



DECEMBER REVENUE ESTIMATING CONFERENCE

The Revenue Estimating Conference (REC) met on December 6, 2010, and increased estimated General Fund receipts by \$34.1 million for FY 2010 and \$85.5 million for FY 2012 compared to the October REC estimates.

The REC estimate for FY 2011 net General Fund receipts, including transfers, now totals \$5.792 billion, an increase of \$157.8 million (2.8%) compared to actual FY 2010. Actual net General Fund cash revenue (excluding transfers) increased \$96.7 million (3.8%) through December 3, 2010. Changes from the October estimate include:

- An increase of \$8.7 in gross income tax receipts. Overall, gross income tax receipts are estimated at \$3.361 billion, an increase of \$124.8 million (3.9%) compared to FY 2010. Through December 3, 2010, FY 2011 gross income tax receipts (cash basis) increased \$55.9 million (4.6%).
- A decrease of \$10.7 million for gross sales/use tax. The REC estimated total gross sales/use tax of \$2.370 billion for FY 2011, an increase of \$76.4 million (3.3%) compared to FY 2010. Through December 3, 2010, FY 2011 gross sales/use tax receipts (cash basis) increased \$33.3 million (3.3%).
- A decrease of \$9.1 million for gross corporate tax. The REC estimated total gross corporate tax at \$411.9 million, an increase of \$22.6 (5.8%) million compared to FY 2010.
- A reduction in the amount of tax refunds of \$23.1 million. The December REC projection of total tax refunds for FY 2011 was \$826.0 million, a decrease of \$33.1 million (- 3.9%) compared to FY 2010.

The REC estimate for FY 2012 net General Fund receipts, including transfers, was projected at \$6.031 billion, an increase of \$239.7 million (4.1%) compared to the new REC estimate for FY 2011. Changes to the FY 2012 estimate include:

- An increase of \$21.8 million in gross income tax revenue. The new estimate totals \$3.412 billion and represents an increase of \$51.6 million (1.5%) compared to the new FY 2011 estimate.
- A decrease of \$32.1 million in tax refunds. The new FY 2012 tax refund estimate totals \$838.0 million, an increase of \$12.0 million (1.4%) compared to the new FY 2011 estimate.

The current REC estimates assume current federal tax law, which includes the expiration of all Economic Growth and Tax Relief Reconciliation Act and Jobs and Growth Tax Relief Reconciliation Act tax law changes, no federal Alternative Minimum Tax patch starting in tax year 2010, and the expiration of the Making Work Pay tax credit beginning in 2011. Any changes to these federal tax law programs will impact the REC estimates for FY 2011 and FY 2012. The Legislative Services Agency (LSA) is monitoring the federal legislation that may extend these programs and will make tax receipt adjustments to the State General Fund balance sheet if the federal legislation is enacted.

The following tables provide a summary of the changes made in the December REC meeting.

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FY 2011 Revenue Estimating Conference Projection

Dollars in Millions

	Actual FY 2010	October FY 2011 Estimate	December FY 2011 Estimate	Increase (Decrease) to Estimate
Income Tax	\$3,235.9	\$3,352.0	\$3,360.7	\$8.7
Sales/Use Tax	2,293.1	2,380.2	2,369.5	-10.7
Corporate Tax	389.3	421.0	411.9	-9.1
Insurance Tax	88.6	93.9	98.4	4.5
Cigarette Tax	206.1	199.9	203.0	3.1
Other Taxes	139.0	140.3	143.3	3.0
Total Taxes	\$6,352.0	\$6,587.3	\$6,586.8	-\$0.5
Other Receipts	359.4	347.5	330.0	-17.5
Gross Tax & Other Receipts	\$6,711.4	\$6,934.8	\$6,916.8	\$-18.0
Accruals (Net)	13.1	-12.3	13.9	26.2
Refund (Accrual Basis)	-859.1	-849.1	-826.0	23.1
Schl. Infr. Refunds (Accrual)	-372.5	-396.8	-395.0	1.8
Total Net Receipts	\$5,492.9	\$5,676.6	\$5,709.7	\$33.1
Transfers (Accrual Basis)	140.9	80.9	81.9	1.0
Net Receipts Plus Transfers	\$5,633.8	\$5,757.5	\$5,791.6	\$34.1

