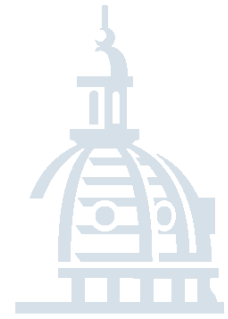


FISCAL UPDATE

Fiscal Services Division



March 11, 2014

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STATUS OF APPROPRIATION BILLS

Subcommittee Bills		
Transportation	SF 2130	Passed Senate Appropriations – 2/6
Other Bills		
LIHEAP Supplemental Appropriation	SF 2110	Passed Senate – 2/11

STAFF CONTACT: Mary Shipman (515-281-4617) mary.shipman@legis.iowa.gov

APPROPRIATION TARGETS

Targets Released. The House and Senate announced joint appropriation targets on March 5. The targets are utilized by the Appropriation Subcommittees in developing appropriations bills. The targets by Subcommittee category are displayed in the following table.

	Actual FY 2013	Estimated FY 2014	Gov Rec FY 2015	Joint Targets FY 2015	Joint Targets vs FY 2014	Joint Targets vs Gov Rec
Administration and Regulation	\$ 53,216,188	\$ 52,788,682	\$ 53,709,769	\$ 51,795,769	\$ - 992,913	\$ - 1,914,000
Agriculture and Natural Resources	56,974,860	40,824,631	45,096,631	43,061,995	2,237,364	- 2,034,636
Economic Development	42,204,041	41,381,886	48,081,886	44,331,886	2,950,000	- 3,750,000
Education	880,191,195	898,985,388	982,724,535	986,136,365	87,150,977	3,411,830
Health and Human Services	1,730,727,409	1,750,974,923	1,859,303,019	1,858,353,019	107,378,096	- 950,000
Justice System	687,040,096	716,422,033	729,365,025	728,962,920	12,540,887	- 402,105
Transportation, Infrastructure, and Capitals	37,517,940	135,000	0	0	- 135,000	0
Unassigned Standings	2,943,746,878	2,990,704,077	3,282,656,368	3,259,159,606	268,455,529	- 23,496,762
Total Appropriations	\$6,431,618,607	\$6,492,216,620	\$7,000,937,233	\$6,971,801,560	\$479,584,940	\$- 29,135,673

Subcommittee Meetings. The appropriation subcommittees are meeting on a weekly basis. For more information, see the Subcommittee websites listed in the following table. These websites include: committee members, links to subcommittee meeting notices and minutes, and materials distributed.

Subcommittee	Staff
Administration and Regulation	Dwayne Ferguson (281-6561) dwayne.ferguson@legis.iowa.gov Ron Robinson (281-6256) ron.robinson@legis.iowa.gov
Agriculture and Natural Resources	Deb Kozel (281-6767) deb.kozel@legis.iowa.gov
Economic Development	Kent Ohms (725-2200) kenneth.ohms@legis.iowa.gov
Education	John Parker (725-2249) john.parker@legis.iowa.gov Robin Madison (281-5279) robin.madison@legis.iowa.gov
Health and Human Services	Estelle Montgomery (281-6764) estelle.montgomery@legis.iowa.gov Jess Benson (281-4611) jess.benson@legis.iowa.gov
Justice System	Beth Lenstra (281-6301) beth.lenstra@legis.iowa.gov Jennifer Acton (281-7846) jennifer.acton@legis.iowa.gov
Transportation, Infrastructure, and Capitals	Adam Broich (281-8223) adam.broich@legis.iowa.gov Dave Heuton (725-0509) david.heuton@legis.iowa.gov

STAFF CONTACT: Dave Reynolds (515-281-6934) dave.reynolds@legis.iowa.gov

TEACHER LEADERSHIP SUPPLEMENTAL AID APPLICATIONS

Applications Selected. Of the 146 applications, the Department of Education selected 39 school districts to receive supplemental aid under the Teacher Leadership and Compensation (TLC) System beginning in FY 2015. Applications were scored by a 19-member Commission on Teacher Leadership and Compensation and chosen based on the strength of the application, geographic representation, and enrollment size diversity. The FY 2014 certified enrollment of the districts selected represents approximately one-third (159,056) of the total certified enrollment for the State. The remaining two-thirds of districts have the opportunity to apply and one-third based on enrollment size can be selected in the following two years. Districts selected to enter into the TLC System will receive \$308.82 per pupil.

