



Representative Bob Kressig

Statehouse News

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For additional information, go to www.bobkressig.com

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Surplus Sign of Strong Economy

It is never too early to talk about the good things happening in Iowa. Governor Tom Vilsack wanted to share good news of strong financial trends and the anticipated surplus as the books are closed on the past fiscal year, 2006. Although it is still a little early, the state will be sharing similar financial news with the Standard and Poor's credit rating service later this month. The State will not officially be closing the books on fiscal year 2006 until mid-October.

The fiscal year 2006 general fund budget is projected to have a \$332.1 million surplus. This surplus will allow the state to reimburse the Senior Living Trust Fund by approximately \$50 million, allocate \$2.8 million to the state universities, and provide \$160 million to fund property tax credits for fiscal year 2007.

The remaining \$119.5 million will flow into the state reserve funds, bringing the combined balance to \$511.3 million or 9.6% of adjusted revenues. The State has two reserve funds that have a combined statutory limit of 10% of adjusted state revenues. The Cash Reserve Fund has a statutory limit of 7.5% of adjusted revenues, and is now full, and the Economic Emergency Fund has a statutory limit of 2.5% of adjusted revenues.

Governor Vilsack noted in his announcement, "We have consistently managed our budgets in a responsible way which is why we have substantial rainy day accounts and a near perfect bond rating. While many states and the federal government struggle with managing their finances, we have lived within our budget, provided tax relief for eight consecutive years, and given Iowans the services they expect from state government. We have done all of this while continuing to plan for the future."

Household Income Up

Recent U.S. Census data shows the median income of Iowans grew 7.17 percent between 2004 and 2005, making Iowa the 11th fastest growing state. Iowa's median household income of \$46,500 now exceeds the national average and ranks 21st amongst other states.

The state is also experiencing a period of record employment growth. According to Iowa Workforce Development, for the third straight month, Iowa's nonfarm sector added new jobs, topping the previous all-time high set in June. Nonfarm employment increased to 1,510,600 during July, 2,500 more than June and 29,100 more than in July 2005.

Multi-State Voter Registration Project

Iowa Secretary of State Chet Culver has announced completion of a multi-state voter registration project. Working with the Secretaries of State of Nebraska, Missouri, Kansas and Minnesota, the first of its kind project has resulted

in a more current and up-to-date voter registration list for these four states.

Elections officials in these four states will now have the ability to cross check their state's voter regis-

tration data with that of any of the other four states who are part of this agreement. According to Secretary Culver, this is expected to result in cleaner voter registration rolls and less administrative processing. It will also insure that only persons actually residing in Iowa will be able to vote in Iowa on Election Day.

According to Culver, the cross-check process identified over 22,000 registered voters on Iowa's list who are also registered in one of the other four states. These voters will be moved from Iowa's active file to a cancelled file and a notice will be sent by the county auditor to their Iowa address. If the notice is returned, the county audi-



tor will know that they have moved and the cancellation was correct.

Disabled Iowans Can Manage Own Service Package

Beginning October 1, Iowa Medicaid officials will allow any person receiving Medicaid services under one of six home- and community-based waivers to convert the value of their services into financial credit and then use that credit to *hire their own service providers*. The Iowa Department of Human Services (DHS) developed the "consumer choice option" with help from the Robert Wood Johnson Foundation.

Based upon similar efforts in other states, consumer choice is expected to improve the quality of life of those who participate, by increasing their ability to control their own living situations. Projected to be cost-neutral to the state, this option is available to persons on Medicaid waivers for AIDS/HIV, brain injury, elderly, ill and handicapped, mental retardation, and physical disabilities waiver.

Each consumer choice enrollee will be required to designate an "independent support broker" to help develop a service plan, and to

designate a financial management service (typically a credit union) to manage the enrollee's money and pay the bills. Cost for the brokerage and financial management services will come out of the consumer's individual service budget. Only the financial manager will be an official Medicaid provider; all other service providers will be direct employees of the consumer. The Johnson Foundation is providing start-up grants to financial institutions to provide financial management services under this option.

Services to be accessed through the "consumer choice option" could include a number of services that are already allowed through one or several existing waivers, such as assistive devices, homemaker/chore services, unskilled attendant care, day habilitation, home and vehicle modification, home-delivered meals, prevocational services, respite care, transportation, and other services. Additionally, the consumer choice option provides opportunities to obtain goods or services that fall

outside the typical waiver-allowed expense, if such goods or services reduce the need for other services. For example, a consumer choice enrollee could spend money from their service plan to purchase a microwave oven, if it would reduce the need for home-delivered meals. Funds may not be used to purchase room and board, child care, sheltered workshop, or personal entertainment items.

