FISCAL UPDATE April 13, 1998

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Revenue Estimating Conference Revises General Fund Revenue Projections

**REC Meets** The Revenue Estimating Conference (REC) met on April 10 to review the FY 1998 and FY 1999 General Fund revenue estimate. Members of the Conference approved upward revisions of the total FY 1998 and FY 1999 General Fund receipts.



**FY 1998 Increases $60.5 m** The REC increased the FY 1998 estimate established in November of $4.785 billion by $60.5 million to $4.846 billion, reflecting strong year-to-date revenue growth. Personal income tax collections have been stronger than anticipated and the REC revised upward the FY 1998 personal income tax amount by $62.0 million compared to the November REC estimate. The November estimate for sales tax of $1.300 billion was revised downward by $25.0 million in reflection of slower than anticipated year-to-date growth. Corporate income tax receipts growth has also been below expectations and the Conference reduced the FY 1998 estimate of $300.0 million by $5.0 million.

**FY 1999 Increases $75.9 m** The REC also increased the FY 1999 estimate established in November of $4.857 billion by $75.9 million to $4.933 billion. This is an increase of $87.2 million (1.8%) compared to the revised FY 1998 estimate. The FY 1999 estimate includes the estimated effect of the 10.0% personal income tax reduction enacted during the 1997 Legislative Session, which was effective January 1, 1998. The impact of the personal income tax rate reduction is a reduction of $205.3 million compared to FY 1998.

**RIIF Increases $7.3 m** The Conference also revised upward the FY 1998 and FY 1999 estimates for gambling revenues transferred to the Rebuild Iowa Infrastructure Fund (RIIF). Gambling proceeds to the General Fund are statutorily capped at $60.0 million, with the excess going to the RIIF. The Conference revised the FY 1998 and FY 1999 figures upward by $7.3 million and $7.5 million respectively.

**Revenue Source** The spreadsheet on the following page details the latest REC estimates by source of revenue.



STAFF CONTACT: Larry Sigel (Ext. 14611)

 Status of Appropriations Bills



| **Appropriations Subcommittee Bills** |
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| **Appropriations Subcommittee** |  | **LSB/File #** |  | **Status** |
| Admin./Regulation |  | HF 2498 |  | Passed Senate on April 9. |
| Ag./Natural Resources |  | SF 2295  |  | In Conference Committee on April 8. |
| Economic Development |  | SF 2296 |  | Passed House on April 3.  |
| Education |  | HF 2533 |  | Passed House on March 30. In Senate Approps. |
| Health/Human  Rights |  | SF 2280 |  | Passed House on April 7. |
| Human Services |  | SF 2410 |  | Passed House on April 9. |
| Justice System |  | HF 2539 |  | Passed Senate April 6. |
| Oversight & Comm. |  | LSB 3181JA |  | Joint Subcommittee passed bill on March 2. In Senate Approps. |



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| Trans., Infrastruc-ture, & Capitals |  | HF 2499SF 2381 |  | Transportation Appropriations Bill sent to Governor on March 23. Infrastructure Bill passed Senate on March 11. In House Approps. |

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| **Other Appropriations Bills** |
| **Subject** |  | **File #** |  | **Status** |
| On-Time Funding $4 mil GF |  | HF 2130 |  | Passed House Educ. In House Approps. |
| Oil Overcharge |  | HF 2210 |  | Signed by the Governor on March 31. |
| Fed. Block Grant  |  | HF 2218 |  | Signed by the Governor March 23. |
| Obsolete & Unnec­es­sary Provisions of the Code |  | HF 2271 |  | Passed House on April 6. |
| 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. |
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| **Other Appropriations Bills** |
| **Subject** |  | **File #** |  | **Status** |
| Safe Assisted Living Facilities/Dependent Adult Abuse (formerly HF 2525) |  | HF 2544 |  | Passed House on April 7. In Senate Approps. |
| Mental Health Allowed Growth (formerly HF 2519) |  | HF 2545 |  | Passed House on April 7. In Senate Approps. |
| Waste Tires (formerly HF 2511) |  | HF 2546 |  | Passed House Approps. on April 2. |
| IowAccess System (formerly HF 2524) |  | HF 2547 |  | Passed House Approps. on April 8. |
| School to Career Program (formerly HF 2459) |  | HF 2548 |  | Passed House on April 8. |
| Salary Bill |  | HF 2553 |  | Passed Senate Approps. on April 9. |
| Organic Agriculture |  | SF 2332 |  | Passed House Approps. on April 1. |
| Education Reform $19.7 mil GF |  | SF 2366 |  | Passed the House on March 26.  |

STAFF CONTACT: Holly Lyons (Ext. 17845)

ADMINISTRATION AND REGULATION APPROPRIATIONS BILL - HF 2498 PASSES SENATE

**HF 2498 - Admin/Reg** The Administration and Regulation Appropriations Bill was amended and passed by the Senate on April 9. The Bill appropriates $86.3 million from the General Fund and 1,894.8 FTE positions. This is an increase of $2.0 million (2.3%) and a decrease of 0.3 (0.01%) FTE positions compared to the estimated FY 1998 appropriation.