FY 2012 Revenue Estimating Conference Projection

Dollars in Millions

	Estimate FY 2011	October FY 2012 Estimate	December FY 2012 Estimate	Increase (Decrease) to Estimate
Income Tax	\$3,360.7	\$3,390.5	\$3,412.3	\$21.8
Sales/Use Tax	2,369.5	2,451.6	2,449.9	-1.7
Corporate Tax	411.9	450.2	454.4	4.2
Insurance Tax	98.4	98.6	106.1	7.5
Cigarette Tax	203.0	192.9	201.0	8.1
Other Taxes	143.3	181.0	191.1	10.1
Total Taxes	\$6,586.8	\$6,764.8	\$6,814.8	\$50.0
Other Receipts	330.0	384.5	381.3	-3.2
Gross Tax & Other Receipts	\$6,916.8	\$7,149.3	\$7,196.1	\$46.8
Accruals (Net)	13.9	11.7	17.6	5.9
Refund (Accrual Basis)	-826.0	-870.1	-838.0	32.1
Schl. Infr. Refunds (Accrual)	-395.0	-409.3	-409.6	-0.3
Total Net Receipts	\$5,709.7	\$5,881.6	\$5,966.1	\$84.5
Transfers (Accrual Basis)	81.9	64.2	65.2	1.0
Net Receipts Plus Transfers	\$5,791.6	\$5,945.8	\$6,031.3	\$85.5

Revenue Estimating Conference Projection

	Dollars in Millions			
	Actual FY 2009	Actual FY 2010	Estimated FY 2011	Estimated FY 2012
Income Tax	\$3,330.7	\$3,235.9	\$3,360.7	\$3,412.3
Sales/Use Tax	2,327.4	2,293.1	2,369.5	2,449.9
Corporate Tax	416.5	389.3	411.9	454.4
Insurance Tax	90.0	88.6	98.4	106.1
Cigarette Tax	215.8	206.1	203.0	201.0
Other Taxes	149.2	139.0	143.3	191.1
Total Taxes	\$6,529.6	\$6,352.0	\$6,586.8	\$6,814.8
Other Receipts	391.9	359.4	330.0	381.3
Gross Tax & Other Receipts	\$6,921.5	\$6,711.4	\$6,916.8	\$7,196.1
Accruals (Net)	17.2	13.1	13.9	17.6
Refund (Accrual Basis)	-803.9	-859.1	-826.0	-838.0
Schl. Infr. Refunds (Accrual)	-385.8	-372.5	-395.0	-409.6
Total Net Receipts	\$5,749.0	\$5,492.9	\$5,709.7	\$5,966.1
Transfers (Accrual Basis)	185.0	140.9	81.9	65.2
Net Receipts Plus Transfers	\$5,934.0	\$5,633.8	\$5,791.6	\$6,031.3
Year-over-year Incr./Decr.	\$-150.5	\$-300.2	\$157.8	\$239.7

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MONTHLY MEDICAID FORECAST – NOVEMBER 2010

Forecasting Group. Staff members from the Department of Human Services (DHS), Department of Management (DOM), and the Fiscal Services Division of the LSA met on December 3, 2010, to discuss estimated Medical Assistance (Medicaid) expenditures for FY 2011 and FY 2012. The forecasting group meets monthly to discuss estimated expenditures and agree on a range for the current and upcoming fiscal years.

FY 2011 Range. For FY 2011, the forecasting group agreed Medicaid will have a surplus of \$15.0 million to a supplemental need of \$25.0 million, with a midpoint of a \$5.0 million supplemental need. The range includes the 6.2% Federal Medical Assistance Percentage (FMAP) increase, including tier two of the FMAP unemployment increase through the first six months of FY 2011 and the phased out FMAP extension estimated at \$86.4 million, approved by Congress and signed by the President. In addition, the range takes into account a reduction of \$18.8 million for a lower State contribution for the Medicare Part D clawback payment to the federal government. The range also includes a \$15.0 million cash flow transfer from the Cash Reserve appropriation to Medicaid for the newly created Iowans Helping Iowans Program. It is assumed that legislative action will be required to restore the transferred funds.

