FISCAL UPDATE March 23, 1998

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Status of Appropriations Bills

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| **Appropriations Subcommittee Bills** |



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| **Appropriations Subcommittee** |  | **LSB/File #** |  | **Status** |
| Admin./Regulation |  | HF 2498 |  | Passed House Approps. on Feb. 25. |
| Ag./Natural Resources |  | SF 2295 |  | Passed House Approps. on March 16. |
| Economic Development |  | SF 2296 |  | Passed Senate on March 11. In House Approps. |
| Education |  | HF 2533 |  | Passed House Approps. on March 4. |
| Health/Human Rights |  | SF 2280 |  | Passed Senate Approps. on Feb. 18. |
| Human Services |  | LSB3174 |  | Passed Joint Subcommittee on March 5. In Senate Approps. |
| Justice System |  | LSB3173 |  | Passed Joint Subcommittee on March 18. In House Approps. |
| Oversight & Comm. |  | LSB 3181JA |  | Joint Subcommittee passed bill on March 2. In Senate Approps. |
| Trans., Infrastruc- ture, & Capitals |  | HF 2499  SF 2381 |  | Transportation Appropriations Bill passed Senate Approps. on March 12.  Infrastructure Bill passed Senate on March 11. |
| **Other Appropriations Bills** | | | | |
| **Subject** |  | **File #** |  | **Status** |
| On-Time Funding  $4 mil GF |  | HF 2130 |  | Passed House Educ. In House Approps. |
| Oil Overcharge |  | HF 2210 |  | Passed Senate Approps. on Feb. 24. |
| Fed. Block Grant |  | HF 2218 |  | Sent to Governor March 19. |
| **Other Appropriations Bills** | | | | |
| **Subject** |  | **File #** |  | **Status** |
| Obsolete & Unneces-sary Provisions of the Code |  | HF 2271 |  | Passed Senate State Government Committee on March 19. |
| FY 1998 Supplemental Appropriations |  | HF 2395 |  | Passed House on March 2. In Senate Approps. |
| Early Childhood Imperatives Program  $9 mil GF |  | HF 2458 |  | Passed House Education Standing Committee on Feb. 24. In House Approps. |
| School Ready Grant Program - House Bill |  | HF 2500 |  | Passed House Education Standing Committee. In House Approps. |
| Teacher Certification/Teacher Induction |  | HF 2501 |  | Passed House Education Standing Committee. In House Approps. |
| K-3 Funding  $7 mil GF |  | SF 2193 |  | On Senate Calendar. |
| Mentoring  $180,000 GF |  | SF 2215 |  | Passed Senate Educ. Standing Committee. On Senate Calendar. |
| Education Reform  $12.02 mil GF |  | SF 2366 |  | Passed House Approps on March 19. |
| School Ready Grant Program - Senate Bill  $5.2 mil GF |  | SF 2406 |  | Passed House Education Standing Committee on March 17. |

STAFF CONTACT: Holly Lyons (Ext. 17845)

Ways and Means Actions - March 16 - 20



**SF 2288 - Sales Tax/M&E** On March 16, the House Ways and Means Committee passed SF 2288, Sales Tax on Machinery and Equipment. The Bill expands the exemption allowed to sales of fuel and electricity used in computers, machinery, and equipment. The Bill provides that sales of vehicles subject to registration are not exempt machinery or equipment sales unless the vehicles are directly and primarily used in recycling or reprocessing of waste products.

**Bill Provisions** The Bill also exempts from State sales tax machinery and equipment used in activities subsequent to extraction of materials through mining or quarrying by adding a business engaged in that activity to the definition of manufacturer. The Bill also provides that computer software maintenance or support contracts be taxed on 50.0% of the value of the contract. The sections of the Bill relating to the definition of manufacturer and computer software maintenance or support contracts take effect July 1, 1998. All other portions of the Bill are retroactive to July 1, 1997.



**Fiscal Impact** The portion of the Bill relating to quarrying or mining is expected to result in a loss in General Fund revenue of approximately $230,000 in FY 1999 and beyond. The Section of the Bill relating to computer maintenance or support contracts is expected to result in a General Fund revenue loss of approximately $806,000 in FY 1999 and beyond. All other sections of the Bill are not expected to have any impact upon General Fund receipts.

**HF 2374-Organ Procurement** On March 18, the Senate Ways and Means Committee passed HF 2374, Sales Tax on Statewide Organ Procurement Organizations. The Bill would exempt a statewide organ procurement organization from the sales tax on purchases made by such an organization. There are two organizations which would receive the sales tax exemption. These are nonprofit organizations which recover costs through fees for providing organ and tissue placement. The estimated fiscal impact of HF 2374 is expected to be less than $20,000 annually.