**Senate Changes** Major changes made by the Senate include:



* Provides a maximum of $50,000 from the Innovation Fund in the Department of Management to the Office of the Auditor of State to contract for training of a six-member team to review processes used by governmental departments and agencies.
* Increases funding by $8,000 to the Ethics and Campaign Disclosure Board for reporting software and an electronic interface (web page) with the public.
* Decreases funding by $189,000 to the Rental Space Division of the Department of General Services to not fund lost receipts due to the relocation of the Department of Commerce outside the Capitol Complex.
* Provides $4.0 million from the Iowa Public Retirement System (IPERS) Fund for acquisition, remodeling, and relocation of an IPERS headquarters building.
* Provides funding from the IPERS Fund for the following:

Retirement



* $20,000 for completing the study on the possible establishment of a statewide deferred compensation plan for active members of the IPERS.
* $15,000 for performing a study on whether adjunct instructors employed at community colleges or regents universities should be allowed to join the IPERS.
* $35,000 for performing a comprehensive examination of plan design of benefit parity issues among the State public employees’ retirement systems.
* Decreases funding by $8,000 to the Internal Resources Management Division of the Department of Revenue and Finance for the desktop operating system and software application development.



* Requires the Departments of Inspections and Appeals and Public Health, in consultation with the Departments of Human Services and Elder Affairs, to report on the need for a State licensing program for home health agencies. The report is due no later than December 15, 1998.
* Deletes the requirement for the Department of Management to report on the accrued unused sick leave and vacation liability for each State department, agency, and office of State government receiving appropriations under this Bill.
* Deletes the requirement for the Director of the Department of Revenue and Finance to report annually on the implementation and financial status of the integrated revenue information system.
* Specifies that Section 99D.25A(7), Code of Iowa, is amended to delete the requirement that the Racing and Gaming Commission veterinarian extract a test sample from a horse treated with lasix after a race.
* Repeals Chapter 15, Section 3, 1993 Iowa Acts, relating to a working group concerning access to public records maintained by county recorders.

**Language Changes** The Senate Amendment also:

* Eliminates language requiring the Department of General Services to consider whether a State agency could relocate to an area of the State without a State employment center or with a high rate of unemployment, when a lease or new building is requested.



* Eliminates language that specifies that a gambling game license holder may distribute profits to a governmental body and the distribution shall be considered a charitable contribution.
* Specifies that it is the intent of the General Assembly that the Racing and Gaming Commission shall require jockeys or drivers, trainers, and handlers to submit to drug and alcohol testing.
* Eliminates language that prohibits the transfer of funds for purposes of monitoring Native American gaming.
* Specifies that it is the intent of the General Assembly that members of the Deferred Compensation Board shall receive per diem and expenses.
* Eliminates language that specifies that the Lottery Division shall not expend any portion of its appropriation for the lease or purchase of any equipment that sells lottery tickets, validates winning tickets, and allows credit from winning tickets back on the equipment.
* Eliminates language that specifies that lottery advertising shall not focus on children.
* Eliminates language related to employee turnover savings from elected State executive officers.

**NOBA**

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

STAFF CONTACT: Carolyn India Black (Ext. 16765) Paige Piper/Bach (Ext. 14613)

AGRICULTURE AND NATURAL RESOURCES APPROPRIATIONS BILL - SF 2295 In Conference Committee

**SF 2295 - Conf. Comm.** An organizational meeting was held on April 9 for members selected for the Conference Committee on SF 2295, the Agriculture and Natural Resources Appropriations Bill. The members elected Senator Kay Hedge and Representative Sandy Greiner as Chairpersons for the Conference Committee.



**Senate/House Differences** The House amended the Bill on March 24, and the Senate refused to concur with the amendment on March 31. Differences in the Bill include:

* The House amendment increases the appropriation to the Division of Soil Conservation in the Department of Agriculture and Land Stewardship by $280,000 and 6.00 FTE positions. The positions created from this appropriation would cooperate with the Department of Natural Resources in the process of reviewing and approving construction permits for animal confinement feeding operations.
* The House amendment decreases the appropriation to the Department of Natural Resources by $280,000 and 6.00 FTE positions. This decreases the appropriation to the Energy and Geological Resources Division by $76,000 and 2.00 FTE positions and decreases the appropriation to the Environmental Protection Division by $204,000 and 4.00 FTE positions.
* The House amendment eliminates the $400,000 transfer from the Water Protection Fund to the Loess Hills Development and Conservation Authority.
* The House amendment increases the allocation from the Boat Registration Fund to the Fish and Game Fund by $30,000. This allocation is contingent upon the passage of SF 429, Regulation of Watercraft.
* The House amendment requires any funds not used during FY 1999 for appointed, nonselected 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 for reallocation to County Soil and Water Conservation Districts.

**NOBA**

**Bill Summary** Copies of the Senate/House Comparison Report are available from the LFB.

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

Economic Development Bill - SF 2296 Amended and Passes the House

**SF 2296 - Economic Devel.** The House amended and passed SF 2296, the Economic Development Appropriations Bill, on April 3. The Bill appropriates $40.9 million and 1,289.5 FTE positions to the Department of Economic Development (DED), Department of Workforce Development (DWD), Public Employment Relations Board, and seven Board of Regents programs. This is an increase of $1.3 million (3.3%) and 18.3 (1.4%) FTE positions compared to estimated FY 1998. The Governor recommended $41.1 million and 1,273.5 FTE positions.

**House Amendment** The House amendment:



* Reduces ten DED appropriations by a total of $35,000. The reduction is due to adjustments to FY 1999 salary annualization amounts.
* Requires the DED to file reports with the General Assembly concerning trade activities in the Chinese market.
* Increases the Workforce Development Fund appropriation by $675,000 due to a revised estimate of FY 1999 Fund receipts.
* Appropriates a total of $11,000 from the Strategic Investment Fund to the Iowa Housing Corporation and Auditor of State.
* Amends the Board composition and powers of the Iowa Seed Capital Corporation. Repeals the position of President of the Iowa Seed Capital Corporation. Requires the new Board to liquidate the assets of the Corporation in a manner that will maximize the net revenue to the State and minimize the impact to the companies involved. Requires any cash assets and money derived from the sale of assets to be transferred to the DED's Strategic Investment Fund. Requires the Corporation Board to provide an annual report to the General Assembly.
* Requires changes to the Iowa Housing Corporation Board and requires the Corporation to report to the General Assembly, undergo an audit by the Auditor of State, and adopt a conflict of interest policy.

**NOBA**

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

STAFF CONTACT: Jeff Robinson (Ext. 14614)

HEALTH AND HUMAN RIGHTS APPROPRIATIONS BILL - SF 2280 PASSES HOUSE



**SF 2280 - Hlth. & Hum. Rts.**  The House passed SF 2280, Health and Human Rights Appropriations Bill, on April 7. The Bill appropriates $89.2 million and 1,341.9 FTE positions to the Departments of the Blind, Elder Affairs, Human Rights, and Public Health; the Governor’s Alliance on Substance Abuse; the Civil Rights Commission; the Commission on Veterans Affairs; and the Iowa Veterans Home. This is an increase of $1.3 million (1.5%) and 12.0 (0.9%) FTE positions compared to the estimated FY 1998 appropriation, and an increase of $144,000 (0.2%) and 13.2 (1.0%) FTE positions compared to the Governor’s FY 1999 recommendation.

**House Amendment** The House adopted the following amendments:

* Permits the Department of Elder Affairs to grant an exception to State law relating to building accessibility for persons with disabilities for assisted living buildings in existence on July 1, 1998. Any exception granted shall be for a limited time, and commensurate with the anticipated expenditure, service disruption, and hazard presented.
* Requires the Department of Public Health to designate any medical center which is operating a poison center on or before July 1, 1998, as a State poison center. The amendment specifies State poison center requirements.
* Requires the Substance Abuse and Health Promotion Division of the Department of Public Health to establish an interagency work group to evaluate the effectiveness of all existing federal and State funded substance abuse treatment and prevention programs in the State.
* Permits hospitals within the State to determine the hospital’s level of participation in the Perinatal Program, if any.
* Eliminates the Community Grant Fund allocation of $250,000 to the Youth Leadership Program.
* Requires that successor contractors at the Iowa Veterans Home not consider employees to be new employees when determining wages, health insurance, or retirement benefits.



* Appropriates funds remaining in the Gambling Treatment Fund at the end of FY 1998 and FY 1999 funds deposited into the Fund in excess of $1.9 million to the Department of Public Health. Requires the appropriation to be based on recent gambling revenue projections and allocated or prorated as follows:
* $200,000 to the Department of Public Health for the Public Health Nursing Program.
* $236,000 to the Department of Public Safety to combat methamphetamine use.
* $78,000 to the Department of Public Health for training of emergency medical services personnel.



* $130,000 to the Department of Elder Affairs for recruitment, retention, recognition, and training of care review committee volunteers.
* $150,000 to the Governor’s Alliance on Substance Abuse for a public education program regarding the dangers of methamphetamine use.
* $200,000 to the Governor’s Alliance on Substance Abuse for a school-based education program regarding the dangers of methamphetamine use.
* $100,000 to the Department of Public Health for surveillance of existing and emerging infectious diseases.
* $25,000 to the Department of Public Safety for hazardous materials response team training.
* Requires 0.3% of the gross sum wagered at pari-mutuel tracks be deposited into the Gambling Treatment Fund during FY 1999.
* Requires the Department of Public Health to use funds allocated from the Gambling Treatment Fund for public health nursing to establish a competitive grant program.
* Requires the Department of Elder Affairs to develop outcome measurements for the recruitment, retention, recognition, and training of care review committee volunteers.
* Requires the Department of Elder Affairs to study issues relating to the recruitment, retention, recognition, and training of care review committee volunteers, liability for Area Agencies on Aging, and access to nursing home records, and to submit a report on the results of its studies to the General Assembly by January 1, 2000.
* Extends the sunset of the Community Grant Fund to June 30, 2000.

**NOBA**

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

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

Human Services Appropriations Bill - SF 2410 Amended and Passes House

**SF 2410 - Human Services** Senate File 2410, the Human Services Appropriations Bill, was passed by the House as amended on April 9. The Bill appropriates $726.2 million from the General Fund and 5,586.4 FTE positions for FY 1999. This is a decrease of $9.6 million and an increase of 90.2 FTE positions compared to the estimated FY 1998 appropriation.