Map. A map of selected applicants is included on the last page of this document.

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IOWA GAMING MARKET ANALYSIS STUDIES

Market Studies. The Iowa Racing and Gaming Commission recently received the results of two separate market analyses on the impact of the development of two new casinos being proposed in Linn and Greene counties. The two studies were conducted by the [Marquette Advisors](#) and [Union Gaming Analytics](#). The studies evaluated the gaming market throughout Iowa as well as areas in surrounding states that contribute to the Iowa gaming market. Included in the analyses were examinations of underserved gaming markets and underperforming facilities.

Summary of Findings: Both studies found that adding two new casinos would result in a significant “cannibalization” impact on existing Iowa casinos. The studies also indicated that most Iowa casinos have reached or will soon reach their market potential due in part to Iowa’s slow population growth and growing competition in boarding states. A key finding in the study completed by Marquette Advisors was that “...the majority of Iowa’s casinos have reached or are approaching maximum market penetration.” The report further noted that “as a result of the expansion of gaming facilities across the State of Iowa, the drawing power of many Iowa casinos has decreased, in spite of the provision of on-site lodging in many cases. Markets have become more localized, as location and convenience remain the key factor relative to customers’ choice of venue.”

Linn County – Cedar Crossing Casino: Both studies estimate that the new Linn County facility would generate between \$81.0 million and \$82.3 million annually in adjusted gross revenues. Of this amount, between \$59.0 million and \$66.8 million would come from the cannibalization of existing Iowa casinos. Both studies cited that the casino most adversely impacted would be Riverside Casino and Golf Resort with a loss of \$25.0 million to \$37.3 million, accounting for approximately 29.0% to 42.0% of the casino’s 2013 adjusted gross revenues.

The other casinos identified as being significantly impacted include the Isle Casino and Hotel in Waterloo, the Meskwaki Bingo and Casino in Tama, Diamond Jo Casino in Dubuque, Rhythm City Casino in Davenport, and the Isle of Capri Casino in Bettendorf.

Greene County – Wild Rose Casino: The two studies estimate that the proposed Greene County casino would generate between \$28.0 million and \$33.2 million annually in adjusted gross revenues. Of this amount, between \$22.0 million and \$31.1 million would be generated from the cannibalization of existing casinos’ revenues. The casinos identified as being significantly impacted include: Prairie Meadows in Altoona, Wild Rose Casino and Resort in Emmetsburg, Ameristar Casino in Council Bluffs, the Isle Casino and Hotel in Waterloo, the Meskwaki Bingo and Casino in Tama, Diamond Jo Casino in Dubuque, and the Rhythm City Casino in Davenport.

The Union Gaming Analytics study also included an analysis of a proposed casino in Webster County that is similar in size and configuration to the Greene County casino. The findings relating to the Webster County proposal are similar to the Greene County proposal. Additional information on the Webster County proposal can be found in the [Union Gaming Analytics](#) report.

The table below summarizes the projected impact of the proposed casinos in Linn and Greene counties from the two studies.