**SF 224 - Aircraft Exemption** On March 18, the Senate Ways and Means Committee passed SF 224, Sales Tax Exemption for Certain Aircraft. Currently, a scheduled interstate Federal Aviation Administration (FAA) certified air carrier is exempt from paying sales tax on the sale or rental of aircraft and the purchase of repair, remodeling, and maintenance services. Senate File 224 broadens the exemption to include unscheduled interstate FAA certified air carrier operations. The fiscal impact of SF 224 is expected to be approximately $17,000 in FY 1998 and $100,000 in FY 1999 and beyond. The Bill is effective upon enactment.

STAFF CONTACT: Larry Sigel (Ext. 14611)

Agriculture and Natural Resources Appropriations Bill - SF 2295 Passes House Appropriations Committee



**SF 2295 - Ag/Natl. Res.** Senate File 2295, the Agriculture and Natural Resources Appropriations Bill, passed the House Appropriations Committee as amended by H-8454 on March 16. The Bill appropriates $50.2 million from the General Fund and 1,078.0 FTE positions for FY 1999. This is an increase of $1.3 million and 12.0 FTE positions compared to the estimated FY 1998 appropriation.

**Changes By Committee** Major changes to the Bill include:

* Eliminates the $15,000 allocation from the Water Quality Protection Fund to the Lewis and Clark Rural Water System.
* Eliminates the $400,000 transfer from the Water Protection Fund to the Loess Hills Development and Conservation Authority.
* Requires any funds not used during FY 1999 for appointed, nonelected salaries, from the funds appropriated to the Department of Agriculture and Land Stewardship and the Department of Natural Resources, be transferred to the Soil Conservation Cost Share Program.

**NOBA**

**Bill Summary** Copies of the Notes on Bills and Amendments (NOBA) are available from the Legislative Fiscal Bureau.

STAFF CONTACT: Deb Kozel (Ext. 16767) Sherry Weikum (Ext. 17846)

Justice System Appropriations Bill Approved



**Justice System Sub.** The Justice System Appropriations Subcommittee approved LSB 3173 on March 16. The Bill makes appropriations to the Department of Justice, the Department of Corrections, the Judicial Department, the Department of Inspections and Appeals, the Parole Board, the Iowa Law Enforcement Academy (ILEA), the Department of Public Defense, and the Department of Public Safety. The Bill appropriates $419.4 million from the General Fund and 7,474.6 FTE positions. This is an increase of $28.8 million (7.39%) and 293.1 (0.04%) FTE positions compared to estimated FY 1998.

**Significant Changes** Significant changes in funding or language include:

**Dept. of Justice Department of Justice**

* Increases funding for the General Office by $120,000 for upgrading and expanding office technology.
* Increases funding for the Legal Services Poverty Grant Program by $100,000.

**Corrections Department of Corrections**

* *Institutions:* Increases funding by $12.5 million and 207.0 FTE positions compared to the estimated FY 1998 appropriation.

Major changes include:



* A decrease of $826,000 and 12.0 FTE positions because Cellhouse 17 at Ft. Madison will not be renovated and reopened during FY 1999 due to an inmate lawsuit. Funding for three months of operations was appropriated for FY 1998.
* An increase of $2.5 million to fund inmate support costs.
* An increase of $1.4 million and 37.0 FTE positions to provide staff and support for inmates working within the prison system (Inmate Hard Labor Program).
* An increase of $200,000 to replace expiring federal funding through the Governor’s Alliance on Substance Abuse (GASA) to continue substance abuse assessment during intake at Oakdale.
* An increase of $1.1 million to annualize inmate support costs at full capacity at the Newton prison.
* A decrease of $1.3 million to be offset by revenues from the Pay-For-Stay Program which requires inmates to pay part of their support costs.
* An increase of $2.2 million and 49.0 FTE positions to operate a 100-bed special needs women’s unit at Mt. Pleasant.
* An increase of $5.8 million for twelve months of operations at full capacity at the Ft. Dodge prison.



* Transfers $1.0 million from the FY 1998 ending balance of the Prison Infrastructure Fund to the Department of Corrections for use in FY 1999. The funds are distributed as follows:
* $600,000 as State match for a $5.4 million federal Violent Offender Incarceration/Truth in Sentencing (VOI/TIS) Grant for construction of a 200-bed facility at the Mitchellville women’s prison.
* $100,000 to renovate the power plant and improve the water system at the Mitchellville women’s prison.
* $300,000 for installation of perimeter fencing at the Mt. Pleasant prison. This funds the construction needed to convert Department of Human Services beds to women’s prison beds.
* *Central Office:* Decreases funding by $46,000 and 2.0 FTE positions compared to the estimated FY 1998 appropriation.

Major changes include:

* A decrease of $626,000 because the Corrections Expansion Phase I certificate of participation will be paid off in FY 1998. No appropriation is made in FY 1999.
* An increase of $500,000 for a sex offender hormonal treatment program. Senate File 2398, Sex Offender Confinement Bill, creates the program.
* *Community-Based Corrections:* Increases funding by $1.8 million and 21.3 FTE positions compared to the estimated FY 1998 appropriation.