**House Amendment** Major changes made by the House include:



* Increases the Temporary Assistance for Needy Families (TANF) Block Grant allocation to the Adult Children and Family Services Division by $1.0 million.
* Requires that retailer fees and acquirer fees for Electronic Benefits Transfer (EBT) of food stamps not be paid to Linn County pilot project retailers until the DHS begins expansion of EBT, and defines retailer as a business authorized to accept food stamps.
* Reduces post-secondary education benefits from 48 months to 36 months, which is an increase compared to the current 24 months eligibility.
* Requires that Family Development and Self-Sufficiency (FaDSS) Program performance measures be designed to support families moving into employment and off welfare, and existing performance measures be simplified or eliminated.
* Appropriates $385.5 million to the Medical Assistance Program, a decrease of $500,000 compared to the Bill as passed by the Senate.
* Requires the DHS to provide not more than $50,000 to the Child Welfare Work Group in FY 1999 for support, and $20,000 to the Child Welfare Work Group in FY 1998 for a contract to obtain additional federal Title IV-E foster care funds.
* Deletes the specific allocation for the Physical Disabilities Waiver within the Medical Assistance Program, adds ten new slots for clients at risk of institutional placement, and requires the expansion be contingent upon federal approval.
* Establishes a pilot project in three counties for conversion of residential care facilities for persons with mental retardation (RCF/MR) to smaller group settings to obtain additional federal funding, contingent upon federal approval.
* Requires the DHS, in consultation with the Healthy and Well Kids in Iowa (HAWK-I) board, to develop and use a single two-page application form.
* Requires that the Prior Authorization and Drug Utilization Review Task Force consult with specified legislators prior to submission of the report by January 1, 1999.
* Eliminates the 30-day institutionalization requirement for recipients of rent subsidy, and limits placements for clients at risk of institutionalization to 100 slots.



* Requires that consistent rates for Promise Jobs and State Child Care Assistance be implemented April 1, 1999, contingent upon the availability of federal funds, and requires the DHS to pursue every available option to obtain additional federal funds.
* Increases the Group Foster Care expenditure cap to $31.1 million, an increase of $190,000, to increase the number of new FY 1999 beds from 17 to 25.
* Requires that the DHS and juvenile court services examine group foster care placements in regions at risk of exceeding the regional expenditure target by more than 5.0%, and identify placements appropriate for termination. Requires quarterly reports of group foster care placements and expenditures by county, and identification of required resources to be reported to the General Assembly by February 1, 1999.
* Requires that the DHS evaluate public and private residential treatment programs, including highly structured juvenile programs (boot camps), and report to the General Assembly by January 1, 1999.



* Requires that the admissions requirements of the Conner Consent Decree be applied to the State University of Iowa Hospital-school for children with disabilities.
* Requires the DHS to work with the Iowa State Association of Counties (ISAC) to review reimbursement methodology for dual-diagnosis treatment and submit a report in December 1998.
* Requires the State Mental Health Institutes to implement a net budgeting accounting test of managing revenues and expenditures and submit a preliminary report in January 1999 and a status report in October 1999.
* Eliminates the allocation of $249,000 for supplemental per diem payments to seven counties and reallocates to the Community-Based Services allocation for mental health and developmental disabilities services distributed to all counties.
* Requires that the State reimburse a county if the resignation, retirement, or dismissal of staff causes a cost-shift to the county.
* Adds a new appropriation of $500,000 for commitment and treatment of sexually violent predators.
* Requires that the DHS prioritize primary and preventive services in applying Medical Assistance rate increases for pharmacist, physician, and dental services, and durable medical equipment.
* Requires that reimbursement rates established by the State for sheltered work and related services be increased by 3.0% compared to the estimated FY 1998 rates.



* Permits the DHS to expend funds recovered through fraud investigations for additional investigations as long as recoveries exceed estimated and actual expenditures.
* Requests an Interim Committee to study the University of Iowa State Papers Program for indigent medical and surgical care, including services provided and locations of service.
* Establishes a trust fund for the Healthy and Well Kids in Iowa (HAWK-I) Program appropriations and prohibits transfers out of the fund for other purposes.
* Requires that county bills for institutional payments be paid within 45 days and penalties charged beginning 45 days after county receipt of the bill.

**NOBA**

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

STAFF CONTACT: Deb Anderson (Ext. 16764) Margaret Buckton (Ext. 17942)

Justice System Appropriations Bill - HF 2539 passes Senate and House



**HF 2539 - Justice System** The Justice System Appropriations Bill, HF 2539, was amended and passed the Senate on April 6. The Bill makes appropriations to the Departments of Justice, Corrections, Inspections and Appeals, Public Defense, and Public Safety, and to the Parole Board, the Judicial Department, and the Iowa Law Enforcement Academy. The Bill appropriates $418.7 million from the General Fund and 7,530.5 FTE positions. This is an increase of $28.1 million (7.2%) and 349.0 (4.9%) FTE positions compared to estimated FY 1998.

**Senate Amendment** The following changes were made by the Senate:

* Increases the appropriation to the Department of Justice by $40,000 and 1.0 FTE position for a criminal appeals lawyer.
* Decreases the appropriation to the Judicial Branch by $40,000 for the implementation of the Iowa Court Information System (ICIS) in Juvenile Court.
* Increases the appropriation to the Department of Public Safety by $15,000 for the DNA Profiling Unit.
* Decreases the appropriation to the Parole Board by $15,000 to eliminate the resources to create a full-time Vice Chairperson.



* Increases the appropriation to the Department of Public Safety by $200,000 for the enforcement of methamphetamine-related offenses.
* Eliminates language limiting the application of the intent language to correctional officers. The Department of Corrections shall not leave correctional positions vacant due to a shortfall in revenues from the Pay-for-Stay Programs.

**House Amendment** The House amended and passed the Amended Bill on April 8. The Amended Bill appropriates $418.5 million from the General Fund and 7,529.5 FTE positions. This is an increase of $27.9 million (7.2%) and 348.0 (4.8%) FTE positions compared to estimated FY 1998.

