

MINUTES
LEGISLATIVE FISCAL COMMITTEE
of the LEGISLATIVE COUNCIL
September 28, 2005

The Legislative Fiscal Committee of the Legislative Council met September 28, 2005, in Room 116, in the Capitol Building. The meeting was called to order at 10:05 a.m. by Senator Jeff Angelo, Co-Chairperson, with the following members present:

- Representative Bill Dix, Co-Chairperson
- Senator Joe Bolkcom
- Senator Robert Dvorsky
- Senator Larry McKibben
- Representative Mark Kuhn
- Representative Paul Shomshor
- Representative Jamie Van Fossen

Representative Swati Dandekar was also present.

The following agenda items were discussed:

- **Minutes Approved:** The minutes of the July 6, 2005, meeting were approved as presented.
- **FY 2005 Revenue Update.** Jeff Robinson, Legislative Services Agency (LSA), presented revenue information. General Fund cash receipts for FY 2005 were \$91.5 million more than estimated and \$341.9 million more than FY 2004. Accruals are estimated to be -\$35.8 million compared to the earlier estimate of -\$55.5 million. Final accrual numbers will be available in mid-October.
- **Report on Increased Energy Costs.** Jeff Robinson, LSA, reviewed a report on Increased Energy Costs. He presented a comparison of expenditures for the calendar years 1998 through projected calendar year 2006 including motor fuel, natural gas, and electricity. Mr. Robinson mentioned various entities that are affected by the increasing energy costs, such as school transportation costs, and new construction supplies.
- **Issue Review – Iowa Tax Revenue Reported to the U. S. Census Bureau.** Jeff Robinson, LSA, summarized the *Issue Review*, which identifies discrepancies between State tax revenues reported to the U. S. Census Bureau and actual revenues recorded in the State accounting system. The Department of Administrative Services is responsible for reporting the revenue data to the Census Bureau.
- **General Fund Update –** Dave Reynolds, LSA, provided an update on the General Fund revenues and expenditures for FY 2005. The FY 2005 General Fund surplus is currently projected to be \$161.7 million, which is \$85.7 million

more than previously estimated. The increase is due to a \$91.5 million increase in revenues. Expenditures are projected to be \$6.4 million higher than estimated and reversions \$6.7 million less than estimated.

- **FY 2007 Built-ins and Anticipated Appropriation Increases.** Dave Reynolds, LSA, presented information on the FY 2007 Built-ins and anticipated appropriation increases. Total appropriation increases for FY 2007 is an estimated \$584.7 million. Of this, \$457.1 million is for increases in Medical Assistance, Property Tax Credits, and School Foundation Aid.
- **Medicaid FY 2005 and FY 2006 Update:** Dave Reynolds, LSA, provided the FY 2005 and FY 2006 Medicaid expenditures and budget information. Available Medicaid State appropriations for FY 2005 were \$629.0 million and expenditures were \$622.4 million. The remaining \$6.6 million will revert to the Senior Living Trust Fund. The current FY 2006 supplemental appropriation is estimated to be \$52.0 million. He also introduced a new LSA staff person, Kerri Johannsen, who will be the lead staff person for Medicaid and Healthy and Well Kids in Iowa (*hawk-i*) Programs.
- ***hawk-i* Program Update.** Dave Reynolds, LSA, provided an update on the *hawk-i* expenditures for FY 2005 and projected expenditures for FY 2006. There will be \$2.1 million carried forward from FY 2005 to FY 2006.
- **Appropriation Transfers.** The following appropriation transfers received since the July 6, 2005, meeting were reviewed by Beth Lenstra, LSA.
 - FY 2005 Department of Inspections and Appeals - \$1.1 million from the Department of Human Services.
 - FY 2005 Law Enforcement Academy - \$41,000 from the Department of Human Services.
 - FY 2005 Civil Rights Commission - \$78,000 from the Department of Human Services.
- **Department of Natural Resources.** Jeff Vonk, Director, presented an update on the Honey Creek Destination State Park Bonding. The Department will be requesting additional bonding authority from the General Assembly during the 2006 Session of \$7.1 million. The General Assembly previously authorized \$28.0 million in bonding authority for the project.
- Committee members expressed many concerns regarding additional bonding authority, and whether the additional request would be sufficient to fund the project.
- **Department of Administrative Services** – Mollie Anderson, Director, presented options for addressing the needs of the Wallace Building. Six options were presented and include:
 - \$29.6 million to demolish the Building and buy an existing structure of similar size.
 - \$51.8 million to completely renovate the existing Building.
 - Four options for new construction that range in cost from \$58.0 million to \$92.8 million.

- Design work for renovation or new construction would take approximately one year. Renovation would take up to 18 months, with possible relocation for the last 12 months. New construction could take up to 30 months.
- **Department of Revenue** – Mike Lipsman discussed timing issues pertaining to receipt of, and processing of revenues into the Iowa Financial Accounting System and the decline of FY 2005 income tax withholding receipts and changes in the tax withholding tables.
- **Other Business.**
 - The next meeting will be scheduled in December, on a date after the Revenue Estimating Conference (REC) Meeting. Topics to be discussed include:
 - Update on REC projections.
 - A representative from the Iowa Utilities Board and Low Income Home Energy Assistance Program (LIHEAP) present to discuss the anticipated need for fuel assistance this winter.
 - Representatives from the Iowa Energy Center, the Department of Natural Resources, and other related agencies, regarding improved energy efficiency.
- **Adjournment** – Upon motion by Representative Van Fossen, the meeting adjourned at 12:10 p.m.

Attachments for Legislative Fiscal Committee Meeting September 28, 2005

- A. [Minutes from July 6, 2005, Meeting](#)
- B. [Revenue Update](#)
- C. [Iowa Expenditures on Motor Fuel, Natural Gas, and Electricity](#)
- D. [Issue Review – Iowa Tax Revenue Reported to the U. S. Census Bureau](#)
- E. [General Fund Balance Sheet](#)
- F. [FY 2007 Projected General Fund Incremental Built-in and Anticipated Expenditures](#)
- G. [Medicaid FY 2005 and FY 2006 Update](#)
- H. [hawk-i Program Update](#)
- I. [FY 2005 - Appropriation Transfers](#)
 - Dept. of Inspections and Appeals - \$1.1 million from the Department of Human Services
 - Law Enforcement Academy - \$41,000 for the Dept. of Human Services
 - Civil Rights Commission - \$78,000 from the Dept. of Human Services
- J. [Honey Creek Resort State Park Revenue Bonding Cap](#)
- K. [Update on Wallace State Office Building and Consultant Recommendation](#)

Information Only Documents:

[DHS Child and Family Services and Adoption Subsidy Expenditure Information](#)
[Military Pay Differential Report](#)