	Casino Studies	
	Marquette Advisors	Union Gaming Analytics
<u>Linn County - Cedar Crossing Casino</u>		
Adjusted Gross Revenue	\$81,000,000	\$82,300,000
Market Growth (New) Revenue	\$22,000,000	\$15,500,000
Cannibalization Impact	\$59,000,000	\$66,800,000
Impact by Casino		
<i>Riverside Casino</i>	\$25,000,000	\$37,340,000
<i>Isle Casino - Waterloo</i>	\$10,000,000	\$9,300,000
<i>Meskwaki Casino</i>	\$10,000,000	\$10,980,000
<i>Isle of Capri - Bettendorf</i>	\$6,000,000	\$0
<i>Rhythm City - Davenport</i>	\$6,000,000	\$0
<i>Diamond Jo - Dubuque</i>	\$0	\$4,130,000
<i>Mystique - Dubuque</i>	\$0	\$2,430,000
<i>Other</i>	\$2,000,000	\$2,620,000
<u>Greene County - Wild Rose Casino</u>		
Adjusted Gross Revenue	\$28,000,000	\$33,200,000
Market Growth (New) Revenue	\$6,000,000	\$2,067,000
Cannibalization Impact	\$22,000,000	\$31,133,000
Impact by Casino		
<i>Prairie Meadows</i>	\$6,000,000	\$13,175,000
<i>Isle Casino - Waterloo</i>	\$0	\$2,093,000
<i>Meskwaki Casino</i>	\$4,500,000	\$2,481,000
<i>Wild Rode - Emmetsburg</i>	\$3,200,000	\$3,622,000
<i>Ameristar - Council Bluffs</i>	\$0	\$2,986,000
<i>Other</i>	\$8,300,000	\$6,776,000

The Iowa Racing and Gaming Commission will receive presentations on the market analysis studies from [Marquette Advisors](#) and [Union Gaming Analytics](#) at their monthly meeting on March 6.

STAFF CONTACT: Dave Reynolds (515-281-6934) dave.reynolds@legis.iowa.gov

BORLAUG STATUE INSTALLATION

Statue Installation Scheduled. Pursuant to [2011 Iowa Acts, chapter 136](#), the State of Iowa will install a bronze statue of Dr. Norman E. Borlaug, the famous agricultural scientist and humanitarian, in the U.S. Capitol in Washington, D.C., on March 25, 2014, the centennial anniversary of Dr. Borlaug's birth. The event will be streamed live at 10:00 a.m. at www.speaker.gov/live. The Borlaug statue will be exchanged for the James Harlan statue. The Harlan statue, pursuant to [2013 Iowa Acts, chapter 144](#), will be placed on exhibition at Iowa Wesleyan College in Mount Pleasant, Iowa. Funds for the exchange of the statues, commissioning of the new statue, transportation, and other arrangements were paid for by private sources. Any funds remaining after the exchange of the statues is to be used to restore and relocate the statue of James Harlan.

STAFF CONTACT: Kenneth Ohms (515) 725-2200 kenneth.ohms@legis.iowa.gov

FY 2014 STATE GAMING REVENUES

FY 2014. For the first eight months of FY 2014, State revenues collected from Iowa's 18 gaming establishments totaled \$191.9 million. This represents a decrease of \$6.1 million (3.1%) compared to the same period in FY 2013. The wagering taxes decreased by \$5.2 million (2.9%) in FY 2014 compared to the previous year, whereas other receipts associated with nonwagering activities, such as licensing fees and reimbursements to the state for enforcement and regulatory costs; decreased \$0.9 million (5.4%).

REC. The Revenue Estimating Conference (REC) anticipates a modest reduction in FY 2014 gaming receipts and agreed to an estimated decrease of \$2.4 million (0.8%) for FY 2014 compared to FY 2013. In addition, part of the revenue reduction may be attributed to there being five fewer processing days in the first eight months of FY 2014 compared to the same period of FY 2013.

State Revenue from Gaming Establishments				
July - February				
(Dollars in Millions)				
	<u>FY 2013</u>	<u>FY 2014</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Wagering Taxes	\$ 181.4	\$ 176.2	\$ -5.2	-2.9%
Other Receipts				
Enforcement and Regulatory Fees	13.9	12.9	-1.0	-7.2%
Parimutuel Receipts	2.4	2.5	0.1	4.2%
Other	0.3	0.3	0.0	0.0%
Total Other Receipts	<u>16.6</u>	<u>15.7</u>	<u>-0.9</u>	<u>-5.4%</u>
Total	<u>\$ 198.1</u>	<u>\$ 191.9</u>	<u>\$ -6.1</u>	<u>-3.1%</u>

Numbers may not equal totals due to rounding.

Decreases. The decrease in wagering tax receipts corresponds with an overall decrease in year-to-date admissions and adjusted gross receipts. According to the most recently published numbers from the Iowa Racing and Gaming Commission, admissions to Iowa casinos through the end of January FY 2014 have decreased 708,000 (5.5%) compared to the same period of FY 2013. Additionally, adjusted gross receipts have declined 3.8% (\$31.6 million) during this seven-month period.

Admissions and Adjusted Gross Receipts				
July - January				
	<u>FY 2013</u>	<u>FY 2014</u>	<u>Change</u>	<u>Percent Change</u>
Admissions	12,798,989	12,090,502	-708,487	-5.5%
Adjusted Gross Receipts	\$ 828,055,539	\$ 796,410,721	\$ -31,644,818	-3.8%

Revenue Distribution. The following table shows the distribution of the year-to-date State gaming revenues in accordance with Iowa Code section [8.57\(5\)](#). Law changes enacted during the 2013 Legislative Session redirected the General Fund allocation of \$66.0 million to the Iowa Skilled Worker and Job Creation Fund beginning in FY 2014. In FY 2013, a portion of the General Fund allocation was distributed to the Technology Reinvestment Fund (\$20.0 million) and the Rebuild Iowa Infrastructure Fund (\$6.0 million).

RIIF Impact. Due to the statutory distribution of the gaming revenues, the fund that is impacted by fluctuations in revenues is the Rebuild Iowa Infrastructure Fund (RIIF). Through the end of February, gaming revenues to the RIIF are \$10.3 million (28.2%) below the same period of FY 2013. Of the \$10.3 million reduction, \$6.0 million is due to the one-time allocation of revenue from the General Fund to the RIIF in FY 2013.

Distribution of State Gaming Revenue				
July - February				
(Dollars in Millions)				
	FY 2013	FY 2014	Dollar Change	Percent Change
<u>Distribution of Revenue in accordance with 8.57(5)</u>				
Revenue Bonds Debt Service Fund	\$ 55.0	\$ 55.0	\$ 0.0	0.0%
Federal Subsidy Holdback Fund	3.8	3.8	0.0	0.0%
General Fund	40.0	0.0	-40.0	-100.0%
Vision Iowa Fund	15.0	15.0	0.0	0.0%
School Infrastructure Fund	5.0	5.0	0.0	0.0%
Iowa Skilled Worker and Job Creation Fund	0.0	66.0	66.0	
Technology Reinvestment Fund	20.0	0.0	-20.0	-100.0%
Rebuild Iowa Infrastructure Fund	36.5	26.2	-10.3	-28.2%
Subtotal	<u>175.3</u>	<u>171.0</u>	<u>-4.3</u>	<u>-2.5%</u>
<u>Other Revenues</u>				
Gaming Regulatory Revolving Fund	4.7	4.7	0.0	0.0%
Gaming Enforcement Revolving Fund	9.2	8.1	-1.1	-12.0%
County Endowment Fund	7.0	6.8	-0.2	-2.9%
Cultural Grants, Tourism, Tax Credits	1.7	1.1	-0.6	-35.3%
General Fund - Other	0.2	0.2	0.0	0.0%
Subtotal	<u>22.8</u>	<u>20.9</u>	<u>-1.9</u>	<u>-8.3%</u>
Total	<u>\$ 198.1</u>	<u>\$ 191.9</u>	<u>\$ -6.2</u>	<u>-3.1%</u>

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

STAFF CONTACT: Dave Reynolds (281-6934) dave.reynolds@legis.iowa.gov

VETERANS TRUST FUND UPDATE

Fund Balance. As of February 28, 2014, the Veterans Trust Fund Balance is \$18.9 million. The total principal balance is \$18.5 million. The total remaining for expenditure (including the interest income and the Iowa Lottery transfer) is approximately \$245,000. Expenditures to date for FY 2014 total approximately \$165,000.

STAFF CONTACT: Jennifer Acton (515-281-7846) jennifer.acton@legis.iowa.gov

STATE APPEAL BOARD MEETING

March Meeting. The State Appeal Board met March 3, 2014, at the State Capitol. The following claims were approved:

- General claims filed under Iowa Code chapter [25](#). The State Appeal Board approved five claims totaling approximately \$26,000 and denied 11 claims totaling approximately \$15,000.
- Tort claims filed under Iowa Code chapter [669](#). The State Appeal Board approved three claims totaling approximately \$6,200 and denied claims totaling approximately \$8.6 million.

Settlements. The Board approved two settlements by the Office of the Attorney General:

- \$25,000 to settle an employment wrongful discharge lawsuit filed by a former employee of the Polk County District Court.
- \$12,000 for attorney fees related to an offender's request for a special diet. The offender, housed at the Iowa Medical Classification Center at Oakdale, requested a specialized diet for religious reasons. The offender was granted injunctive relief.

Next Meeting. The next meeting of the State Appeal Board is scheduled for April 7, 2014.

STAFF CONTACT: Beth Lenstra (515-281-6301) beth.lenstra@legis.iowa.gov

FREE AND REDUCED PRICE LUNCH COUNTS

Map. The Department of Education has collected and disseminated free and reduced price lunch data by school district for the 2013-2014 school year. Statewide, there were 41.1% of students (grades K-12) eligible for either free or reduced price lunches. The following map provides information by school district. Districts shaded in red have a percentage of students eligible above the statewide average, while districts shaded in gray have a percentage less than the statewide average. The percentage ranged from a high of 82.0% (Twin Rivers) to a low of 8.4% (Solon).