FY 2012 Range. For FY 2012, the forecasting group agreed Medicaid will have a need of \$548.0 million to \$614.0 million, with a midpoint of a \$581.0 million need. The range assumes the elimination of all one-time funding sources including the Cash Reserve Fund, Senior Living Trust Fund, and federal American Recovery and Reinvestment Act (ARRA) funds. The range also assumes the statutory rebase of nursing facilities of \$13.7 million and increased Medicare related costs of \$14.1 million.

Medicaid Balance Sheet			
	<i>Final FY 2010</i>	<i>Estimated FY 2011</i>	<i>Estimated FY 2012</i>
Medicaid Funding			
Carryforward from Previous Year	\$ 36,587,215	\$ 57,523,302	\$ 0
Veterans Transfer to Hospital Rebase	1,833,333	0	0
Other Transfers	-3,774,367	0	0
ARRA Federal Recovery & Reinvestment Fund to MHIs	25,874,211	0	0
Property Tax Relief Transfer	3,271,911	0	0
Behavioral Health Account Carryforward	2,136,721	2,082,504	0
Senior Living Trust Fund	17,366,939	39,080,435	0
Transfer from Decat Waiver Waiting List	0	1,925,000	0
Cash Reserve Fund	0	172,800,000	0
Health Care Trust Fund	100,650,740	106,916,532	106,916,532
Nursing Facility Quality Assurance Fund	2,300,000	34,311,825	35,662,467
Hospital Trust Fund	0	39,406,000	39,231,000
Children's Health Insurance Performance Bonus	0	0	6,375,552
Total Non-General Fund for Medicaid	\$ 186,246,703	\$ 454,045,598	\$ 188,185,551
General Fund Appropriation	\$ 590,459,096	\$ 393,683,227	\$ 393,683,227
Covering All Children	47,523	2,297,649	2,297,649
Total All General Fund Sources	\$ 590,506,619	\$ 395,980,876	\$ 395,980,876
Total Medicaid Funding	\$ 776,753,322	\$ 850,026,474	\$ 584,166,427
Total Estimated State Medicaid Need	\$ 943,785,050	\$ 1,045,750,877	\$ 1,165,166,427
ARRA FMAP	-224,555,030	-101,856,810	0
ARRA Six-month Extension (Including Clawback)	0	-88,867,593	0
Total Estimated Medicaid Need	\$ 719,230,020	\$ 855,026,474	\$ 1,165,166,427
Midpoint of Balance/(Under Funded)	\$ 57,523,302	\$ -5,000,000	\$ -581,000,000

ARRA - American Recovery and Reinvestment Act

Phase-Out FMAP Extension Enacted. The United States Congress approved, and the President signed, legislation to extend the ARRA FMAP by six months, through the end of FY 2011. The extension reduces the enhanced FMAP rate from 6.2% to 3.1% for the period of January through March of 2011, with another reduction to 1.2% for the period of April through June of 2011. The FMAP extension is estimated to save the Medicaid budget \$88.9 million over the second half of FY 2011. However, this is \$35.0 million less than the amount that would have been saved if the full extension had been approved. Iowa assumed the full savings when calculating the FY 2011 budget.

Expiration of Unemployment Benefits. With the expiration of unemployment benefits, it is possible Medicaid and all DHS assistance programs could see an increase in enrollment for the adult populations with dependent children. It is not known to what extent enrollment in these programs will be impacted, but it's an issue to be aware of as benefits start expiring. There are ongoing negotiations in Congress and with the President for another extension of unemployment benefits that could extend unemployment benefits for up to 13 months.