Major changes include:



* An increase of $433,000 and 5.8 FTE positions to replace expiring federal funding through the Governor’s Alliance on Substance Abuse (GASA) for various community-based programs.
* A net increase of $981,000 and 19.3 FTE positions for staffing and operations of the relocated men’s work release residential facility at Ft. Des Moines in the Fifth Community-Based Corrections District.

**Inspections & Appeals Department of Inspections and Appeals**

* Increases funding for the Indigent Defense Fund by $126,000 compared to the estimated FY 1998 appropriation.

Major changes include:

* An increase of $1.1 million to pay all juvenile indigent defense claims directly from the Department.
* An increase of $706,000 for increased attorney rates.
* A decrease of $1.7 million due to a reduction to the base budget.

**Judicial Branch Judicial Branch**



* Increases funding by $3.5 million and 45.8 FTE positions compared to the estimated FY 1998 appropriation.

Significant changes include:

* An increase of $847,000 and 19.1 FTE positions for Clerk of Court positions.
* An increase of $109,000 and 2.0 FTE positions to establish a planning division.
* An increase of $283,000 and 8.2 FTE positions for law clerks, Court attendants, and a financial aide.
* An increase of $181,000 and 5.5 FTE positions for expansion of the Court-Appointed Special Advocate (CASA) Program.
* An increase of $192,000 and 4.0 FTE positions for court reporters for Associate Juvenile Judges.
* An increase of $177,000 for data processing expenses to put the Iowa Court Information System (ICIS) in Juvenile Court.

**Board of Parole Board of Parole**

* Increases funding by $15,000 to convert a part-time Parole Board Member position to a full-time Vice Chairperson position.

**Public Safety Department of Public Safety**



* Increases funding by $10.4 million and 14.0 FTE positions compared to the estimated FY 1998 appropriation.

Major changes include:

* An increase of $318,000 and 6.0 FTE positions for law enforcement officers for the new excursion boat in Osceola.
* An increase of $485,000 and 4.0 FTE positions to establish a DNA Profiling Unit.
* An increase of $365,000 and 4.0 FTE positions for risk assessment analysis for the Sex Offender Registry.
* An increase of $145,000 to replace federal and State funding for the Gang Unit.
* An increase of $161,000 for the Volunteer Firefighter Training Grant Program.
* An increase of $8.7 million from the General Fund for the Highway Patrol. This is the third year of a four-year phase-in to shift funding from the Motor Vehicle Use Tax Fund to the General Fund.

**Code Changes Changes to the *Code of Iowa***

* Increases the maximum deposit to the Enhanced Court Collections Fund to $6.0 million. This is an increase of $2.0 million compared to the estimated FY 1998 deposit required by current law.
* Increases the cost recovery for riverboat gaming officers from 65.0% of the salaries of two special agents and four gaming enforcement officers per excursion riverboat to 100.0% of their salaries.
* Requires unobligated or unexpended funds appropriated for FY 1998 operations of the Ft. Dodge prison to carry forward and be used to offset shortfalls in the revenues from inmate earnings in the Pay-for-Stay Program.

**NOBA**

**Bill Summary** Copies of the Notes on Bills and Amendments (NOBA) are available from the LFB.

STAFF CONTACT: Darlene Kruse (Ext. 16301) Dwayne Ferguson (Ext. 16561)

Education Reform - SF 2366 Passes the House Education and House Appropriations Committees

**SF 2366 - Education Reform** The House Education Committee passed SF 2366 as amended by H-8457, Education Reform Bill, on March 16, and the House Appropriations Committee passed SF 2366 as amended by H-8501 on March 18. Both amendments strike everything after the enacting clause amendments. The Bill as amended by H-8501:

**Frontier Schools** Establishes frontier schools.



* Appropriates $500,000 from the General Fund for FY 1999 for frontier school or extended-year school grants.
* Allows a school board to establish one or more frontier schools, upon approval by the State Board of Education.
* Requires the frontier school to be organized and operated as a nonprofit cooperative association or nonprofit corporation.
* Allows a school district to convert any one of its existing schools or the entire district to a frontier school.
* States that a frontier school is a public school and is part of the State’s system of public education. Exempts a frontier school from all statutes and rules applicable to a school, a school board, or a school district.
* Requires a frontier school to comply with special education laws and rules. Also requires the school district creating the frontier school to be fiscally responsible for children requiring special education. A child requiring special education will be included in the weighted enrollment of the district and the funding will flow to the frontier school.
* Prohibits the provisions of Chapter 20 of the Code of Iowa, relating to collective bargaining, from applying to a frontier school or its employees unless both parties agree to abide by the provisions.
* Requires the frontier school contract to be for five years and the school board may or may not renew a contract based on specified reasons. Allows a school board to unilaterally terminate a contract during the term of the contract for any specified reasons. The frontier school may appeal the school board decision.
* Requires a frontier school student to be counted in the student’s district of residence. Also requires the school district to pay the frontier school the district cost per pupil or the frontier school’s cost per pupil, whichever is lowest plus any funding received from non-English-speaking weighting or Phase III.
* Prohibits the use of State funds to be used to purchase land or buildings.