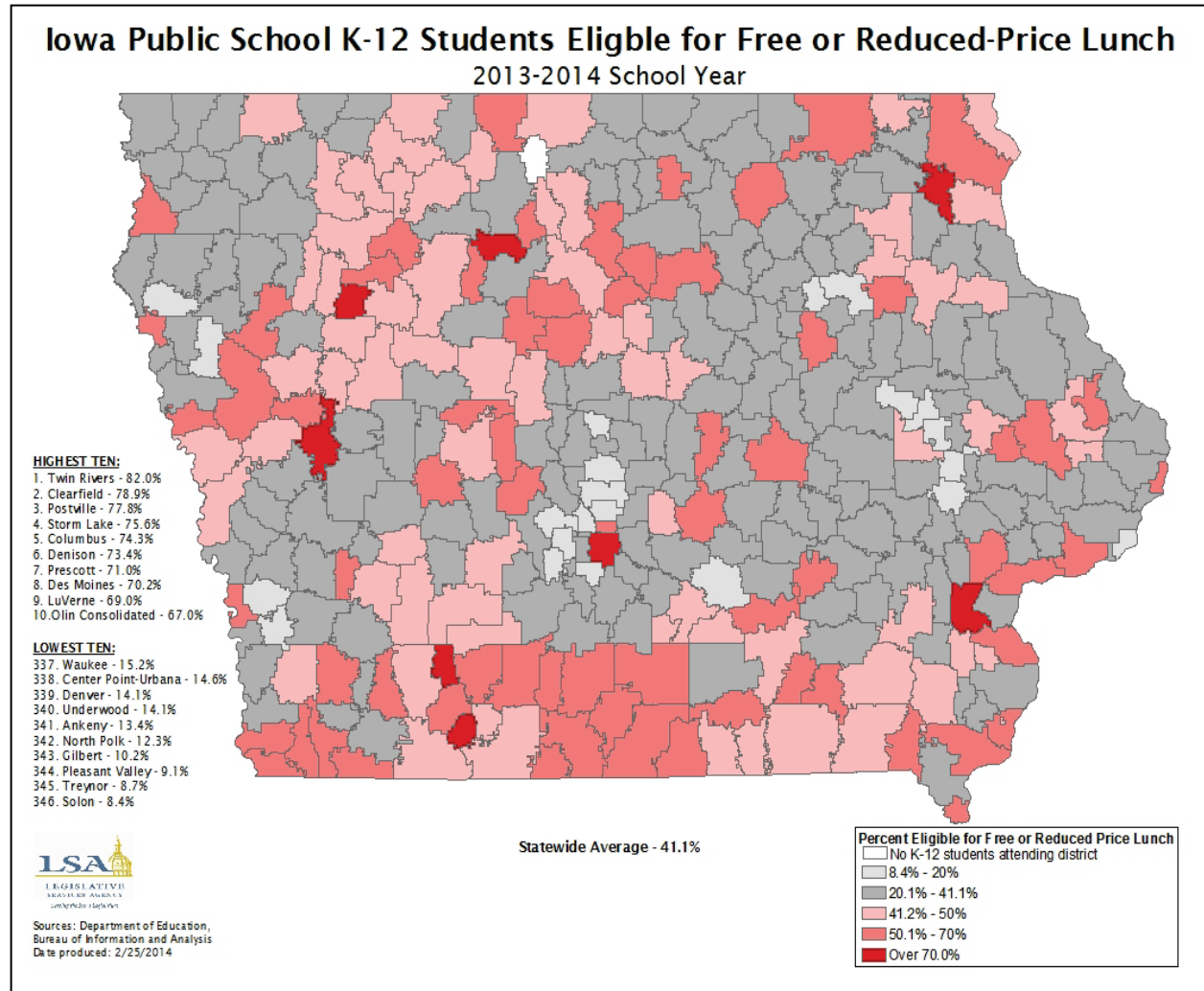
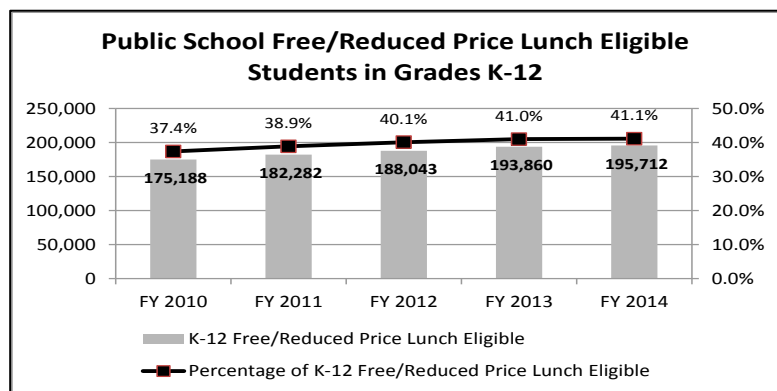


Chart. The chart to the right provides data for the past five years. Based on this information, the number and percentage of K-12 public school students eligible for free or reduced price lunch in Iowa has increase annually, moving from 175,188 (37.4% of the student population) to 195,712 (41.1%) from FY 2010 through FY 2014.



More Information. Information by school district is available from the [Department of Education's website](#) or upon request from the LSA.

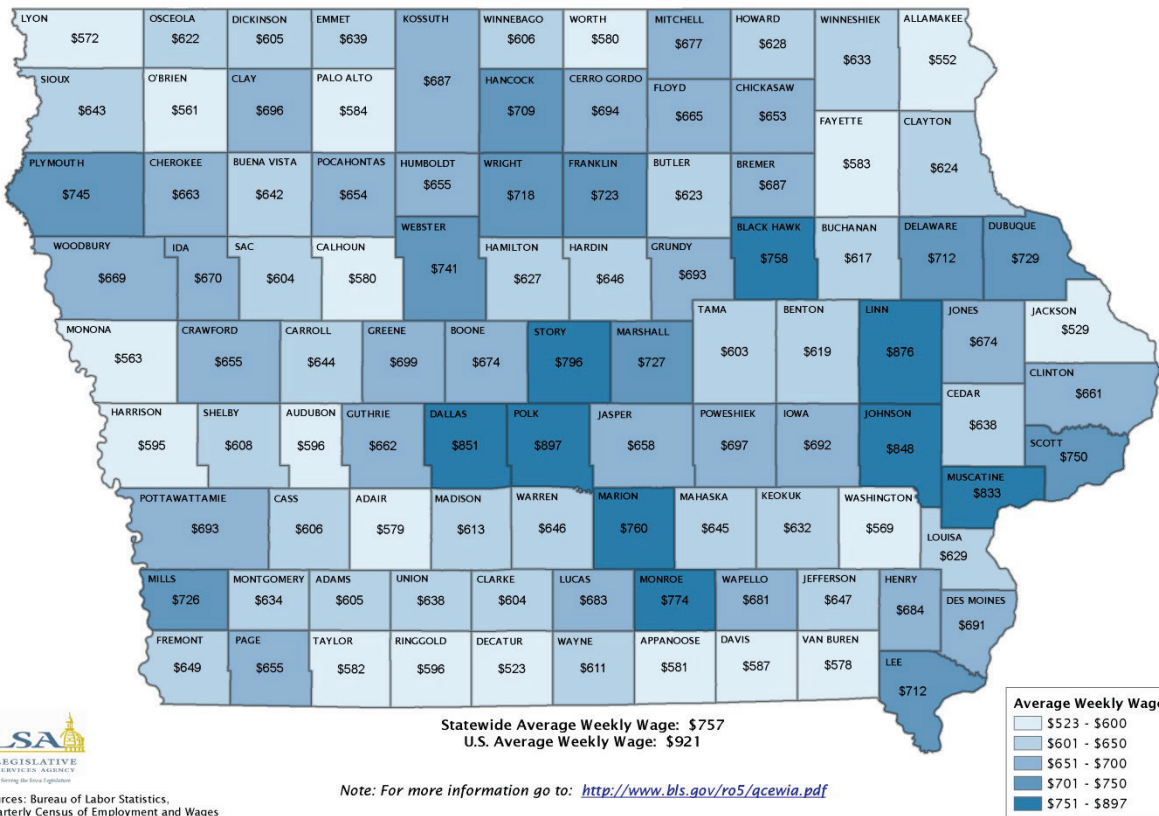
STAFF CONTACT: Shawn Snyder (515-281-7799) shawn.Snyder@legis.iowa.gov

MAP – AVERAGE WEEKLY WAGE BY COUNTY

Map. The following map shows the average weekly wage by county for the second quarter of calendar year 2013. The statewide average weekly wage was \$757, while the national average was \$921. This map and others are available online at:

<https://www.legis.iowa.gov/resources/mappingResources/mapOfTheWeek>.

**Average Weekly Wage by County
2nd Quarter - 2013**



LSA
LEGISLATIVE SERVICES AGENCY
Serving the People of Iowa
Sources: Bureau of Labor Statistics,
Quarterly Census of Employment and Wages
Date produced: 2/24/2014