Enrollment Increase. Medicaid continues to see rapid enrollment growth. In FY 2009, the Program added a total of 31,794 individuals, including 25,935 children. In FY 2010, the Program added an additional 27,164, including 19,286 children. In the first five months of FY 2011, the Program has added 6,222 individuals for a total program enrollment of 378,778.

Medicaid Enrollment Increases/(Decreases) for FY 2011					
FY 2011	Children	Adults	Aged	Disabled	Total
July	149	279	-106	117	439
August	1,471	1,034	68	337	2,910
September	-182	-414	-39	15	-620
October	1,345	319	19	414	2,097
November	1,280	322	-221	15	1,396
Total	4,063	1,540	-279	898	6,222

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SF 2383 – COURT DEBT AMNESTY PROGRAM

Program Background. The Department of Revenue implemented the Court Debt Amnesty Program on September 1, 2010. The Program ended on November 30, 2010. Individuals confined to jail, prison, or under correctional supervision were not eligible for the Program. Eligible outstanding court debt had to be four years old or older. Forgiveness is equal to 50.0% of the eligible debt owed and payment must be in a lump sum. Individuals currently enrolled in another payment plan were not eligible for the Amnesty Program.

Fiscal Estimate and Results. During the 2010 Legislative Session, the fiscal note for [SF 2383](#) estimated a total of \$525.3 million in court debt outstanding and \$216.1 million of the total was identified as being more than four years old. The one-time revenue estimate for enactment of an amnesty program for FY 2011 was \$3.2 million and represented 1.5% of the total debt older than four years old. The estimated costs were \$750,000. House File 2531 (FY 2011 Standing Appropriations Act) enacted language allowing a portion of the proceeds collected by the Program to be used for administrative, advertising, and other program costs.

Program Participation and Cost. Debt amnesty was granted to 13,448 people and \$3.3 million was collected from the Program. A total of 246,354 amnesty applications were mailed, 17,533 telephone calls on the Program were answered, 2,200 e-mails were answered, and 21,173 unique website hits occurred as a result of the Program. The Department of Revenue estimates the total costs for the Program to be approximately \$750,000 for direct costs such as advertising, postage, printing, and the hiring of eight part-time phone bank staff. Final costs should be available at the end of January. A net total of approximately \$2.6 million will be deposited in the General Fund as a result of the Program.

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STATE GOVERNMENT REORGANIZATION ACT UPDATE

Government Reorganization Update. [Senate File 2088](#) (Government Reorganization and Efficiency Act) included multiple requirements and reports. The Fiscal Services Division of the LSA is providing a monthly update regarding action on items as the information becomes available. The following list contains results for recent items:

- Section 70 required the Board of Regents to issue a report November 1, received November 4, relating to cooperative purchasing, results of quarterly interagency meetings with the Department of Administrative Services (DAS), and identifying efficiencies gained by cooperation between the Board and the DAS. The report referred to cooperative action prior to June 30, 2010, and plans for future cooperative actions. The report indicates that meetings were held July 22 and October 1, 2010, for quarterly meetings with the DAS. The report refers to use of a joint contract for cleaning buildings from damage occurring from August 2010 flooding.
- Section 102 required the Department of Human Rights to provide a report to the Governor and General Assembly by November 1 regarding operations of the Department. As of December 6, 2010, the report has not been received.

- Section 336 required various departments to review providing pharmaceuticals to populations they serve. The Department of Corrections (DOC) has completed the phased implementation of its central pharmacy project.

Required Report. A related fiscal savings requirement was included in [HF 2531](#) (FY 2011 Standings Appropriations Act). Section 27 required the DOM to reduce FY 2011 appropriations by \$83.8 million and issue a report by December 1 providing detail regarding that reduction as well as reductions relating to the State employee early retirement incentive program, FTE position vacant more than six months, and span of control. As of December 6, 2010, the report had not been issued.

