FISCAL UPDATE December 8, 1998

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Governor’s Budget Hearing - Department of Workforce Development



**Workforce Development** Cynthia Eisenhauer, Director of the Department of Workforce Development (DWD), presented the Department’s FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pederson on November 17. The Department is requesting $10.3 million and 1,057.3 FTE positions, an increase of $2.2 million (27.6%) and 21.8 (2.1%) FTE positions compared to the estimated FY 1999 appropriation. The major General Fund and FTE position changes include:

1. An increase of $235,000 and 4.0 FTE positions for the elevator and boiler safety programs.
2. An increase of $130,000 and 5.0 FTE positions for additional Iowa Occupational Safety and Health enforcement. The General Fund dollars would be matched by federal funds.
3. An increase of $100,000 to design a filing system to allow employers to file Unemployment Compensation claims electronically.
4. An increase of $1.3 million and 2.0 FTE positions to build a data base with geographical mapping capabilities.
5. An increase of $500,000 and 2.5 FTE positions to expand the computer system that provides direct access to information about community resources.
6. An increase of 8.0 FTE positions to service local regions as Account Executives assisting employers with numerous activities. These positions would be funded through the Unemployment Administration Contribution Surtax appropriation.

**Other Fund Requests** In addition to the General Fund request, the Department is requesting funding from several other State funds. Significant requests include:

1. A total of $1.5 million from the Rebuild Iowa Infrastructure Fund for various capital projects. The largest request is $683,000 to purchase an uninterruptible power supply for the DWD mainframe computer.
2. $7.5 million from the Unemployment Administration Contribution Surcharge Fund, an increase of $400,000 (5.6%) compared to estimated FY 1999. The funds would be used to expand service to local regions.



**Questions** Governor-elect Vilsack asked questions concerning statewide cooperative efforts to match worker skills to job demands and what steps are being taken to keep up with future skill requirements. Jeff Nall, DWD Division Administrator, responded that the primary agencies responsible for workforce training, the Departments of Workforce Development, Economic Development, and Education, are in constant communication. The Governor-elect also inquired about mechanisms to measure underemployment. Mr. Nall indicated that there is currently no adequate measure to determine whether a person or workforce is underemployed. The Governor-elect expressed concern over the length of time required to resolve workers compensation claims. Iris Post, Workers Compensation Commissioner, responded that the Department is aware of the problem and is constantly working to reduce the claims processing and appeals time.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Governor’s Budget Hearing - Iowa State Fair



**State Fair** Marion Lucas, Director of the Iowa State Fair, presented the Fair’s budget request for FY 2000 capital projects to Governor-elect Vilsack and Lieutenant Governor-elect Pederson on November 17. The State Fair is requesting a total of $8.1 million from the Rebuild Iowa Infrastructure Fund for two projects that include:

1. $7.0 million for demolition of the existing Varied Industries Building and construction of a new building on the existing site.
2. $1.1 million for allocation to the 106 county fairs for infrastructure-related improvements.

**Varied Industries Bldg.** Governor-elect Vilsack asked if Mr. Lucas had received an estimate of the total cost to build the new Varied Industries Building. Mr. Lucas stated that the State Fair has a detailed estimate from an architect that states the facility will cost a total of $14.0 million. The State Fair is requesting $7.0 million per year for the next two fiscal years.



**Cost to Operate** Jon Muller, Interim Budget Director for Governor-elect Vilsack, asked Mr. Lucas how much it will cost to operate the new Varied Industries Building, how much revenue they estimate will be generated by the new facility, and whether or not he feels it will compete with the Polk County Convention Center. Mr. Lucas stated that the estimated utility costs for the new building will be $200,000 per year and he estimates the State Fair will generate between $1.2 million and $1.5 million in revenue. He also stated that currently the Varied Industries Building generates about $70,000 in revenue annually. Mr. Lucas stated that he feels the new facility will not compete with the Polk County Convention Center because there are many groups that get referred to the State Fair that would not hold their functions elsewhere in Des Moines.