The administrative rules contain standards for brokers, financial managers and service providers, but those standards are minimal, raising some concerns that enrollees could become subject to abuse or exploitation. During a recent meeting of the Administrative Rules Review Committee, agency staff noted that it would be difficult or impossible to regulate every possible scenario and still provide consumers with the flexibility that makes the consumer choice option an attractive alternative to regular waiver services.

Legislative Fiscal Committee Meets

The Legislative Fiscal Committee met on September 13, their first meeting of the 2006 interim. The Committee reviewed the latest revenue figures, fund balances, transfer orders and received up-

dates on the Honey Creek Destination State Park bond issuance, the capitol complex building construction projects, group care waiting lists and provider increases under Medicaid.

The committee received an update from Arnie Sohn, of the Department of Natural Resources (DNR), on the **Honey Creek Destination Park** project. The park is located on 11,000-acres in Ap-

panoose County. This will be Iowa's first state park to offer a full range of overnight accommodations and a broader range of outdoor recreational activities for the whole family.

DNR reported that they are planning to go out for bids soon on phase one of their proposal. This bid will include work on the waste water system, boat ramp and docks, golf course and cabins. The communities surrounding the park have contributed toward the construction of this destination park, both financially and through in-kind contributions.

Regency Hotel Management of Sioux Falls, South Dakota was selected by the department to lead construction and management. This company will also take the lead on marketing. There is a groundbreaking ceremony tentatively scheduled for the first week in October. The department reported that they are pleased with all aspects of the project, and are anxious to see the final result.

The legislature authorized DNR to issue bonds to provide \$28 million in net proceeds for the construction project. DNR estimates \$33 million in bonds will be issued, with the bond closing expected October 19-27th.

Capitol Complex Buildings

The committee received an overview from Mollie Anderson, of the Department of Administrative Services (DAS) on two new buildings. One is a new 350,000 sq. foot office building, and the other is a new building for the Iowa Utilities Board and the Office of Consumer Advocate. House File 2782 authorized the construction of both buildings, but the legislature requested

that a return on investment be done before construction begins. The return on investment must show at least a 5% savings in order for the project to be built.

After three sites were prioritized for consideration, DAS has selected the site north of Workforce Development, on the north side of Des Moines Street as the final location for the office building. Next, the department will be evaluating the state's current leases in Polk County to determine which offices should go into the new office building. Currently, the state is spending close to \$800 million a year on leased space in Polk County. Parking for this building, as well as for visitors to the new building, will also be considered. DAS will also take into consideration energy-related issues.

The new building that will house the Iowa Utilities Board and the Office of Consumer Advocate will be a model energy efficient building and as low maintenance as possible. The site location with the highest ranking is located on an area between East 14th Street and the maintenance building. If the building were to be located here, it would have numerous solar benefits, would allow for flexibility in design and has potential for natural ventilation.

Balance Sheet Update

The non-partisan Legislative Services Agency (LSA) provided an update on the status of General Fund revenues and expenditures for the past fiscal year, 2006. The State collected an estimated \$5.334 billion and appropriated \$5.014 billion. The surplus is currently projected to be \$320 million, which is \$116 million more than previ-

ously estimated. Final numbers on accruals and tax refunds will be available in mid-October.

The Committee received a report from LSA outlining the built-in increases and anticipated appropriations increases for the next fiscal year, 2008. The 2007 Legislature will be working on the FY 2008 budget. The LSA currently estimates \$615 million in total appropriations increases for FY 2008. The list includes such big-ticket items as \$117.6 million for K-12 school aid, \$196.5 million for property tax credits, \$106 million for Medicaid, \$35 million for teacher salaries, and \$89 million for collective bargaining agreements that are yet to be resolved.

The committee also reviewed the non-general fund balances, the list of appropriation transfers and lease purchase notifications.

Medicaid Update

The Legislative Services Agency also provided an update on FY 2006 Medicaid expenditures and an FY 2007 estimated supplemental amount. Medicaid revenues for FY 2006 totaled \$742.8 million and the current estimate is that there will be a surplus in the range of \$4 million to \$9 million. If there is a surplus once the state books are finally closed, this surplus will revert to the Senior Living Trust Fund. The FY 2007 Medicaid short fall is estimated to be in \$17 million to \$37 million range, which means the Legislature will need to consider a supplemental appropriation in the 2007 session.

The committee also received an update on the implementation of the 3% Medicaid provider increase, the group care waiting list, and case management services.

Twenty Counties Declared Drought Disasters

The United States Department of Agriculture (USDA) designated

20 of the 22 counties Governor Vilsack requested to be disaster

areas. The USDA said the 20 counties sustained sufficient

production losses to warrant a Secretarial disaster designation.

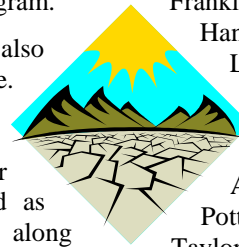
Counties receiving the disaster declaration include Cerro Gordo, Cherokee, Clay, Crawford, Des Moines, Dickinson, Harrison, Humboldt, Ida, Lee, Lucas, Madison, Monona, Monroe, Montgomery, Plymouth, Sac, Sioux, Woodbury, and Worth.

Eligible residents in these counties will be able to request low

interest loans from the Farm Service Agency (FSA) through the USDA Emergency Loan Program.

Contiguous counties are also eligible for this assistance. Adair and Webster counties were in the original request as primary natural disaster areas, but will be included as contiguous disaster counties along with Adams, Appanoose, Audubon, Buena Vista, Butler, Calhoun,

Carroll, Cass, Clarke, Dallas, Davis, Decatur, Emmet, Floyd, Franklin, Fremont, Guthrie, Hancock, Henry, Kossuth, Louisa, Lyon, Mahaska, Marion, Mills, Mitchell, O'Brien, Osceola, Page, Palo Alto, Pocahontas, Polk, Pottawattamie, Shelby, Taylor, Union, Van Buren, Wapello, Warren, Wayne, Winnebago, and Wright.

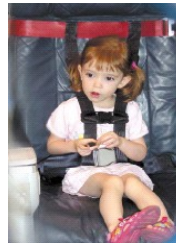


New Child Safety Harness Approved

In early September, the Federal Aviation Administration (FAA) approved a harness-type device created by AmSafe for children on airplanes weighing between 22 and 44 pounds. Parents can still use their safety seat that is used in the motor vehicle; this new device is meant to be another option for parents. If parents want to check the safety seat that is used in the vehicle as a piece of luggage, rather than lug it through the airport, the AmSafe device gives parents an alternative device to use on the plane. Safety seats that are used in motor vehicles will continue to be allowed for use on airplanes.

Right now, the only way to purchase the AmSafe device is through AmSafe's website, www.amsafe.com. It is expected

that the harness will be available to



consumers in stores in the near future. This device is only approved for use in an airplane, not in a motor vehicle. Again, there is no reason for parents to purchase both, a safety seat that is used in a motor vehicles is and will continue to be approved for use on airplanes. The FAA approved this device to give consumers options and to support the continuation of new technology with child safety seats.

The following are the recommendations from the FAA concerning a child's weight and proper safety seat usage:

- If the child weighs less than 20 pounds, use a rear-facing seat (although children under the age of two are allowed to ride on the lap of an adult).
- If the child weighs 20 to 40 pounds, use a forward facing safety seat.
- If the child weighs more than 40 pounds, use the airplane seat belt.
- Booster seats (ones with a bottom and no backs) are prohibited from being used on airplanes.

Minority Business Task Force Meets

The Governor's taskforce on Iowa's Targeted Small Business (TSB) program has had two meetings, with an additional six meetings tentatively set. The TSB program is designed to assist in the creation and expansion of Iowa small businesses that are at least 51 percent owned, operated and managed by minorities, women, persons with disabilities or low-income individuals.

Governor Vilsack signed Executive Order 49 to establish a taskforce to study the TSB Program. It is represented by a broad section of government agencies, members of the business community and elected officials.

The taskforce will look at all aspects of the program, including certification, which is administered by the Department of Inspections and Appeals; the state procurement goal of having 10% of state bids

filled by TSB's; and the financial assistance end of the program administered by the Department of Economic Development (DED). Outreach and marketing efforts of the program to encourage participation of the program will also be examined.

Through DED, the program provides low-interest loans or equity grants of up to \$50,000 to eligible small businesses with \$3 million or less in annual sales. In

January, DED released a report on women and minority owned businesses in Iowa. The report provided some analysis of why more minority-owned businesses and women owned businesses have not applied for assistance. Only 11 businesses received assistance from the TSB program in Fiscal Year 2006 compared to 41 in Fiscal Year 2003.

Funds for the program have dwindled to the point where currently it is existing on loan repayments. Once a loan is repaid from a previous business receiving a loan, money becomes available for another business. In addition, TSB's are having problems meeting the requirements to be eligible to receive assistance, such as the development of a business plan.

For last year, Iowa's procurement of bids filled by a TSB was just less than 3%.

The taskforce will provide recommendations on improvements and efficiencies to the Governor and Legislature by December first.

House Now Taking Application for Pages

Iowa high school juniors and seniors who want to learn more about the legislative process can do so by applying to serve as a Page in the Iowa House of Representatives next legislative session.



Pages participate in many aspects of the legislative process. Pages provide invaluable assistance to Representatives and House staff by running errands, delivering messages, and distributing bills and amendments. Pages also "staff" committee meet-

ings and help the chairperson by handing out materials during the meetings.

Pages are actually hired as employees of the Iowa House of Representatives. They receive \$8.08 per hour and work from 8 a.m. until the House adjourns for the day. Uniforms are provided. Work begins on January 8, 2007, and goes to the end of the session, which usually runs until the end of April. Some House Pages work

only half of the session, some work the entire session.

Students interested in serving as Pages must submit their application by October 6. Students will also be interviewed as part of the selection process. Applications must be filed with the Chief Clerk of the Iowa House.

Students who are interested in becoming a Page can obtain applications and more information through the General Assembly's web site at www.legis.state.ia.us. Parental permission is required to participate in this program.

Rural Iowa Fund

The Iowa Farm Bureau has introduced a program called the Renew Rural Iowa. It is designed to help entrepreneurs in rural communities who want to develop or expand a business.

The program will commit \$5 million to a rural vitality fund to assist entrepreneurs with funding resources to develop their business. The entrepreneurs will have to complete a mentoring program that will help them through all phases of developing a business such as writing a business plan, determining appropriate financing, and analyzing market research and various funding sources.

The Cedar Rapids based Entrepreneurial Development Center (EDC), a State of Iowa Business Accelerator, will partner with the Farm Bureau to implement the program. The EDC was incorporated in 2003. It has successfully assisted over 250 small businesses in Iowa, primarily in the Cedar Rapids and Iowa City corridor.

Through the partnership, EDC will ramp up its operations to bring business education and mentoring to rural communities statewide and to support them through their early development and growth phases. The program is targeted at communities with less than 30,000 people

"We believe that Iowa's rural heritage and entrepreneurial spirit is what makes our state unique and why Iowans ultimately want to live here," said Farm Bureau President Craig Lang. "Our goal is to help rural communities prosper for future generations."

Currently, through the Grow Iowa Values Fund, \$35 million annually is targeted for business assistance through economic development programs. There are 12 Small Business Development Centers statewide to assist Iowans with starting a business. There are also four business accelerators up and running in Iowa. They are located in Cedar Rapids, Davenport, Mason City, which are all in their second

year of three years of assistance from the Grow Iowa Values Fund,

and Dubuque, which is in its first year.

Second Annual Iowa Weatherization Challenge

The Iowa Utilities Board (IUB) has announced the second years of the Iowa Weatherization Challenge. Through this program, the IUB works with local community groups to help Iowans prepare for high winter heating bills. The IUB wants to help them recruit volunteers and raise funds to help low-income, elderly, and disabled Iowans weatherize homes.

Matching Grants

The IUB will provide at least \$10,000 in matching grants of up to \$500 to assist community groups develop weatherization projects. The application deadline is

November 1, 2006, and proposed weatherization projects must be completed by November 30, 2006.

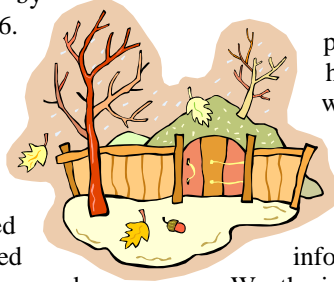
The IUB will assist community groups with volunteer training, obtaining donated or low-priced supplies, and communicating with the media.

Information Kit

An Iowa Weatherization Challenge information kit is available from the IUB web site at:

<http://www.state.ia.us/government/com/util/IWC.html>.

The web site also provides videos regarding how to find air leaks, weatherizing windows and doors, heating and heating safety tips, and natural gas price information. For more information about the Iowa Weatherization Challenge, contact Teresa McConnell by calling 515-281-5192 (877-565-4451 toll-free), or by email at: teresa.mcconnell@iowa.gov or



New Gambling Licenses Possible

At its August 31 meeting, the state Racing and Gaming Commission announced it will begin discussing the possibility of issuing new gambling licenses in March 2007. Last year the commission approved four new licenses but denied three more. They indicated, at that time, they would revisit the issue in 18 to 24 months.



Commission chair, Kate Cutler, of Council Bluffs, cautioned that the discussion would not be for putting in new applications, but for the commission to discuss whether they want to proceed with granting new licenses, and if so, what the appropriate timeline would be.

In other action, the commission asked staff to proceed with changing rules to double the fines against casinos for underage gambling. Currently, the fines are \$10,000 for the first offense and \$15,000 for the second offense in the same year. The fine has not been changes for about ten years.