STAFF CONTACT: Robin Madison (515-281-5270) robin.madison@legis.iowa.gov

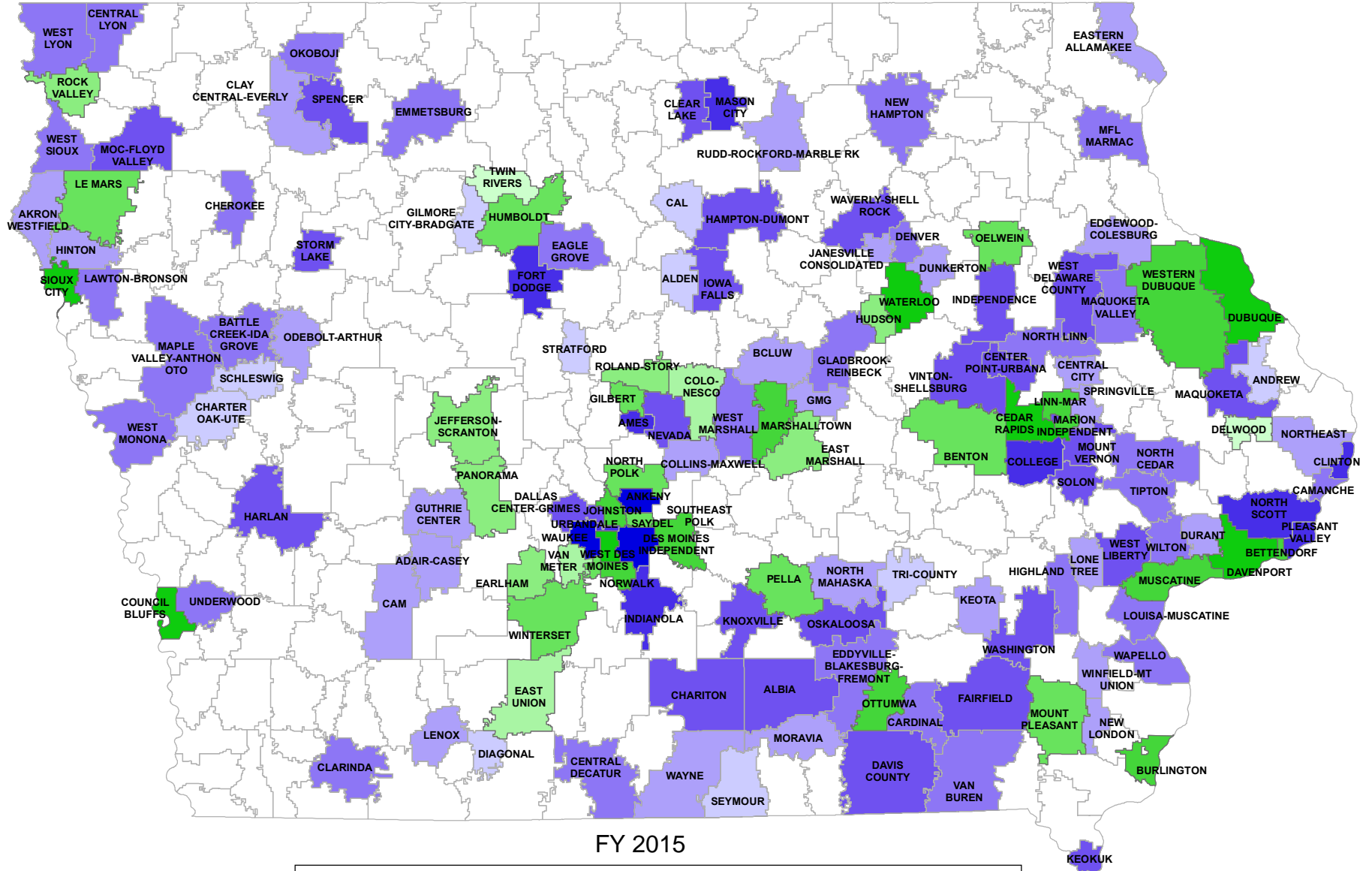
MEETINGS MONITORED

Meetings Monitored. The following meetings were monitored by Fiscal Services staff. Please contact the staff listed for more information.

Meeting	Date	Staff Contact
Board of Regents	February 28, 2014	Robin Madison (281-5270)
State Policy and College Affordability Roundtable – Strategy Labs/Lumina Foundation/LESN	February 28, 2014	Robin Madison (281-5270)
State Appeal Board	March 3, 2014	Beth Lenstra (281-6301)
Board of Corrections	March 7, 2014	Beth Lenstra (281-6301)

This document is available online at: <https://www.legis.iowa.gov/publications/fiscal/fiscalUpdate>

Teacher Leadership and Compensation (TLC) Applications and Accepted School Districts



Accepted District Certified Enrollment	Applied District Certified Enrollment
■ Less than 300 Students	■ Less than 300 Students
■ 300 to less than 600	■ 300 to less than 600
■ 600 to less than 1,000	■ 600 to less than 1,000
■ 1,000 to less than 2,500	■ 1,000 to less than 2,500
■ 2,500 to less than 7,500	■ 2,500 to less than 7,500
■ 7,500 or more	■ 7,500 or more