



MEMORANDUM

IOWA GENERAL ASSEMBLY
LEGISLATIVE SERVICES AGENCY

DENNIS C. PROUTY, DIRECTOR
IOWA STATE CAPITOL
DES MOINES, IA 50319
515.281.3566
Fax: 515.281.8027
dennis.prouty@legis.state.ia.us

To: Members of the Low-Income and Home Energy Assistance Program (LIHEAP) and Weatherization Program Interim Study Committee

From: Sam Leto, Fiscal Services Division, LSA

Date: November 29, 2006

RE: Request for Information by Senator Jack Hatch, Co-Chairperson

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In response to the questions and information requested by Senator Hatch at the end of the first meeting of the Low-Income Home Energy Assistance Program (LIHEAP) and Weatherization Program Interim Study Committee held October 11, 2006, the following is provided:

1. Request – Draft legislation regarding the Development Assessment Resolution Program (DARP) (spell out – what is this?) presented on October 11 and estimate an appropriation amount necessary to make it Statewide.

Response – The Legal Services Division of the Legislative Services Agency has drafted LSB 10464IC, “Low Income Utility Obligation Resolution”, sponsored by Senator Hatch that includes a \$1.0 million General Fund appropriation request to the Division of Community Action Agencies (DCAA) in the Department of Human Rights (DHR)

2. Request – Verify the information provided by DHR, including the statistics provided in the handout to the Committee on October 11.

Response – The sources of the attachments are:

Attachment A – Compiled by DCAA, LIHEAP Office.

Attachment B – From the Federal Register that is updated annually.

Attachments C & D – From State LIHEAP Household Reports produced by the federal Department of Health and Human Services (HHS).

FISCAL SERVICES

Sam J. Leto

Sr. Legislative Analyst
515.281.6764
Fax: 515.281.6625
sam.letto@legis.state.ia.us

Attachment E – From DHR Fiscal Office.2006 LIHEAP Study
Committee Memorandum.doc

Attachment F – From DHR State plan filed with the (HHS) and in the DCAA procedural manual.

Attachment G – From compiled data reported to DCAA annually.

Attachment H – From the Iowa Utilities Board, based on information provided by the rate regulated utilities on a monthly basis.

The charts are based data on monthly reports from the Iowa Utilities Board for the period January 1, 1999 through May 1.2006.

- 3. Request** – Work with the Iowa Propane Industry to get more statistics about number of Iowa households using propane, the number of Iowa propane dealers, transportation methods for delivering propane, and other pertinent information.

Response – Several documents were submitted by the Iowa Propane Association and have been incorporated as attachments to the November 21, 2006, memorandum to Committee Members from Ann Ver Heul, Legal Services Division, LSA.

- 4. Request** – Identify alternative funding sources to appropriate for LIHEAP in FY 2007.

Response – The following is a list of potential sources of State funding that could be used to fund LIHEAP if the funding is only needed for FY 2007. If a more permanent source of funding or a relatively large appropriation is considered for LIHEAP, it is recommended that the effect of the appropriation on the overall General Fund budget be analyzed.

FY 2007 General Fund Supplemental: Current estimates project the General Fund surplus to be \$226.1 million. This surplus assumes the enactment of \$30.3 million in FY 2007 supplemental appropriations. However, caution should be used in appropriating funds from the surplus. Current statute allocates the General Fund surplus to the Senior Living Trust Fund and the Cash Reserve and Economic Emergency Funds. As the surplus is reduced, the payments to the Senior Living Trust Fund are also reduced.

Healthy Iowans Tobacco Trust Fund (HITT): The HITT fund is currently used to fund health care and substance abuse related programs. The Fund receives an annual standing appropriation of approximately \$60.0 million from the Endowment for Iowa's Health Account... The General Assembly also annually appropriates an additional amount which has ranged from \$5.0 to \$10.0 million from the Endowment to HITT to provide additional program funding. A onetime supplemental appropriation could be made from HITT for LIHEAP but would require an additional transfer from the Endowment to cover the cost. This would not be a good source of funding if a sustained funding source is being sought. Current estimates indicate that the Endowment will experience cash flow problems beginning in FY 2009 due to reduced revenues.

Rebuild Iowa Infrastructure Fund (RIIF): Revenues to the RIIF consist primarily of State Wagering Taxes and the interest earned from the State's reserve funds. RIIF is be used for vertical infrastructure-related expenditures but has on occasion been used for a wide variety of projects and programs not necessarily infrastructure-related. Current estimates show an ending balance in RIIF of \$48.0 million for FY 2007. A supplemental appropriation could be

funded from RIIF, however, this would reduce the funding available for infrastructure projects in FY 2008.

Senior Living Trust Fund: A direct supplemental appropriation could be made from the Senior Living Trust Fund (SLTF), however, this could reduce the amount of funding available for Medicaid and other programs in FY 2008. The SLTF is currently used to fund a portion of Medicaid and other programs in the Iowa Finance Authority (IFA), and the Departments of Elder Affairs and Inspections and Appeals, and appropriations total \$78.8 million for FY 2007. The ending balance in the SLTF is currently estimated at \$64.4 million for FY 2007.

Cash Reserve Fund: A supplemental appropriation from the Cash Reserve Fund would be possible. However, statute would require the appropriation to be repaid from the General Fund the following fiscal year if the General Fund surplus was not adequate to cap the Cash Reserve Fund balance. Statute also requires Cash Reserve Fund appropriations be made only for non-recurring emergency expenditures. This provision would likely need to be notwithstanding.

LIHEAP Allocations: Amend allocations of federal LIHEAP funds for weatherization and administration, as authorized in Section 10 of House File 2238 (2007 Federal Block Grant Act), and redirect these funds for heating assistance.

If the Committee has further questions regarding the information provided in this memorandum, please contact Sam Leto, Fiscal Services Division, LSA.