**House Changes** The following changes were made by the House:

* Eliminates the increase in the appropriation to the Department of Justice by $40,000 and 1.0 FTE position for a criminal appeals lawyer.
* Eliminates the decrease in the appropriation to the Judicial Branch by $40,000 for the implementation of the Iowa Court Information System (ICIS) in Juvenile Court.
* Eliminates the increase in the appropriation to the Department of Public Safety by $15,000 for the DNA Profiling Unit.
* Eliminates the decrease in the appropriation to the Parole Board by $15,000 to restore the resources to create a full-time Vice Chairperson.
* Eliminates the appropriation to the Department of Public Safety by $200,000 for the enforcement of methamphetamine-related offenses.

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

Mental Health Allowed Growth Allocations Bill - HF 2545 Passes House



**HF 2545 - Mental Health** The House passed HF 2545, Mental Health Allowed Growth Allocations Bill, which replaced HF 2519, on April 7. The Bill provides for allocations of $18.1 million of mental health allowed growth funding for FY 2000, as appropriated in the Human Services Appropriations Bill, SF 2410. In addition to prohibiting transfers between county mental health, mental retardation, and developmental disabilities services funds and any other fund, HF 2545 makes the following allocations for distribution to counties:

* $12.0 million for distribution to counties based on the following formula:
* 75.0% based on each county’s proportion of the State’s general population, and



* 25.0% based on each county’s previous fiscal year expenditures for county mental health, mental retardation, and developmental disabilities services. This includes expenditures from county funds, property tax relief distribution, and allowed growth allocations.
* The House amendment strikes the reduction of a county’s allocation by one dollar for each two dollars the county levies below the maximum amount the county could levy for mental health, mental retardation, and developmental disabilities services.
* $2.1 million for a per capita expenditure target pool.
* $2.0 million for an incentive and efficiency pool.
* $2.0 million for a risk pool. The risk pool would provide funding to a county with unanticipated costs in excess of the county’s current fiscal year mental health budget, through either a grant or loan process based on the county’s mental health levy level.

**State Cty Mgmt. Comm.** The Bill also requires the State County Management Committee to recommend performance measures to establish a comparison baseline for counties eligible to receive distributions from the incentive and efficiency pool. This provision is effective upon enactment. The remaining provisions of HF 2545 are effective July 1, 1999.

STAFF CONTACT: Margaret Buckton (Ext. 17942) Deb Anderson (Ext. 16764)

Railroad Revolving Loan Fund Bill - SF 2417 Passes Senate

**SF 2417 - Railroad Loan Fd.** The Senate passed SF 2417, which establishes the Railroad Revolving Loan Fund within the Department of Transportation. The Fund will be used to provide loans for improvement and construction of railroad main lines, branch lines, switching yards rail connections, intermodal yards, highway grade separations, and other railroad-related improvements.

**Loan Repayments** The Bill provides an appropriation from the General Fund in FY 1999, contingent upon existing railroad loan repayments exceeding a certain level. Currently, the debt service payments on loans made to railroad companies and organizations are deposited into the General Fund. The payments total approximately $1.2 million annually. Senate File 2417 appropriates to the Revolving Loan Fund an amount equal to the receipts that are deposited in the General Fund from loan repayments in excess of $1.2 million.

STAFF CONTACT: David Reynolds (Ext. 16934)

Retirement Bill - HF 2496 Passes Senate Appropriations

**HF 2496 - Retirement Bill** House File 2496, Retirement Bill, was passed unchanged by the Senate Appropriations Committee on April 8. The Bill makes technical and substantive changes to the four State retirement systems. The major changes are:

Retirement



**POR Public Safety Peace Officer’s Retirement, Accident, and Disability System (POR)**

* POR members receive 1.5% additional credit to their average final compensation for each year of service beyond 22 years of service. The Bill changes the maximum years of additional credit from eight to ten years.
* POR members with 22 or more years of service have a choice of normal retirement when qualifying for accidental or ordinary disability. The Bill allows the retiree qualifying for disability retirement the choice after five years of service.
* The Bill modifies the earnings test for ordinary and accidental disability so that health insurance premiums are removed from income before applying the earnings test.
* **Cost:** The available margin before the above changes is 11.25% of covered payroll. The cost of these changes is 1.32% of covered payroll, reducing the available margin to 9.93%. No increases in contributions will be required to pay for the changes.

**IPERS Iowa Public Employees’ Retirement System (IPERS)**

* Members may retire at age 62 with 20 years of service without a reduction for age less than 65.
* Sheriffs, deputies, and airport fire fighters receive 1.0% additional credit to their average final compensation for each year of service beyond 22 years of service up to a maximum of five years. The Bill changes the credit to 1.5% and increases maximum years of additional credit to eight years.
* Sheriffs, deputies, airport fire fighters, and protection occupation members receive enhanced disability benefits, including the presumption that heart and lung disease result from the occupation. Retirees qualifying for disability retirement have the choice of normal retirement. The change is effective on July 1, 1999.
* A Favorable Experience Dividend Account is created and receives funds when earnings exceed the actuarial projection. These funds will pay dividends to retired members.
* Supplemental Accounts for active IPERS members are created. When IPERS no longer has an unfunded liability, the excess funds from the employer and employee contributions will be distributed to the members’ supplemental accounts as a percentage of salary. These funds will be paid to the employee under certain circumstances, death, or retirement.
* Members retired before July 1, 1986, will receive a 15.0% increase in monthly benefit allowances. Members retired between July 1, 1986, and July 1, 1990, will receive a 7.0% increase in monthly benefit allowances.
* Terminating vested members who leave employment and withdraw their contributions will receive a portion of the employer contributions plus interest.
* The cost of purchasing credit years of service with another public retirement system will be adjusted to the actuarial equivalent of both the employer and employee contributions for those years.