Proposed Rules Requirement. Section 52 of SF 2088 required a State agency to submit all proposed administrative rules to the chairpersons and ranking members of the appropriate standing committees of the General Assembly for additional study. The Computer Services Division of the LSA developed an internet application permitting the ability to subscribe to all the rulemaking activities of a specified agency. The application has the following features:

- As many agencies as desired can be subscribed to.
- The subscription will include the edited and published version of notices of intended action, the adopted “emergency” rules, and the final adopted rules for the selected agency or agencies.
- The subscriber will receive a bi-weekly email containing a brief description of each rule and an internet link to the document itself.

The service is available to the public at: <http://www.legis.iowa.gov/Subscribe/agencyChanges.aspx> .

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LAKE DELHI TASK FORCE AND INDEPENDENT FINDINGS REPORT

Final Meeting. The final Lake Delhi Task Force meeting was held on November 30 in Marion. The Task Force met to discuss the final report addressing the issues related to the dam breach at Lake Delhi on July 24, 2010. The report includes summaries from the following four subcommittees: Finance, Economic and Community Development, Environment, and Legal. The final report is available at: <http://www.iowalifechanging.com/lakedelhi/>.

Panel Findings. The Department of Natural Resources (DNR) held a meeting on December 1 in Des Moines to present the findings of an independent panel that was asked to review the events during the dam breach at Lake Delhi. The panel consisted of:

- William Fiedler, federal Department of the Interior, Bureau of Reclamation.
- Neil Schwanz, federal Army Corps of Engineers.
- Wayne King, Federal Energy Regulatory Commission (FERC).

King reported that the two main reasons for the breach of the dam were due to internal erosion and excessive water flowing over the dam.

Report Recommendations. The report recommendations included (beginning on page 95):

- Investigate the remaining sinkhole and the flow path.
- Conduct a complete investigation of the embankment, 1967’s berm, and foundation soils. This would include but not be limited to classification of soil and critical material properties.
- Remedial measures for the north embankment section should be developed and included in any reconstruction scenario.
- If the owner elects to pursue a FERC license, it would be wise to delay any further investigations, demolition, reconstruction designs, and analyses until coordination and procedures with FERC are established.
- More consistent approaches should be developed for classifying dams according to hazard and achieving compliance with the associated design standards.
- Dam inspectors working for the DNR and consulting engineering firms performing dam safety evaluations should have strong backgrounds in dam engineering and potential failure modes

analysis. There were design weaknesses at Delhi Dam that an experienced dam engineer would have recognized and would likely have led to additional investigations.

- The failure of Gate 3 to fully operate during the flood appears to have been caused by the failure to complete concrete repairs behind the left gate guide. Education and enforcement mechanisms are needed to clearly identify critical dam safety issues and their impacts and to ensure these issues are resolved quickly.
- Review/update the estimated return period for the July 2010 flood event based on historical inflows at Delhi Dam.

Final Report. The report is available at: http://www.iowadnr.gov/water/floodplain/files/delhi_report.pdf.

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SUPREME COURT RULING IMPACTS INDIGENT DEFENSE

Opinion Issued. The Iowa Supreme Court issued an opinion on November 24, 2010, regarding the case of *Kent A. Simmons vs. the Iowa State Public Defender*. The case involves an attorney that appealed a District Court decision that affirmed the State Public Defender limiting attorney fees for representing indigent defendants on appeal to \$1,500. Simmons was the attorney on two successful appeals in FY 2008 and FY 2009. The fee limit has been increased to \$1,800 since that time.

Fee Limits. Iowa Code Chapter 13B.4 requires the State Public Defender to establish fee limits for certain categories of cases. The Supreme Court construed this Section as “not authorizing hard-fee caps applicable in all cases.” The Supreme Court found that the administrative rule that established a hard-fee cap of \$1,500 for criminal appeals violates the statute and is unenforceable. The Supreme Court also stated the provisions of the Simmons contract violated public policy inasmuch as the terms had a “chilling effect on the constitutional rights of criminal defendants and is inconsistent with the Legislature’s intent to provide indigent defendants with effective assistance of counsel.”

Decision Reversed. The Supreme Court reversed the decision of the District Court and remanded the case to the District Court for determination of fees that meet the constitutional mandate of effective assistance of counsel.