**Para-educator Licensing** Establishes a para-educator licensing system.



* Appropriates $75,000 from the General Fund for FY 1999 to the Board of Educational Examiners to develop and implement a multi-level voluntary para-educator licensing system.
* Defines para-educator as a person who is licensed to assist a teacher in the performance of instructional tasks to support and assist classroom instruction and related school activities.
* Requires the Board of Educational Examiners to adopt rules relating to a multi-level voluntary licensing system ranging from para-educator generalist to para-educator specialist.

**Empowerment Fund** Makes an appropriation to the Iowa Empowerment Board and Fund**.**

* Appropriates $5.2 million from the General Fund for FY 1999 for the Iowa Empowerment Fund, if the creation of the Iowa Empowerment Board and Iowa Empowerment Fund is enacted.

**Teacher Certification** Makes the following changes related to teacher certification, teacher induction, and mentoring:

* Specifies a teacher is eligible for a partial registration award in the amount of one-half of the registration fee and a final registration award for the remaining registration fee upon notification of certification achievement. A teacher is also eligible for a $10,000 five-year annual award for achieving certification.
* Allocates $250,000 in FY 1999 to be deposited in the National Board for Professional Teaching Standards Certification Fund from the Educational Excellence standing appropriation.
* Increases the allocation to the Ambassador to Education Program from $60,000 to $75,000. The funding is from the Educational Excellence standing appropriation, Phase III.
* Requires the Department of Education to coordinate a beginning teacher induction program, if funding is appropriated. Also requires the Department of Education to develop a process for awarding beginning teacher induction grants to school districts and adopt rules relating to the equitable distribution of grants to reflect diversity geographically and by population.
* Specifies a mentor is eligible for an award of $500 per semester. Requires the funds to be used to provide mentors with awards, to implement the plan, and pay for certain benefits. Prohibits the funding from being used for payment of any collective bargaining agreement or arbitrator’s decision.
* Allocates $240,000 in FY 1999 for beginning teacher induction program grants from the Educational Excellence standing appropriation.
* Specifies it is the intent of the General Assembly that the appropriation provide support to a minimum of 133 teams of mentors and beginning teachers.

**Early Education Improv**. Establishes the Early Education Improvement Program.



* Creates a new General Fund standing appropriation of $10.0 million for the Early Education Improvement Program.
* Distributes the funding to school districts on a per pupil basis, but a school district will not receive less than $7,500.
* Requires school districts to provide assurance that the districts have developed, or are developing, an early childhood education plan, and that the funding will be used in accordance with the plan before receiving funding.
* Prohibits the funds for payment of a collective bargaining agreement or arbitrator’s decision. Requires school districts to expend the funds to support reading instruction in phonics and other education practices, programs, or assistance for kindergarten through grade three.

**On-Time Funding** The Bill makes the following provisions concerning on-time funding:

* Allows school districts to submit a request to the School Budget Review Committee for on-time funding, if the district’s actual enrollment exceeds its budgeted enrollment.
* Requires the School Budget Review Committee to consider the relative increase in enrollment on a district-by-district basis in determining whether to approve the request.
* Requires the on-time funding to be one-third of the State cost per pupil times the new pupils, if the request is approved.
* Allows a school district to request additional property taxes, if needs exist for additional funds for on-time funding.
* Requires the on-time funding to be reduced by the amount of budget guarantee, if any.
* Creates a new contingent General Fund appropriation in FY 1999 for up to $4.0 million for on-time funding. The appropriation is contingent upon actual property tax valuation being higher than estimated for calculations of the school aid formula.
* Creates a new contingent allocation in FY 1999 from the Educational Excellence appropriation for any shortfall in the contingent appropriation for on-time funding.

**Practitioner Perf. Improv.** Establishes and implements a voluntary practitioner performance improvement program.

* Requires the Department of Education to establish and implement a voluntary practitioner performance improvement program in consultation with the Iowa State Education Association, the Iowa Association of School Boards, the School Administrators of Iowa, and other entities.
* Creates a new General Fund standing appropriation of $300,000 for the practitioner performance improvement program. The funding includes $100,000 for administrator training and $200,000 to establish and implement a regional system to provide technical assistance to teachers and administrators.

**Teacher Termination** Makes the following changes to the teacher termination and probation process:

* Changes the teacher termination process, including:
* Moving the termination notification from May 15 to March 15.
* Reduces the appeal process from a private hearing with the school board, adjudicator, and district court to only the adjudicator and district court.
* Changes one of the reasons a district court may reverse or modify an adjudicator’s decision from unsupported by a preponderance of the competent evidence to unsupported by substantial evidence.
* Changes the probationary period for a teacher from two years to three years.