* **Cost:**  The cost of changes to IPERS is measured by the number of years over which the costs are amortized. The current unfunded liability is amortized over 9 years. The actuary has indicated that the amortization period can be extended to 24 years without jeopardizing the Fund. The IPERS Administration recommends not exceeding 20 years. The changes in this Bill increase the amortization period to 19.7 years in FY 1999.
* The costs of the enhancements for the special groups are paid by increased employer and employee contributions. Employers pay 60.0% of the increase, and employees pay 40.0%. The cost to counties for sheriffs and deputies is projected to be $984,000 annually. The cost for protection occupations for State agencies is projected to be $1.4 million, and the cost for non-State agencies is projected to be $537,000.

**MFPRSI or 411 Municipal Fire and Police Retirement System of Iowa (MFPRSI or 411’s)**



* Local police and fire fighters receive 0.6% credit for up to eight additional years of service beyond 22 years. The Bill increases the credit to 1.5% for each additional year of service.
* **Cost:** The available margin before the above change is 3.38% of covered payroll. The cost of this change is 3.07% of covered payroll, reducing the available margin to 0.31%. No increases in contributions will be required to pay for the changes.

**Judicial Retirement Judicial Retirement System**

* The Bill allows associate juvenile judges and associate probate judges the option of becoming members of the Judicial Retirement System. They are now members of IPERS.



* The Bill increases the percentage of basic annual salary used to calculate a judge’s retirement from 50.0% to 52.0%, with the intent of increasing by 2.0% every two years up to 60.0%, if the actuarial evaluation permits.
* Judges who retired before July 1, 1977, or their surviving beneficiaries, will receive a minimum monthly annuity of $500.
* **Cost:** The available margin before the above change is 7.71% of covered payroll. The cost of this change is 1.13% of covered payroll, reducing the available margin to 6.58%. No increases in contributions will be required to pay for the changes.

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ANIMAL CONFINEMENT FEEDING OPERATIONS BILL - HF 2494 PASSES SENATE

**HF 2494 - Confinement Feed.** On April 7, HF 2494, the Animal Confinement Feeding Operations Bill, was passed by the Senate. The Senate amendment changed several sections of the Bill. The changes include:



* Prohibits counties from adopting and enforcing county legislation regulating the production, care, feeding, or housing of animals.
* Maintains the three-tier system for separation distances for adjacency in current law.
* Allows a person to file a complaint with the Department of Natural Resources (DNR) or the County Board of Supervisors regarding an animal confinement facility.
* Reduces the minimum separation distance to 1,000 feet between a confinement building and a residence.
* Reduces the distance between an animal feeding operation structure and a road to 100 feet and allows counties to waive this distance requirement on a case-by-case basis.
* Removes the requirement that construction permits not approved within 60 days by the DNR be approved by default.
* Allows DNR’s decisions on construction permits to be appealed directly to the Environmental Protection Commission.
* Prohibits the application of liquid manure within 750 feet of a residence, church, school, business, or public use area unless the manure is incorporated or injected within 24 hours.
* Reduces nuisance suit protection provisions.

STAFF CONTACT: Sherry Weikum (Ext. 17846)

Informational Meeting on IowAccess



**HF 2547 - IowAccess** The Oversight and Communications Appropriations Subcommittee held an informational meeting on HF 2547, IowAccess, on April 7. The Bill will allow the Information Technology Services Division (ITS) of the Department of General Services to contract with a vendor to assist ITS staff in making information that is “public information” held by State agencies available over the Internet where feasible.

**Informational Meeting** The following speakers presented information related to their organizations, their clients, or their own points of view related to this topic.

* Burt Carroll and Mike Whiteman, Deere and Company
* Diane Kolmer, Member, Citizens Advisory Council for IowAccess
* Russ Cerniglia, Ruan Companies
* Jim Carney, Lobbyist
* Richard Varn, with University of Northern Iowa
* Keith Luchtel, Lobbyist
* Larry Murphy, Judicial Branch

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State Board of Education Meeting



**Board of Education** The State Board of Education met on April 9. The meeting originated at the Grimes Building in Des Moines and was broadcast to selected Iowa Communications Network (ICN) sites.

 Significant agenda items include:

* Rules regarding extracurricular interscholastic competition.
* Historical perspective of school desegregation and integration in Iowa.
* School Budget Review Committee report of districts with negative unspent balances. There are 14 districts with negative unspent balances ranging from $-2,433 to $-451,860.
* Supplementary Weighting Task Force Report. The Director of the Department of Education has appointed a Task Force to study the issues around the growth in supplementary weighting. Supplementary weighting provides school districts with additional funds for sharing personnel and programs. The Task Force has met twice and expects to complete work in the next month.

STAFF CONTACT: Mary Shipman (Ext. 14617)

National Higher Education FY 1998 Salary Rankings - Regents



**Regents Ranking** The April 10 edition of *The Chronicle of Higher Education* released the FY 1998 faculty salary rankings for higher education institutions nationwide. Nationally, the average salary for a full professor was $69,868, an associate was $51,219, and an assistant was $42,241. The following tables provide FY 1998 average salary rankings for the Iowa Regents institutions and the institutions within their respective athletic conference, in order of the average salary for the full professor ranking.