Fiscal Impact. The fiscal impact is unknown at this time but is expected to be significant. The ruling impacts the current fee structure for indigent defense appeals, and may impact fixed fee contracts with Drake Law School, the Linn County Advocate, and the Youth Law Center. The State Public Defender’s Office is considering legislative remedies and changes to administrative rules.

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CHILD CARE AND ADOPTION SUBSIDY PROGRAM FY 2011 AND FY 2012 PROJECTIONS

Projections Workgroup: Staff from the DOM, the Department of Human Services (DHS), and the Fiscal Services Division of the LSA met November 18 to discuss estimated Child Care and Adoption Subsidy expenditures for FY 2011 and FY 2012. The projections workgroup is established in Code Section 234.47 to estimate the expenditures and revenues for these programs.

Child Care Subsidy Program

FY 2011: House File 2526 (FY 2011 Health and Human Appropriations Act) included State funding of \$32.3 million for Child Care Assistance. This is a decrease of \$221,500 compared to FY 2010.

Stimulus: On February 17, 2009, the President signed the ARRA of 2009. The Act provided an increase of approximately \$18.1 million for the Iowa allocation for the federal FY 2009 Child Care Development Block Grant (CCDBG). The funding is available through FY 2011. The targeted funds for quality expansion and infant and toddler care of approximately \$2.4

million have been appropriated for FY 2010 and FY 2011 in HF 820 (FY 2010 Federal Funds Appropriations Act). The unexpended balance of \$15.8 million was appropriated to the DHS to use for the Child Care Subsidy Program for FY 2011 in HF 2526. The funding available in FY 2011 due to the ARRA provisions will need to be replaced by State funding in FY 2012 to avoid program shortfalls.

FY 2011 Range: For FY 2011 the projections workgroup agreed to an estimated range of \$0 (no surplus but no need) to a surplus of \$2.0 million with a midpoint of a \$1.0 million surplus that will carry forward to FY 2012.

FY 2012 Range: For FY 2012 the projections workgroup agreed to an estimated range of a need of \$24.0 million to a need of \$30.0 million with a midpoint need of \$27.0 million. The following are the factors involved in this significant need:

- Caseloads continue to grow in FY 2011 although the rate of growth is slower than originally projected. Based on this information, it is projected that caseloads will continue to grow slightly in FY 2012.
- One-time ARRA funding of \$15.8 million will not be available for FY 2012.
- One-time funding of \$9.6 million carried forward from FY 2010 to FY 2011 will not be available in FY 2012.

Adoption Subsidy Program

FY 2011: House File 2526 included State funding of \$32.3 million for the Adoption Subsidy Program. This is an increase of \$886,000 compared to estimated net FY 2010.

Stimulus: The ARRA Act of 2009 provided a 6.2% FMAP increase for 27 months, retroactive to October of 2008 (State FY 2009). This increase also impacted federal Title IV-E matching funds resulting in an increase in the FMAP formula to offset State dollars needed to fund the Adoption Subsidy Program. For FY 2010, the 6.2% FMAP increase was available for all 12 months and offset State funds needed by \$3.3 million. For FY 2011, the increase was scheduled to end by December 31, 2010. However, President Obama signed the FAA Air Transportation Modernization and Safety Improvement Act in July of 2010 that included an extension of the ARRA FMAP increase. A provision in the legislation will reduce the FMAP increase from 6.2% to 3.2% in the third quarter and 1.2% in the fourth quarter of State FY 2011. The funding available in FY 2011 due to the ARRA FMAP provisions will need to be replaced by State funding in FY 2012 to avoid program shortfalls.

FY 2011 Range: For FY 2011, the projections workgroup agreed to an estimated range of \$0 (no surplus but no need) to a surplus of \$1.0 million, with a midpoint of a \$500,000 surplus.

FY 2012 Range: For FY 2012 the projections workgroup agreed to an estimated range of a need of \$1.1 million to a need of \$4.4 million with a midpoint need of \$2.6 million. Caseload growth is still increasing in FY 2011 although at a slower rate than in FY 2010. Based on this information, it is projected that caseloads will continue to grow slightly in FY 2012. Caseload growth and the loss of the ARRA FMAP provisions are the leading factors of the need in FY 2012.

Next Meeting. The Child Care and Adoption Subsidy projections workgroup will meet again at the beginning of the 2011 Legislative Session for revision of the FY 2011 and FY 2012 expenditure projections.

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ACTUARIAL REPORT

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

Membership Categories. The IPERS retirement system has three groups of members: regular membership and two special services groups that include Sheriffs and Deputies and Protection Occupations. As of June 30, 2010, the regular IPERS membership totaled 157,088, the Sheriffs and Deputies membership totaled 1,546, and the Protection Occupation membership totaled 6,992. The Fund

experienced a 13.8% return on investment in FY 2010. The System's funded ratio for each of the membership classes is as follows:

- Regular Membership – 80.8%
- Sheriffs and Deputies (Special Service Group 1) – 86.8%
- Protection Occupation (Special Service Group 2) – 94.4%

Legislative Changes. The following is a summary of legislation passed in the 2010 Legislative Session:

Regular Membership. Changes include:

- The combined contribution rate is increased to 13.45% effective July 1, 2011.
- The System must set the contribution rate as actuarially determined for fiscal years after 2012, but the contribution rate may not vary by more than 1.0% per year.
- The benefit structure is modified by amending the definition of final average salary to the highest five years of covered wages, increasing the years of service to be vested from four to seven, and increasing the early retirement reduction from 3.0% per year measured from the member's first unreduced retirement age to a 6.0% reduction measured from age 65.

Special Service Groups. The legislation eliminated the 0.50% annual cap on the change in the contribution rate (scheduled to be effective for FY 2012) and added a cancer and infectious disease presumption for in-service disability benefits (effective July 1, 2011).

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ACTUARIAL REPORT

PEACE OFFICERS' RETIREMENT, ACCIDENT, AND DISABILITY SYSTEM (PORS)

PORS Report. As of July 1, 2010, the PORS retirement system members totaled 1,222 including 643 active members, 547 retired and disabled members and beneficiaries, and 32 inactive vested members. The Fund experienced a 14.4% return on investment in FY 2010. The System's funded ratio is at 67.0%. Legislation approved during the 2010 Legislative Session clarified the administration of a flat dollar escalator. Additionally, member contribution rates will increase from 9.35% to 11.35% over a four-year period beginning July 1, 2011. State contributions will continue to increase 2.0% per year to 37.0% in FY 2018. Beginning July 1, 2012, the State will make a supplemental contribution of \$5.0 million a year, ending with the fiscal year in which the System reaches a funded ratio of 85.0%.

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BOARD OF CORRECTIONS MEETING

Board Meeting. The Board of Corrections met November 5, 2010, in Des Moines. Director John Baldwin updated the Board on the DOC training initiatives regarding mentally ill offenders. There will be focus groups to work on mentally ill offender re-entry issues plus four days of training will be provided to staff. Other agenda items included:

- The National Institute of Corrections (NIC) has recognized Iowa's Community-Based Corrections (CBC) structure as a national model. Director Baldwin will be presenting information to the North Carolina Corrections Department regarding administrative of parole and probation in Iowa. Please refer to the LSA **Fiscal Topic** [Community-Based Corrections](#) for more information.
- Ken Kolthoff, First CBC District Department, presented information on the Waterloo Women's Center for Change. The 45-bed residential facility is scheduled to open in July 2011 (FY 2012).
- Deputy Director Brad Hier informed the Board that the lawsuit was dismissed regarding the construction bid at Fort Madison. The parties must exhaust all administrative appeals before filing with the district court. The DOC is proceeding with construction.
- Dr. Deol presented the Health Care in Review for the prison system. The DOC is using telemedicine with the University of Iowa Hospitals and Clinics (UIHC) for urology, and in the process of establishing

telemedicine for orthopedics. After that is implemented, the DOC will continue to work with the UIHC on digestive diseases. The centralized pharmacy has been fully implemented.

- Deputy Director Jerry Bartruff updated the Board regarding focus groups for the needs of mentally ill offenders. There are four subcommittees: Diversion; Treatment and Case Management; Institutions; and Mental Health Professionals.
- Deputy Director Roger Baysden presented the Iowa Prison Industries (IPI) Five Year Transition and Business Plan. He announced he will be leaving the Department in December.

Next Meeting. The Board is scheduled to meet January 7, 2011, at the Central Office in Des Moines.

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RECENT PUBLICATIONS

Recent Publications. The Fiscal Services Division has recently published the following:

ISSUE REVIEWS

[State and Local Tax Revenue FY 2001 to FY 2010](#)
[School District – Cash Reserve Levy](#)
[Proposed Sale of State Land](#)
[State Funding for Libraries](#)
[State Funding for Preschool](#)
[Cedar Rock State Park](#)
[Projected Impact of Elimination of the Federal Family Education Loan Program](#)

FISCAL TOPICS

[Federal Medical Assistance Percentage \(FMAP\) Rates](#)
[Air Contaminant Source Fund](#)

OTHER ITEMS

[Monthly General Fund Revenue Memo](#)
[12-Month Total Net Tax Receipts](#)
[Quarterly Revenue Estimate](#)

STAFF CONTACT: Mary Shipman (515-281-4617) mary.shipman@legis.state.ia.us

MEETINGS MONITORED

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

Meeting	Date	Staff Contact
Early Childhood Iowa – Fiscal Accountability Workgroup	11/4/2010	Robin Madison (281-5270)
State Soil Conservation Committee	11/4/2010	Deb Kozel (281-6767)
Early Childhood Iowa Board	11/5/2010	Robin Madison (281-5270)
Watershed Improvement Review Board	11/5/2010	Deb Kozel (281-6767)
Climate Change Commission	11/8/2010	Deb Kozel (281-6767)
Health Care Commission	11/10/2010	Deborah Thompson (281-6764)
Natural Resource Commission	11/10/2010	Deb Kozel (281-6767)
Community College Council	11/15/2010	Robin Madison (281-5270)
Peace Officers' Retirement, Accident, and Disability System	11/15/2010	Jen Acton (281-7846)
Iowa State Fire Extinguishing and Alarm System Certification Advisory Board	11/17/2010	Jen Acton (281-7846)
Electrical Examining Board	11/18/2010	Jen Acton (281-7846)
Iowa Telecommunications and Technology Commission	11/18/2010	Marcia Tannian (281-7942)

Meeting	Date	Staff Contact
Administrative Rules Review Committee	11/09/2010	Sue Lerdal (281-7794)
Smart Planning Task Force	11/10/2010	Sue Lerdal (281-7794)
		Deb Kozel (281-6767)
		Marcia Tannian (281-7942)
Rebuild Iowa Coordinating Council	11/16/2010	Sue Lerdal (281-7794)
Environmental Protection Commission	11/16/2010	Deb Kozel (281-6767)
Watershed Planning Advisory Council	11/17/2010	Deb Kozel (281-6767)
Individual Disaster Case Management Task Force	11/18/2010	Sue Lerdal (281-7794)
Lake Delhi Task Force	11/30/2010	Deb Kozel (281-6767)
Shelter Care Providers	11/30/2010	Deborah Thompson (281-6764)
Lake Delhi Independent Findings Presentation	12/01/2010	Deb Kozel (281-6767)
Public Safety Advisory Board	12/1/2010	Jen Acton (281-7846) Beth Lenstra (281-6301)
Juvenile Justice Advisory Council	12/2/2010	Deborah Thompson (281-6764)
IPERS Investment Board	12/2/2010	Jen Acton (281-7846)
Tobacco Use Prevention and Control Commission	12/3/2010	Deborah Thompson (281-6764)
E911 Board	12/7/2010	Jen Acton (281-7846)
Statewide Interoperability Board	12/7/2010	Jen Acton (281-7846)

This document is available at: <http://www.legis.state.ia.us/Fiscal/fiscupdt/>