**Funds to County Fairs** Governor-elect Vilsack asked how the State Fair guarantees the funds allocated to county fairs are being spent on infrastructure improvements. Mr. Lucas stated the county must submit documentation to the State Fair Board regarding how the funds will be used before the State funds are released.

STAFF CONTACT: David Reynolds (Ext. 16934)

Governor’s budget hearing - Department of Management



**Year 2000**

**Dept. of Management** Robert Rafferty, Director of the Department of Management, presented the Department’s FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pederson on November 17. The Department is requesting $2.4 million and 31.0 FTE positions, a decrease of $1.0 million (29.5%) and an increase of 1.0 (3.3%) FTE position compared to estimated FY 1999. The decrease is due to the amount that remains unallocated from the FY 1999 Salary Adjustment Fund. The increase in FTE positions is due to an added position to administer the Property Replacement Tax Program per the requirements of SF 2416 (Replacement Property Tax Act). The funding for the FTE position will be from additional property tax receipts.

**Year 2000** Mr. Rafferty also discussed the accountability of budgeting and planning and the Department’s progress on the FY 2000 computer programming problem, including the problem with the embedded chip.

STAFF CONTACT: Shawn Snyder (Ext. 16765) Paige Piper/Bach (Ext. 17942)

Governor’s Budget Hearing - Public Employment Relations Board

**PERB** Richard Moore, Chairman of the Public Employment Relations Board, presented the Department’s FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pederson on November 17. The Board is requesting $886,000 and 12.8 FTE positions, no change compared to the estimated FY 1999 appropriation.

**Discussion** Mr. Moore discussed the role of the Board in public employment negotiations, mediations, and grievance procedures. Governor-elect Vilsack asked about the Board’s role in negotiations with State employee unions. Mr. Moore responded that each State employee contract has a primary Board staff person assigned to track the negotiations and assist whenever requested. The Governor-elect also asked if Labor-Management Council activity funded through the Department of Workforce Development budget was useful. Mr. Moore responded that the Council reduces grievance and other labor management conflicts in a cost-effective manner.



STAFF CONTACT: Jeff Robinson (Ext. 14614)

Governor’s Budget Hearing - Department of Revenue and Finance



**Revenue and Finance** Gerald Bair, Director of the Department of Revenue and Finance, presented the Department’s FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pederson on November 17. The Department is requesting $28.8 million and 646.0 FTE positions, a decrease of $138,000 (0.5%) and 2.0 (0.3%) FTE positions compared to the estimated FY 1999 appropriation. The decrease is due to the transfer of two Administrative Law Judges to the Department of Inspections and Appeals to implement the Administrative Procedures Act.

**Year 2000** The Department responded to questions from the Governor-elect concerning the Year 2000 computer programming problem stating they are on schedule in correcting the problem.

STAFF CONTACT: Paige Piper/Bach (Ext. 17942) Shawn Snyder (Ext. 16765)

Governor’s Budget Hearing - Parole Board

**Parole Board** Charles W. Larson, Sr., Parole Board Chairperson, presented the Parole Board’s budget request at the Governor’s budget hearing on November 17. The Board is requesting $1.0 million and 18.0 FTE positions for FY 2000. This is the same level of funding as in FY 1999.

**Increasing Workload** Mr. Larson discussed the increasing workload associated with the growing prison population, the Board’s work with crime victims, and the Board’s parole record, stating that only 16 of approximately 5,000 parolees had committed violent crimes after being paroled.

**Discussion** Governor-elect Vilsack asked how the Board was able to handle the increasing workload with no increase in staffing. Mr. Larson stated that the Board had computerized many of their processes, that changes to the Code of Iowa permitted a more streamlined review for some offenders, and the Iowa Communications Network (ICN) is used for a number of parole hearings, which reduces travel time.

**Drunk Drivers** Mr. Larson suggested that drunk drivers could be handled outside the normal parole process since their crimes do not involve the typical criminogenic factors upon which the assessment procedures rely.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561) Christina Schaefer (Ext. 16301)

Governor’s Budget Hearings - Attorney General



**Attorney General** Attorney General Tom Miller presented the Department of Justice budget request for FY 2000. The Department is requesting $14.6 million and 251.5 FTE positions, an increase of $1.4 (9.6%) million and 6.0 (2.4%) FTE positions compared to the estimated FY 1999 appropriation. The major increases include:

1. The Sexually Violent Predator Act, which took effect in July 1998, provided for the Department of Human Services to transfer $269,000 to the Department of Justice for an attorney and an investigator to work toward the civil commitment of sexually violent predators after the completion of their criminal sentences. The Attorney General is now requesting the FY 1999 appropriation to the Department of Justice instead of the Department of Human Services, as well as additional funding of $242,530 for another attorney and secretary, for a total of $511,530 (four FTE positions).
2. The Department of Justice is responsible for prosecuting and defending all criminal cases in appellate courts. The Attorney General is requesting $247,519 for four additional FTE positions for attorneys to handle the increased caseload.
3. The Attorney General is requesting a $175,000 (10%) increase from estimated FY 1999 for Victim Assistance Grants to fund domestic abuse/rape crisis programs and shelters.
4. The Attorney General is required to contract with non-profit organizations to provide legal assistance to eligible individuals in poverty. To fund these contracts, the Attorney General is requesting $950,000 from the General Fund. Governor-elect Vilsack inquired whether the current farm situation would have an effect on these programs. The Attorney General responded with a “yes” and added that increases were occurring in all areas.



**Tobacco Settlement** Governor-elect Vilsack also inquired into the recent tobacco settlement with the states and asked the Attorney General about the process the State of Iowa would have to go through to receive the settlement money. The Attorney General responded that the State of Iowa would not have to pass legislation, rather it would be a matter of receiving the money as in any lawsuit and determining where the money would be spent.

STAFF CONTACT: Christina Schaefer (Ext. 16301) Dwayne Ferguson (Ext. 16561)

GOVERNOR’S BUDGET HEARING - GOVERNOR’S ALLIANCE ON SUBSTANCE ABUSE



**Gov.'s Budget Hearing** Dale Woolery, Associate Coordinator of the Governor’s Alliance on Substance Abuse (GASA), presented the FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pederson on November 17. The Governor’s Alliance on Substance Abuse is requesting $471,000 from the General Fund and 13.0 FTE positions, which is no change in funding and an increase of 3.0 (30.0%) FTE positions compared to estimated FY 1999. Mr. Woolery presented information on GASA’s budget request and advised that their request combines the two appropriations from prior years into one appropriation request for FY 2000.



**Loss of Fed. Funds** Mr. Woolery responded to the Governor-elect and explained that at this time, a larger State appropriation will not be matched with more federal funds and that 50.0% of GASA’s funds are involved in some way with addressing the use of methamphetamine. The public schools have programs that address the use of methamphetamine starting in fifth or sixth grade. Mr. Woolery finished by responding that GASA is a separate agency from the Department of Public Safety in order to meet federal requirements to receive federal funds.

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

Governor’s Budget Hearing - Department of Agriculture and Land Stewardship



**Agric. & Land Stewardship** Dale Cochran, Secretary of Agriculture, presented the Department of Agriculture and Land Stewardship’s FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pederson on November 18. The Department is requesting $30.8 million and 453.9 FTE positions, an increase of $5.5 million and 27.2 FTE positions compared to the estimated FY 1999 appropriation. Highlights of new funding requests include:

1. An increase of $51,000 and 1.0 FTE position for a clerical assistant to aid the State Climatologist with collecting, organizing, and maintaining weather data and for adequate storage equipment for weather records dating back to the 1820’s.
2. An increase of $18,000 to maintain market information of cattle, sheep, and feeder pig sales.
3. An increase of $18,000 to increase market coverage of the fed cattle market at auction sale barns.
4. An increase of $243,000 for 4.0 FTE positions for a Package Inspection Program to conduct net weight package inspections at retail and point of package locations for consumer protection.



1. An increase of $450,000 to determine the prevalence of Johne’s Disease in Iowa’s cattle herds and provide producers, herdsmen, managers, and veterinarians with information to implement a herd health management program.
2. An increase of $30,000 for Near Infrared Spectroscopy (NIRS) testing equipment to confirm the accuracy of NIRS machines, which measure the content of specialized grains.
3. An increase of $28,000 and 1.0 FTE position to provide clerical support for the Organic Certification Program.
4. An increase of $230,000 for the purchase of an HPLC Electrospray Mass Spectrometer for the detection of the new generation of herbicides.
5. An increase of $1.5 million and 2.0 FTE positions to establish the Iowa Watershed Protection Program.
6. An increase of $500,000 to establish a Publicly Owned Lakes Protection Program to reduce the transport of sediment, agricultural chemicals, and livestock waste into the State’s priority lakes.
7. An increase of $450,000 for an Integrated Farm and Livestock Demonstration Program for nutrient and pesticide management, air quality protection, and soil and water conservation.
8. An increase of $250,000 to demonstrate a pilot Wetland Financial Incentive Program to voluntarily establish wetlands on private land.
9. An increase of $500,000 for the Soil Conservation Cost-Share Program.

STAFF CONTACT: Sherry Weikum (Ext. 17846)

Governor’s Budget Hearing - Department of Economic Development



**Economic Development** Phil Dunshee, Deputy Director of the Department of Economic Development, presented the Department’s FY 2000 budget request to Lieutenant Governor-elect Pederson on November 18. The Department is requesting $27.9 million and 186.0 FTE positions, an increase of $2.8 million (11.1%) and 2.7 (1.5%) FTE positions compared to the estimated FY 1999 appropriation. The major General Fund and FTE position changes include:

1. An increase of $50,000 to provide support funding for an Agricultural Biotechnology liaison position to work with world class companies to stay abreast of trends and developments in biotechnology. The request does not include an FTE position.
2. An increase of $25,000 to expand film production marketing in Iowa.
3. An increase of $75,000 to allow three interstate Welcome Centers to remain open on a year-round basis.
4. An increase of $95,000 and 1.0 FTE position to promote domestic value-added and organic food production.
5. An increase of $87,000 and 2.0 FTE positions to maintain DED’s electronic commerce and procurement efforts at current levels.
6. An increase of $93,000 to sustain and expand the IowaAccess Business License Information Center.
7. An increase of $60,000 to administer the Housing Enterprise Zone legislation enacted by the 1998 General Assembly.
8. An increase of $400,000 to provide funding for a new grant program for communities to develop plans and mechanisms to guide growth.
9. An increase of $35,000 to cover increased City Development Board staff travel and support expenditures.
10. An increase of $750,000 to provide increased funding for the Iowa Manufacturing Technology Center.
11. An increase of $75,000 to establish a Downtown Resource Center as a part of DED’s Mainstreet Program.
12. An increase of $160,000 to offset declining loan repayments to the Iowa Community Development Loan and Rural Community 2000 Funds.
13. An increase of $500,000 to provide funding for a new School-to-Career work program enacted by the 1998 General Assembly.



**Other Fund Requests** In addition to the General Fund request, the Department is requesting funding from several other State funds. Significant requests include:

1. $8.3 million from the DED’s Workforce Development Fund, an increase of $1.4 million compared to the estimated FY 1999 level. The increase would be used to expand program activity.
2. $5.0 million for the Physical Infrastructure Fund from the Rebuild Iowa Infrastructure Fund, which is no change from the estimated FY 1999 level.
3. $10.0 million from Wager Tax receipts to be used to fund a new Recreation Development Grant Program.
4. $350,000 from the Rebuild Iowa Infrastructure Fund to furnish three new interstate Welcome Centers.

**Tourism Discussion** Lieutenant Governor-elect Pederson asked how much effort is made to stretch Iowa tourism advertising dollars by forming partnerships with private organizations. Mr. Dunshee responded that the Department makes every effort to form advertising partnerships, and in fact, the Department’s annual appropriations bill requires partnerships. Jon Muller, Interim Budget Director for Governor-elect Vilsack, asked what percentage of Iowa tourism dollars are expended to attract others to Iowa, versus expenditures to encourage Iowans to travel in Iowa. Nancy Landess, Tourism Division Administrator, responded that a strong majority of advertising dollars are directed at non-Iowans.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Governor’s Budget Hearing - Civil Rights Commission

**Civil Rights Commission** Don Grove, Executive Director of the Civil Rights Commission, presented the FY 2000 budget request to Lieutenant Governor-elect Pederson on November 18. The Commission is requesting $1.2 million from the General Fund and 38.5 FTE positions, which is no change in funding and an increase of 1.0 FTE position compared to the estimated FY 1999 appropriation.



**Federal Funds** Mr. Grove noted that the Commission wants to keep available federal funds and expend them as necessary (as they currently have authority to do). Lieutenant Governor-elect Pederson asked how much the Commission receives in federal funds. Mr. Grove answered that federal funding comes from two sources, Housing and Urban Development and Equal Employment Opportunity Commission, and totals approximately $860,000 for FY 2000.

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

Governor’s Budget Hearing - Department of Inspections and Appeals

**Inspections & Appeals** Kim Schmett, Director of the Department of Inspections and Appeals, presented the Department’s FY 2000 budget request to Lieutenant Governor-elect Pederson on November 18. The Department is requesting $9.9 million and 295.1 FTE positions, an increase of $758,000 (8.3%) and 10.0 (3.5%) FTE positions compared to the estimated FY 1999 appropriation. The major increases for the Department include:



1. $143,000 and 2.0 FTE positions to transfer two Administrative Law Judges from the Department of Revenue and Finance to the Appeals and Fair Hearings Division to implement the Administrative Procedures Act.
2. $71,000 and 1.0 FTE position to transfer one Administrative Law Judge from the Insurance Commission to the Appeals and Fair Hearings Division to implement the Administrative Procedures Act.
3. $220,000 and 3.0 FTE positions to survey non-Joint Commission on Accreditation of Healthcare Organizations and the American Osteopathic Association (JCAHO/AOA) accredited hospitals more than every 7-10 years.
4. $152,000 for hardware, programming, and maintenance costs to establish a single contact repository to screen applicants prior to hiring in the health care industry.
5. $59,000 to allow continuance of health care industry construction inspection activities funded by lottery money in FY 1999.
6. $117,000 and 1.7 FTE positions for staff and support for regulation of the new excursion gambling boat licensed to operate in Osceola.

STAFF CONTACT: Paige Piper/Bach (Ext. 17942) Shawn Snyder (Ext. 16765)

GOVERNOR’S BUDGET HEARING – Deparment of ELDER AFFAIRS

**Elder Affairs** Betty Grandquist, Executive Director, Department of Elder Affairs, presented the FY 2000 budget request to Lieutenant Governor-elect Pederson on November 18. Ms. Grandquist reviewed the Department’s Table of Organization and advised that in April 1999, all 99 counties will have Case Management for the Frail Elderly available.

**FY 2000 Budget Request** The Department of Elder Affairs requested $4.8 million from the General Fund and 28.0 FTE positions, an increase of $40,000 and no change in FTE positions compared to the estimated FY 1999 appropriation.

**Discussion** Ms. Grandquist responded to Lieutenant Governor-elect Pederson and explained that the Department has two people that work with Workforce Development to develop workers to provide for the needs of older Iowans.

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

GOVERNOR’S BUDGET HEARING - DEPARTMENT OF HUMAN RIGHTS

**Human Rights** Ms. Kathryn Baumann-Reese, Acting Director, Department of Human Rights, presented the Department’s FY 2000 budget request to Lieutenant Governor-elect Pederson on November 18. Ms. Baumann-Reese introduced the members of the Department and reviewed the Department’s Table of Organization. The division administrators described the goals and needs of their divisions.

**FY 2000 Budget Request** The Department request for FY 2000 is $4.6 million from the General Fund and 36.6 FTE positions, an increase of $1.3 million and 3.5 FTE positions compared to the estimated FY 1999 appropriation.

**Increase** Richard Moore, Administrator, Division of Criminal and Juvenile Justice Planning, presented the major increase of $1.1 million and 1.5 FTE positions to fund a data storage computer.

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

Governor’s Budget Hearing - Secretary of State

**Secretary of State** Monty Bertelli, Chief Deputy Secretary of State, presented the Office’s FY 2000 budget request to Lieutenant Governor-elect Pederson on November 18. The Office is requesting $2.5 million and 42.0 FTE positions, a decrease of $11,000 (0.4%) and no change in FTE positions, compared to estimated FY 1999. The decrease is due to costs associated with improved efficiencies in the Business Services Division. Mr. Bertelli also discussed the Office’s progress on the FY 2000 computer programming problem.

STAFF CONTACT: Shawn Snyder (Ext. 16765) Paige Piper/Bach (Ext. 17942)

Governor’s Budget Hearing - Department of Personnel



**Dept. of Personnel** Linda Hanson, Director of the Iowa Department of Personnel, presented the Department’s FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pederson on November 18. The Department is requesting $11.3 million and 181.0 FTE positions, an increase of $964,000 (9.2%) and 21.9 (13.8%) FTE positions compared to the estimated FY 1999 appropriation. The major increases include:

1. $125,000 to support the Deferred Compensation Program funded from lottery money in FY 1999.
2. $64,000 and 1.0 FTE position for reengineering of the State selection system to include statewide testing.
3. $75,000 and 1.0 FTE position for the process of work force planning.
4. $56,000 and 1.0 FTE position to implement the Training Redesign Project recommendations.

Retirement



1. $644,000 for increased costs associated with the Workers’ Compensation and Insurance Fund.
2. 18.8 FTE positions for the Iowa Public Employees Retirement System (IPERS) due to increased demand associated with members’ services and for the examination, design, and reprogramming of the technology application system.

**Discussion** The Department responded to questions concerning the FY 2000 computer programming problem, the Deferred Compensation Program, and the Headquarters Facility Project.

STAFF CONTACT: Paige Piper/Bach (Ext. 17942) Shawn Snyder (Ext. 16765)

GOVERNOR’S BUDGET HEARING - DEPARTMENT FOR THE BLIND

**Dept. for the Blind** Creig Slayton, Director, Department for the Blind, presented the Department’s FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pederson on November 18. Mr. Slayton reviewed the organizational structure of the Department. He explained the FY 2000 Department request of $1.9 million from the General Fund and 105.5 FTE positions, an increase of $250,000 and 4.0 FTE positions, compared to the estimated FY 1999 appropriation.



**FY 2000 Budget Request** The request includes $250,000 for the Independent Living Program. Mr. Slayton explained that funding is needed since 75.0% of the Department’s new referrals are 65 years of age or older.

Mr. Slayton responded to the Governor-elect and explained that the requested appropriation increase would allow them to serve more clients and to provide better service to their present clients. The Department is using technology to translate printed material into Braille print. The services provided by the Department do not overlap with the services that the School for the Blind provides. The School provides services to blind Iowans through high school, and the Department coordinates the transition to the Department after the person graduates.

**Discussion** Mr. Slayton responded to the Lieutenant Governor-elect and explained that if the Department is unable to serve a blind Iowan due to limited resources, the person most likely will be institutionalized in a nursing facility.

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

Governor’s Budget Hearing - Information Technology Services

**Information Tech. Services** Jim Youngblood, Director of Information Technology Services, presented the Department’s FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pederson on November 19. The Department is requesting $6.3 million and 158.0 FTE positions, an increase of $1.5 million (32.8%) compared to estimated FY 1999 and no increase in FTE positions. Major increases include:

1. $750,000 to implement an enterprise wide security plan.
2. $800,000 to fund the IowAccess Program that allows Internet access to Iowa government information.

STAFF CONTACT: Glen Dickinson (Ext. 14616)

Governor’s Budget Hearing - Iowa Telecommuni-cations and Technology Commission (ITTC)



**ICN and ITTC** Harold Thompson, Chief Operating Officer of the Iowa Communications Network (ICN), presented the Commission’s FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pederson on November 18. The Commission is requesting $16.9 million and 102.0 FTE positions, an increase of $376,000 (2.3%) and 2.0 (2.0%) FTE positions compared to estimated FY 1999. Of the General Fund request, $12.9 million is appropriated to the Office of the Treasurer and then transferred to the ITTC when needed to pay for debt services on the Part I and Part II debt instruments. The major General Fund and FTE position changes include:

1. $333,000 from the General Fund for a switch that is not Year 2000 compliant.
2. $79,000 from the General Fund for increased cost of debt service for the build out of Parts I and II of the Network. These funds are appropriated to the Treasurer of State for payment of the debt service due to reduced interest on investments.
3. 2.0 FTE positions for increased computer services support.

**Request from RIIF** Additionally, the Commission is requesting $9.7 million from the Rebuild Iowa Infrastructure Fund (RIIF) for FY 2000:

1. $7.0 million for changing the laser optics in the Network to Asynchronous Transfer Mode (ATM) technology. This is a two-year request, with an additional $7.0 million needed in FY 2001 if it is approved by the General Assembly.
2. $2.7 million to pay the costs of maintenance and leases for the Network.



**Discussion** Governor-elect Vilsack asked questions concerning the need to convert the ICN laser optics from the current optics to asynchronous transfer mode (ATM) and MPEG 2 technology. The Governor-elect also inquired about the Commission’s lack of a revolving fund to recoup depreciation on the Network for replacement of equipment and the status of the Commission’s Year 2000 preparedness.

Mr. Thompson explained that the number of classrooms being requested far exceeds expectations. The Network was designed for approximately 500 classrooms and current estimates are that there will be 800 classrooms when the build-out of Part III is complete. This is due to authorized users, especially post secondary education users, requesting multiple classrooms at various sites. The current technology cannot handle that many classrooms, but the proposed change would provide the ability to decrease the bandwidth necessary to carry a signal over the fiber lines and allow the potential for nearly 2,000 classrooms to be accommodated.



**Year 2000**

**Year 2000** Mr. Thompson stated that the Department of Management had instructed him to not request a revolving fund to accumulate financing for replacement of equipment and upgrading the Network. Instead he had been instructed to request funding for need changes as they arose. Mr. Thompson also stated that the Network was scheduled to be fully Year 2000 compliant with the addition of equipment that will be funded through the Year 2000 Project Office and the current budget request for new routers.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

Governor’s Budget Hearing - Department of Cultural Affairs



**Cultural Affairs** William Jackson, Director, presented the Department of Cultural Affairs’ FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pederson on November 17. The Department is requesting $6.6 million from the General Fund, an increase of $564,000 (9.26%) compared to the estimated FY 1999 appropriation. Detail regarding the request can be found in the October 29 edition of the ***Fiscal Update***.

**Comments** Comments from the Governor-elect included concern regarding the national ranking for expenditures for the arts in Iowa.

STAFF CONTACT: Mary Shipman (Ext. 14617) Paige Piper/Bach (Ext. 17942)

Governor’s Budget Hearing – Commission of veterans Affairs

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**Veterans Affairs** Randy Brown, Executive Director of the Veterans Affairs Administration, and Jack Dack, Commandant of the Iowa Veterans Home in Marshalltown, presented the Commission on Veterans Affairs FY 2000 budget request to Governor-elect Vilsack on November 20. The Commission is requesting $43.3 million and 808.6 FTE positions from the General Fund, an increase of $354,000 and no change in FTE positions compared to the estimated FY 1999 appropriation.

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**Burial Space** Governor-elect Vilsack asked Mr. Brown about the availability of burial space for veterans. Mr. Brown indicated that the cemetery at the Iowa Veterans Home, reserved for Home residents and spouses, is nearly full. