of a specific dollar amount established by the Code of Iowa. An example is the Indian Settlement Officer, Section 331.660, Code of Iowa: "There is appropriated annually from the General Fund of the State to the County of Tama the sum of three-thousand, three-hundred, sixty-five dollars to be used by the County only for the payment . . .".

Standing Unlimited Appropriation: An appropriation of an unspecified dollar amount established by the Code of Iowa. An example reads as follows: "There is hereby appropriated out of any funds in the State treasury not otherwise appropriated a sum sufficient to pay for . . .".

Supplemental Appropriation: Additional funds appropriated for the current fiscal year that are in addition to the original appropriation.

Temporary Assistance for Needy Families (TANF): The federal block grant created by federal Welfare Reform in FFY 1997, allowing states flexibility in welfare programs and instituting a five-year limitation that aid dependent families. In Iowa, the TANF block grant provides funding for the Family Investment Program (FIP) and other programs of support to FIP recipients.

APPENDIX D

ISSUE REVIEW SERIES

As part of the continuing effort to provide legislative oversight, the staff of the LFB monitors a variety of issues that develop in state agencies. Many of the issues are reported through the *Fiscal Update* newsletter, but some require more detailed review to present sufficient information and some may require legislative action. To meet the need, the LFB developed an **Issue Review** series in 1992 that presents selected issues to members of the Fiscal Committee, Oversight Committee, and the General Assembly. Where appropriate, each paper contains a specific issue topic, a brief background on information related to the topic, the current situation, affected agencies, Code of Iowa authority, alternatives the General Assembly may wish to consider, and budgetary impacts.

The following Issue **Reviews** have been published during the 2002 Legislative Session or Interim and are available from the LFB (listed alphabetically).

- Alcoholic Beverages Division State Liquor Wholesaling
- Assisted Living in Iowa
- Board of Regents Unit Cost of Instruction
- Community College Governance
- Governor's Office of Drug Control Policy
- Health Insurance Portability and Accountability Act (HIPAA)
- Impact of Changing Iowa's OWI Statute
- Iowa Priority
- Iowa's Economic Growth
- Iowa's Tobacco Settlement
- Judicial Branch Retirement Fund
- Judicial Branch Revenue
- Linked Investments for Tomorrow Program
- Overview of the State Nursery
- Prison Farms
- Restricted Capital Fund (Tobacco Settlement Trust Fund)
- School Aid FY 2002-FY 2004
- State Funded Aviation Programs
- State Medical Library
- State Vehicle Fleet

APPENDIX E

ELECTRONIC PUBLISHING OF INFORMATION

The Legislative Fiscal Bureau (LFB) provides all standard publications in an electronic format on the Internet at: <http://staffweb.legis.state.ia.us/lfb>. The information that is available includes:

Bill Analysis (NOBA) – Side-by-side analysis of appropriation bills.

Budget Analysis – Analysis of department requests and Governor’s recommendations for annual budgets.

Fact Book – Statistical summary information.

Fiscal Facts – Highlights of the State budget and recent legislative session.

Fiscal Notes – Analysis of the fiscal impact of proposed legislation.

Fiscal Report (Graybook) – End-of-session financial report that includes analysis of enacted legislation.

Fiscal Update –LFB newsletter. Weekly during Session. Bimonthly during the Interim.

Issue Review – Short reports on current topics before the Legislature.

Presentations – Slide presentations explaining various aspects of State government.

Revenue/Debt – Includes Revenue Estimating Committee (REC) Quarterly Estimates, Daily Receipts (daily and historical revenue information), Monthly Revenue Memo, State Debt Report, and Balance Sheets.

Tracking – Status and amounts of appropriations as bills progress through the appropriations process.

The site also provides information from each appropriations subcommittee, the Fiscal Committee, and the Legislative Oversight Committee. This information includes:

- Agendas for each meeting posted as soon as the schedule is finalized.

-
- ▶ Minutes of each meeting posted within one week of the meeting.
 - ▶ Handouts of each meeting, usually posted the same day.

In an attempt to reduce paper and printing costs, the LFB has started producing a semi-annual CD-ROM. This disc contains many products and will be produced at the beginning and end of each legislative session. This enables the LFB to publish over a thousand of pages of information for under \$2.00 per copy.

The LFB is continuing to develop the distribution of information in an electronic format. If you have any suggestions, questions, or problems, please contact the LFB.

APPENDIX F

**LEGISLATIVE FISCAL BUREAU
STAFF LISTING**

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Capitol, Second Floor
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POLICY ANALYSIS	Douglas Wulf	281-3250	Lucas – Room 148
DATABASE	Glen Dickinson	281-4616	Lucas – Room 148
APPROPRIATIONS SUBCOMMITTEES			
ADMINISTRATION & REGULATION			
Auditor Ethics & Campaign Finance Disclosure Human Rights Treasurer	Sam Leto	281-6764	Lucas – Room 148
Commerce General Services Information Technology Lottery Management Personnel Revenue and Finance	Ron Robinson	281-6256	Lucas – Room 148

STAFF ASSIGNMENTS	STAFF PERSON	PHONE	LOCATION
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AGRICULTURE & NATURAL RESOURCES			
Agriculture Iowa Family Farm Development Authority Natural Resources	Debra Kozel	281-6767	Lucas – Room 148
ECONOMIC DEVELOPMENT			
Economic Development Iowa Finance Authority Public Employment Relations Board Workforce Development	Russ Trimble	281-4613	Lucas – Room 148
EDUCATION			
Board of Regents College Aid Commission	Mary Shipman	281-4617	Capitol – Room 17
Blind Community Colleges Cultural Affairs Education Iowa Public Television	Robin Madison	281-5270	Lucas – Room 148
HUMAN SERVICES			
Child Care Foster Care Juvenile Justice Elder Affairs Public Health Senior Living Trust	Lisa Burk	281-7942	Lucas – Room 148

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County Based Services Field Operations General Administration Institutions Mental Health/Mental Retardation/Developmental Disabilities Enhanced Services Social Services Block Grant Veteran's Affairs Veteran's Home	Sue Lerdal	281-7794	Capitol – Room 217
Child Support Recovery Children's Health Insurance Program Family Investment Program, Promise Jobs, Food Stamps Medical Services Temporary Assistance for Needy Families (TANF) Block Grant	Jennifer Vermeer	281-4611	Capitol – Room 217
JUSTICE SYSTEM			
Iowa Law Enforcement Academy Iowa Telecommunications & Technology Commission Judicial Branch Public Defense Public Safety	Jennifer Dean	281-7846	Lucas – Room 148
Civil Rights Corrections Indigent Defense/Public Defender Justice Department Parole Board	Beth Lenstra	281-6301	Lucas – Room 148

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Iowa State Fair Authority

WAYS AND MEANS STANDING COMMITTEES

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EDUCATION STANDING COMMITTEES

School Finance

Dwayne Ferguson

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