**NOBA**

**Bill Summary** Copies of the Executive Summary of Notes on Bills and Amendments (NOBA) are available from the LFB.

STAFF CONTACT: Jon Studer (Ext. 17799)

FINAL ACTION ON BLOCK GRANTS AND FEDERAL FUNDS BILL - HF 2218



**Fed. Block Grants Bill**  On March 16, the Senate passed HF 2218, Federal Block Grants Bill. The Bill appropriates $136.7 million of federal block grant funds, a decrease of $984,000 (0.7%) compared to SF 240 (1997 Federal Block Grants Act). The Bill appropriates:

* $11.9 million to the Department of Public Health for the Substance Abuse Block Grant.
* $2.7 million to the Department of Human Services for the Community Mental Health Services Block Grant.
* $6.9 million to the Department of Public Health for the Maternal and Child Health Services Block Grant.
* $2.1 million to the Department of Public Health for the Preventive Health and Health Services Block Grant.
* $5.8 million to the Office of the Governor for the Drug Enforcement and Abuse Prevention Coordinator for the Drug Control and System Improvement Block Grant.
* $1.6 million to the Office of the Governor for the Drug Enforcement and Abuse Prevention Coordinator for the Stop Violence Against Women Block Grant.
* $382,000 to the Office of the Governor for the Drug Enforcement and Abuse Prevention Coordinator for the Local Law Enforcement Grant Program.
* $237,000 to the Office of the Governor for the Drug Enforcement and Abuse Prevention Coordinator for the Residential Substance Abuse Treatment for State Prisoners Formula Grant.
* $5.3 million to the Department of Human Rights for the Community Services Block Grant.
* $30.4 million to the Department of Economic Development for the Community Development Block Grant.
* $18.1 million to the Department of Human Rights for the Low-Income Home Energy Assistance Block Grant.
* $24.7 million to the Department of Human Services for the Social Services Block Grant.
* $26.5 million to the Department of Human Services for the Child Care Development Block Grant.

**Other Provisions** House File 2218 also provides the mechanism for State agencies to receive $2.204 billion in federal and nonstate funds based upon the purposes set forth in the grants, receipts, or conditions accompanying the funds, unless otherwise provided by law.

STAFF CONTACT: Ron Robinson (Ext. 16256) Valerie Thacker (Ext. 15270)

Senate Passes Child Abuse Expungement Bill - SF 2363

**SF 2363 - Child Abuse** The Senate passed SF 2363, Child Abuse Expungement Bill, on March 17. The Bill requires the Department of Human Services (DHS) to respond to a request for correction or expungement of a child abuse record within 45 days of receipt of the request. The Bill also provides that unless a decision on an evidentiary hearing is made within 60 days of the hearing date, the request to correct the record is deemed affirmed and the DHS is required to amend the abuse record information as requested.



**Fiscal Impact** The estimated State General Fund impact of SF 2363 is an increase of $159,000 and 4.00 FTE positions in FY 1999 and $137,000 and 4.00 FTE positions in FY 2000 compared to current expenditures and FTE positions for child abuse assessments. The expenditures are due to salary and support costs for additional staff needed within

the DHS and the Office of the Attorney General to process requests for correction within the accelerated time frame.

STAFF CONTACT: Deb Anderson (Ext. 16764)

Senate Transportation Committee Passes the Graduated Driver’s License Bill - HF 2528

Driver’s License

**HF 2528 - Driver’s Licenses** The Senate Transportation Committee passed HF 2528, which establishes a graduated driver's license and permit issuance process for drivers between the ages of 14 and 18. The Bill creates a new intermediate license to be issued to persons 16 or 17 years of age who meet the following requirements:

* Possess an instruction permit for a minimum of six months.
* Present an affidavit signed by a parent or guardian that the permittee has accumulated a total of 20 hours of driving, two of which must have been completed after sunset.
* Have been free of accidents and convictions continuously for a six-month period immediately preceding the application for an intermediate license.

**Intermediate License** A person with an intermediate license is restricted to driving between the hours of 5:00 am and 12:30 am unless accompanied by a qualified person or unless the person has been granted a waiver.

**Full License at Age 17** The Bill allows for the issuance of a full driver's license to persons aged 17 who meet the following requirements:

* Possess an intermediate license for a minimum of 12 months.
* Present an affidavit signed by a parent or guardian that the permittee has accumulated a total of 10 hours of driving, two of which must have been completed after sunset.
* Have been free of accidents and convictions continuously for a 12-month period immediately preceding the application for a full driver’s license. However, a conviction for a speeding violation of not more than 10 miles per hour over the speed limit in speed zones between 34 and 56 miles per hour does not apply to this requirement.

**Other Provisions** Other provisions of House File 2528 include:

* Requires persons 14 to 17 years of age to attend a remedial driver improvement meeting with a Department of Transportation (DOT) official if a person was convicted of a moving traffic violation or was involved in a motor vehicle accident.
* Requires instruction permits and intermediate licenses to have a distinctive color bar printed on the face of the license, and the words "Intermediate License" printed on the face of an intermediate license.
* Increases the age of persons who are eligible to receive a special minor's license from 14 to 15 years of age and requires a special decal to be affixed to the vehicle indicating that the operator may be a student.
* Creates a probationary period of 12 months for persons who have had their license suspended, which is effective immediately after the end of the period of suspension. The Bill also waives the civil penalty for license reinstatement for persons under the age of 19.
* The Bill takes effect on January 1, 1999.



**Fiscal Impact** House File 2528 is estimated to cost $91,000 from the Road Use Tax Fund during the first year of implementation. Approximately $86,000 of this cost is associated with an increase in the cost of the lease for the digitized photolicensing system. This system is leased at a cost of $1.777 for each license issued. Due to the addition of the intermediate license, it is estimated that the number of licenses issued annually will increase by approximately 37,000, resulting in $66,000 in costs. The system will also require software changes to provide distinctive markings on the instructional permits and intermediate licenses at an estimated cost of $20,000.

**Photolicensing System** Beginning January 1, 2000, the DOT will enter into a new contract for the digitized photolicensing system, in which the above costs will be incorporated. It is uncertain how the new contract will affect the cost of this Bill.

STAFF CONTACT: David Reynolds (Ext. 16934)

Judicial Department submits Jury and Witness Revolving Fund report



**Report Submitted** The Judicial Department has submitted the annual report on the Jury and Witness Revolving Fund pursuant to Section 602.1302, Code of Iowa. The Fund has expended $960,000 for FY 1998 through the end of January, 1998. Expenditures for the remainder of FY 1998 are estimated at $840,000. Total FY 1998 expenditures are estimated at $1.8 million.

**Expenditures** Expenditures from the Jury and Witness Revolving Fund for FY 1999 are estimated to be $1.9 million.

STAFF CONTACT: Darlene Kruse (Ext. 16301)

Community-Based Corrections: Sex Offender Program Report





**Sex Offender Programs** The Legislative Fiscal Bureau received a report from the Department of Corrections on the Community-Based Corrections Sex Offender Programs. The District Departments operate 18 programs specifically designed to help reduce sexual abuse and victimization by treating sex offenders. Approximately 750 sex offenders are participating in programming at any one time. The following chart shows the distribution of the offenses.

**Report Findings** The Department reports that 74% of the participants successfully complete the Sex Offender Treatment Program. Of those who successfully complete treatment, 5.4% recidivate. Of those who recidivate, almost two-thirds are due to new charges, and the remainder recidivate due to technical violations.

**Recidivism Rates** Of the 26% released after unsuccessfully completing the program, 67.2% recidivate. Over four-fifths of this group recidivate due to new charges, while the remainder recidivate due to technical violations.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561) Darlene Kruse (Ext. 16301)

March Board of Regents Meeting



**Board of Regents** The Board of Regents met March 18 and conducted the following business:

* Received a request to establish an independent Ph.D. degree program for Physical Therapy at the University of Iowa. Currently, the Ph.D. program is a subtrack of a Ph.D. program in Exercise Science.
* Received the Spring Enrollment report.
* Received an update regarding the status of the Board of Regents’ Strategic Plan.
* Received a report regarding the position of “non-support” of House Joint Resolution 2002, the Taxpayer’s Rights Amendment, and other positions for proposed legislation possibly affecting the Board of Regents.
* Adopted a preliminary resolution for the sale of $15.8 million Dormitory Revenue bonds for Iowa State University. This bond sale does not affect the Tuition Replacement appropriation from the State General Fund.
* Received the Investment and Cash Management Reports for the Quarter ending December 31, 1997. The operating portfolios total $670.6 million.
* Received a recommendation regarding proposed residence hall and apartment increases for FY 1999, with increases dependent upon institution, number of students in a room, meal packages, and type of residential facility. Final action is scheduled for the April Board meeting.
* Approved administrative rule changes regarding the application fees to the universities.
* Approved the process to negotiate a contract with representatives of Nebraska for the Iowa School for the Deaf to provide services to deaf students from Nebraska. Consideration of the contract is scheduled for the April Board meeting.
* Approved the contract with a private firm to coordinate fundraising efforts by the Iowa School for the Deaf, at a cost not to exceed $86,500. A goal of $1.0 million was previously referred to for the proposed recreation complex.
* Approved an increase of $600,000 for the renovation of Lang Hall at the University of Northern Iowa. The total is now estimated at $13.5 million.
* Approved the construction of a softball complex at the University of Iowa at a cost of $573,000.
* Approved an increase of $61,000 for the Biomass Energy Conversion Facility at Iowa State University. The increase is to purchase property near Nevada for the construction of the Facility.