 **Table 1**

**FY 1998 Salary Rankings - University of Iowa and the Big Ten**

| **Institution** |  | **Full Professor** |  | **Assoc. Professor** |  | **Assistant Professor** |
| --- | --- | --- | --- | --- | --- | --- |
| Northwestern\* |  | $101,400 |  | $67,400 |  | $58,500 |
| Michigan |  | 91,900 |  | 65,900 |  | 53,000 |
| Univ. of Illinois |  | 83,600 |  | 58,400 |  | 51,200 |
| Penn State |  | 83,100 |  | 56,000 |  | 45,800 |
| Ohio State |  | 81,800 |  | 56,300 |  | 47,400 |
| Univ. of Minnesota |  | 81,000 |  | 57,500 |  | 48,600 |
| Purdue |  | 80,800 |  | 55,200 |  | 46,800 |
| Univ. of Iowa |  | 80,700 |  | 55,900 |  | 48,400 |
| Indiana |  | 77,400 |  | 54,200 |  | 43,600 |
| Michigan State |  | 74,200 |  | 55,800 |  | 46,500 |
| Univ. of Wisconsin |  | 73,900 |  | 55,500 |  | 50,600 |

 **Table 2**

**FY 1998 Salary Rankings - Iowa State University and the Big 12**

| **Institution** |  | **Full Professor** |  | **Assoc. Professor** |  | **Assistant Professor** |
| --- | --- | --- | --- | --- | --- | --- |
| Texas |  | $82,400 |  | $53,700 |  | $49,700 |
| Iowa State |  | 77,300 |  | 57,300 |  | 46,800 |
| Missouri |  | 76,000 |  | 56,900 |  | 47,500 |
| Colorado |  | 75,900 |  | 55,100 |  | 46,000 |
| Nebraska |  | 73,700 |  | 52,000 |  | 43,000 |
| Texas A&M |  | 73,400 |  | 52,400 |  | 45,800 |
| Texas Tech |  | 72,100 |  | 50,900 |  | 40,600 |
| Univ. of Oklahoma |  | 71,000 |  | 48,700 |  | 39,800 |
| Baylor\* |  | 70,600 |  | 54,400 |  | 42,500 |
| Univ. of Kansas |  | 66,900 |  | 48,800 |  | 42,800 |
| Oklahoma State |  | 65,600 |  | 48,900 |  | 43,300 |
| Kansas State |  | 62,400 |  | 47,900 |  | 41,900 |

 **Table 3**

 **FY 1998 Salary Rankings - University of Northern Iowa and the Missouri Valley**

| **Institution** |  | **Full Professor** |  | **Assoc. Professor** |  | **Assistant Professor** |
| --- | --- | --- | --- | --- | --- | --- |
| Creighton\* |  | $75,000 |  | $52,100 |  | $40,000 |
| Univ. of Tulsa\* |  | 72,700 |  | 50,400 |  | 40,900 |
| Drake\* |  | 69,100 |  | 50,500 |  | 41,900 |
| Univ. of Northern IA |  | 66,000 |  | 51,700 |  | 43,300 |
| Bradley\* |  | 64,100 |  | 51,700 |  | 40,300 |
| Southern Illinois |  | 63,500 |  | 46,300 |  | 38,600 |
| Illinois State |  | 61,500 |  | 48,400 |  | 40,600 |
| Wichita State |  | 61,500 |  | 47,800 |  | 41,000 |
| Univ. of Evansville\* |  | 60,800 |  | 47,800 |  | 38,700 |
| SW Missouri State |  | 59,900 |  | 48,800 |  | 39,200 |
| Indiana State |  | 57,300 |  | 45,500 |  | 38,600 |

 \*indicates a private institution.

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

STAFF CONTACT: Sue Lerdal (Ext. 17794)

National Higher Education FY 1998 Salary Rankings - Private Institutions



**Faculty Salary Ranking** The April 10 edition of *The Chronicle of Higher Education* released the FY 1998 faculty salary rankings for higher education institutions nationwide. Nationally, the average salary for a full professor was $69,868, an associate was $51,219, and an assistant was $42,241. The following table shows FY 1998 average salaries of faculty at the private institutions of higher education within Iowa providing the information, ranked in order of the full professor salary.

 **FY 1998 Faculty Salaries - Private Iowa Institutions**

| **Institution** |  | **Full Professor** |  | **Assoc. Professor** |  | **Assistant Professor** |
| --- | --- | --- | --- | --- | --- | --- |
| Grinnell |  | $79,800 |  | $61,400 |  | $44,900 |
| Drake |  | 69,100 |  | 50,500 |  | 41,900 |
| Cornell |  | 58,600 |  | 44,500 |  | 36,900 |
| Buena Vista |  | 55,900 |  | 42,900 |  | 36,600 |
| Simpson |  | 55,000 |  | 43,100 |  | 36,100 |
| Luther |  | 54,800 |  | 44,200 |  | 38,600 |
| Coe |  | 54,600 |  | 42,000 |  | 36,700 |
| Wartburg |  | 51,900 |  | 41,100 |  | 36,200 |
| Dordt |  | 51,500 |  | 41,700 |  | 35,200 |
| Clarke |  | 50,200 |  | 42,500 |  | 35,800 |
| St. Ambrose |  | 49,800 |  | 42,000 |  | 37,500 |
| Central |  | 49,500 |  | 43,700 |  | 35,100 |
| Loras |  | 48,400 |  | 40,300 |  | 35,100 |
| Palmer |  | 48,400 |  | 41,700 |  | 34,900 |
| Northwestern |  | 47,500 |  | 41,600 |  | 34,100 |
| Grandview |  | 43,300 |  | 36,500 |  | 31,800 |
| Mount Mercy |  | 43,100 |  | 38,200 |  | .34,200 |
| Morningside |  | 42,500 |  | 37,900 |  | 35,000 |
| Briar Cliff |  | 40,500 |  | 34,900 |  | 32,300 |
| Westmar |  | 39,400 |  | NA |  | 29,400 |
| Univ. of Dubuque |  | 37,500 |  | 36,500 |  | 32,800 |
| Faith Baptist |  | 31,800 |  | NA |  | NA |
| Waldorf |  | NA |  | 37,400 |  | 31,900 |
| Marycrest |  | NA |  | 34,300 |  | 22,100 |
| William Penn |  | NA |  | 30,200 |  | 27,700 |

 Additional information is available upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

Juvenile Detention Funding Status Update



**License Reinstatement Fees** During the 1997 Legislative Session, the General Assembly passed HF 734, Criminal and Juvenile Justices Systems Act, which required motor vehicle license reinstatement penalty fees collected during FY 1998 be deposited with the Department of Human Services with allocations as follows:

* The first $1.0 million for establishment, improvement, operation, and maintenance of county juvenile detention homes, prorated among eligible detention homes.
* Any funds in excess of $1.0 million to the Judicial Districts for court-ordered services for juveniles, including funds for runaway assessment facilities, services, and juvenile delinquency prevention and intervention services.

**Revenues Less** The collected reinstatement fees in FY 1998 yielded revenue lower than originally estimated, due to the delay in the first six months of the fiscal year for drivers of suspended licenses to serve their term of suspension prior to paying the reinstatement fee. The Legislative Fiscal Bureau has tracked collections through FY 1998. The following table illustrates the rate of collections to date:

 **Estimated FY 1998 Juvenile Detention Fines Collected**



**Collections Monitored** It is unknown if the trend of collections will continue to accelerate. The LFB will continue to monitor collections and report any significant findings. The language to continue the collection of fees for juvenile detention and additional juvenile court-ordered services for FY 1999 is specified in SF 2410, Human Services Appropriations Bill.

STAFF CONTACT: Deb Anderson (Ext. 16764) Margaret Buckton (Ext. 17942)

Federal Subcommittees Approve Superfund Legislation



**HR 2727 - Superfund** The House Transportation and Infrastructure Subcommittee passed HR 2727, the Superfund Acceleration, Fairness, and Efficiency Act, on March 11. This legislation reinstates the Superfund, provides State governments with more authority at Superfund sites, and redefines tax revenues that flow into the Superfund Trust Fund. This legislation appropriates $250 million per year for a five-year period.

**S 8 - Superfund Cleanup** The Senate Environment and Public Works Subcommittee passed S 8, the Superfund Cleanup Acceleration Act, on March 26. This Bill provides protection to small businesses from paying extensive cleanup costs and provides economic development for industrial sites that do not qualify as Superfund sites, but are too polluted to use for any business. This legislation appropriates $8.5 billion for a five-year period.

**Program Intent** The Superfund Program was established in 1980 with the passage of the Comprehensive Environmental Response, Compensation, and Liability Act. The intent of the Superfund Program was to protect citizens from the dangers of abandoned or uncontrolled hazardous waste sites. The legislation authorizes the Federal government to respond to hazardous waste emergencies, and to develop long-term solutions for these hazardous waste problems. The Superfund Program is managed by the Office of Emergency and Remedial Response in the United States Environmental Protection Agency.

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FIP CASELOAD CONTINUES TO DECLINE



**FIP Caseload** For comparison purposes, the largest caseload recorded in the Family Investment Program (FIP) was during the month of April 1994, in which the Regular FIP caseload was 36,612 cases at an average cost per case of $353.74, and the Unemployed Parent FIP caseload was 4,047 cases at an average cost per case of $380.67.

**Unemployed Parent FIP** According to recent FIP statistics, the caseload for March 1998 for Regular FIP was 23,369 cases, a decrease of 274 cases (1.1%) compared to the previous month, and a decrease of 13,243 cases (36.2%) compared to April 1994. The average cost per Regular FIP case has declined $29.81 per month since April 1994, a decrease of 8.4%. The decrease is due to additional income earned by participating families.

**March Caseload** The caseload for March 1998 for Unemployed Parent FIP cases was 2,190 cases, a decrease of 19 cases (0.9%) compared to the previous month, and a decrease of 1,857 cases (45.9%) compared to April 1994. The average cost per family increased, from $347.53 in February 1998 to $350.58 in March 1998, an increase of $3.05 (0.9%). The increase appears to be a seasonal fluctuation compared to March of previous years. Compared to April 1994, however, the Unemployed Parent monthly cost per case has decreased by $30.09 (7.9%).

**Caseload Monitored** The Legislative Fiscal Bureau will continue to monitor caseloads and costs per case and report any significant findings.

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Weekly Medical Assistance Expenditures in the Department of Human Services



**Medical Assistance** For the week ending April 6, 1998, FY 1998 General Fund expenditures for the Medical Assistance Program in the Department of Human Services (DHS) were $4.9 million (118.6% of budget). This is $768,000 above the weekly budget established by the Department. Year-to-date Medical Assistance General Fund expenditures are $267.9 million, which is $4.9 million (1.9%) above the amount budgeted for the fiscal year-to-date.

**Estimated Ending Balance** The DHS estimates an FY 1998 ending balance of approximately $8.0 million, before transfers. 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.



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