**More Information** Additional information is available upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

Fiscal Year 1996 Licensing Income and Patents

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Nat. Rank |  | Institution |  | Adjusted Gross Royalties Received |  | Licenses Generating Royalties |  | Patents Issued |  | Start-up Companies Formed |
|  |  |  |  |  |  |  |  |  |  |  |
| 4 |  | Michigan State University |  | $17,232,000 |  | 36 |  | 40 |  | 3 |
| 5 |  | Wisconsin Alumni Research Found./Univ. of Wis., Madison |  | 13,088,208 |  | 117 |  | 47 |  | 4 |
| 13 |  | University of Minnesota |  | 5,765,199 |  | 71 |  | 29 |  | 2 |
| 21 |  | Iowa State University |  | 3,494,400 |  | 133 |  | 46 |  | 4 |
| 23 |  | University of Illinois, Urbana-Champaign |  | 3,028,906 |  | 112 |  | 17 |  | n/a |
| 26 |  | Texas A&M Univ. System |  | 2,729,433 |  | 99 |  | 19 |  | 2 |
| 28 |  | Baylor College of Med. |  | 2,499,000 |  | 74 |  | 4 |  | 1 |
| 31 |  | University of Colorado |  | 2,264,887 |  | 51 |  | 24 |  | 0 |
| 37 |  | Univ. of Missouri System |  | 1,424,901 |  | 15 |  | 7 |  | 0 |
| 41 |  | Univ. of Texas, Austin |  | 1,261,252 |  | 21 |  | 26 |  | 1 |
| 42 |  | Purdue Research Foundation |  | 1,194,000 |  | 79 |  | 14 |  | 3 |
| 46 |  | Ohio State University |  | 1,096,700 |  | 25 |  | 21 |  | 0 |
| 48 |  | University of Michigan |  | 1,074,747 |  | 82 |  | 23 |  | 8 |
| 51 |  | Northwestern University |  | 1,053,881 |  | 34 |  | 15 |  | 2 |
| 54 |  | Penn. State University |  | 946,044 |  | 58 |  | 27 |  | 3 |
| 59 |  | University of Iowa Research Foundation |  | 681,000 |  | 36 |  | 16 |  | 1 |
| 66 |  | Univ. of Nebraska, Lincoln |  | 580,866 |  | 15 |  | 15 |  | 1 |
| 75 |  | Kansas State University Research Foundation |  | 353,433 |  | 29 |  | 9 |  | 0 |
| 80 |  | University of Kansas |  | 285,167 |  | 15 |  | 2 |  | 4 |
| 82 |  | Oklahoma Medical Research Foundation |  | 277,000 |  | 9 |  | 9 |  | 0 |
| 94 |  | Indiana University |  | 179,000 |  | 33 |  | 11 |  | 1 |
| 103 |  | Oklahoma State Univ. |  | 119,251 |  | 5 |  | 2 |  | 0 |
| 111 |  | University of Nebraska Medical Center |  | 84,233 |  | 5 |  | 13 |  | 0 |
| 113 |  | University of Oklahoma Health Sciences Center |  | 53,000 |  | 4 |  | 4 |  | 0 |

**Licensing Income/Patents** The February 27, 1998, edition of The Higher Education Chronicle reviewed licensing income and patents in FY 1996 for various institutions within the United States. The following table provides those institutions within the Big Ten Athletic Conference and the Big 12 Athletic Conference.

**Exclusions** The Adjusted Gross Royalties exclude income collected by institutions and later paid to others on a shared patent.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

March Meeting of the College Student Aid Commission



**College Student Aid Comm.** The College Student Aid Commission met March 17 and conducted the following business:

* Received a report regarding the 1998 legislative session.
* Authorized a Request for Proposal for sponsorship of a publication entitled *Your Course to College*.
* Approved negotiation for preclaims assistance by the Student Loan Liquidity Corporation.
* Approved preliminary allocations of FY 1999 Work-Study allocations.
* Received the Student and Faculty Ethnic Diversity Report.
* Received the Controlled Substance Policy Assurances Report.
* Received an update on the FY 1998 Iowa Tuition Grant Program, the Vocational-Technical Tuition Grant Program, and the State Scholarship Program commitments for both the fall term and spring term.

**More Information** Additional information is available upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

Lottery Revenue and Expenditures Through February



**FY 1998 Lottery Revenues** Through February, FY 1998 Lottery sales revenues were $4.1 million below the FY 1997 level. Lottery prize expenses decreased $2.7 million, operating expenses increased $666,000, and transfers to other State funds decreased $1.8 million. The following table details the revenues, expenditures, and balances of the State Lottery. Rows and columns may not add, due to rounding.

| **STATE LOTTERY**  **July Through February**  **(Dollars in millions)** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | FY 1997 |  | FY 1998 |  | Inc./  Decr. |  | % Inc. |
| FY Beg. Balance |  | $ 3.2 |  | $ 3.4 |  | $ 0.2 |  |  |
|  |  |  |  |  |  |  |  |  |
| Game Revenues |  | 109.2 |  | 105.1 |  | -4.1 |  | -3.8 |
| Interest |  | 0.6 |  | 0.5 |  | -0.1 |  | -15.4 |
| Total Revenue |  | $ 109.8 |  | $ 105.6 |  | $ -3.8 |  | -3.5 |
|  |  |  |  |  |  |  |  |  |
| Prize Expense |  | $ 64.0 |  | $ 61.4 |  | $ -2.7 |  | -4.2 |
| Operating Expense |  | 22.6 |  | 23.3 |  | 0.7 |  | 2.9 |
| Transfer of Profits |  | 22.9 |  | 21.1 |  | -1.8 |  | -7.8 |
| Total Expense |  | $ 109.6 |  | $ 105.8 |  | $ -4.2 |  | -5.5 |
|  |  |  |  |  |  |  |  |  |
| Year-to-Date Ending Balance |  | $ 3.4 |  | $ 3.2 |  | $ -0.2 |  |  |

**FY Sales** Fiscal year sales through February, compared to the same time period of FY 1997, were as follows:

* Instant ticket sales increased $57,000 (0.1%).



* Iowa Lotto/Supercash sales decreased $1.7 million (25.6%).
* Multi-State Powerball sales increased $341,000 (1.7%).
* Multi-State Daily Millions sales decreased $338,000 (9.1%).
* Dream Draw sales decreased $940,000 (100.0%, discontinued in FY 1997).
* Daily Game sales decreased $990,000 (23.3%).
* Pull-tab sales decreased $534,000 (3.2%).

**February Sales** Total Lottery sales for February were above February 1997 by $1.2 million (9.2%). February 1998 sales for all games except Daily Millions and the Daily Game were above February 1997.



**REC Projections** The November Revenue Estimating Conference (REC) projected FY 1998 Lottery profits will total $34.5 million. Of this amount, $34.0 million is to be transferred to the General Fund and three-tenths of one percent of gross Lottery sales transferred to the Gambler’s Assistance Fund (approximately $500,000). Actual profit transfer for FY 1997 was $35.0 million. Because of the decreased sales and revenues through the first eight months of FY 1998, it is unlikely Lottery profits will reach the level projected by the REC. The LFB currently estimates FY 1998 profits will be $31.0 to $33.0 million.



**Lottery Expenditures** The following chart shows the annual percent of Lottery revenue expended on prizes, administration, profit transfers to other State funds, and sales tax. The FY 1998 figure is through February and the previous year’s figures are year-end.

**Sales Tax Paid** In addition to the amount transferred to the State as profits, the Lottery has paid $5.2 million in sales tax during FY 1998.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Weekly Medical Assistance Expenditures in the Department of Human Services



**Medical Assistance Prgm.** For the week ending March 16, 1998, FY 1998 General Fund expenditures for the Medical Assistance Program in the Department of Human Services were $5.0 million (100.1% of budget). This is $7,000 above the weekly budget established by the Department. Year-to-date Medical Assistance General Fund expenditures are $244.5 million, which is $4.6 million (1.9%) above the amount budgeted for the fiscal year-to-date.



**Estimated Surplus** The DHS has estimated FY 1998 expenditures within the Medical Assistance Program will result in an ending surplus of $7.8 million, which may be used for transfers or reverted to the General Fund. A comparison of the projected surplus with prior year surpluses is as follows:

**DHS Medical Assistance Surplus**

**Before Transfer and Reversion**

|  |  |  |
| --- | --- | --- |
|  | **Fiscal Year** | **Medicaid Surplus** |
| Estimated | FY 1998 | $ 7,800,000 |
|  | FY 1997 | 25,257,450 |
|  | FY 1996 | 12,348,942 |
|  | FY 1995 | 15,946,290 |

**Fiscal Agent Change** The FY 1997 and estimated FY 1998 figures are both impacted by the change in Medical Assistance fiscal agent, effective July 1, 1997. The transition from Unisys to Consultec caused a temporary delay in claims payment. An estimated $7.1 million included in the FY 1998 Medical Assistance budget for provider claims was used to pay for services provided in FY 1997, but not paid until after the close of FY 1997. Had these payments been paid during the 60-day period following June 30, they would have been applied as FY 1997 expenditures. Controlling for the shift in payment to FY 1998, the FY 1997 surplus would have been $18.1 million, and the estimated FY 1998 surplus would be $15.1 million.

**Expenditures Monitored** The LFB will continue to monitor Medical Assistance Program expenditures and will provide regular updates to members of the General Assembly. More information is available from the Fiscal Bureau.

STAFF CONTACT: Margaret Buckton (Ext. 17942)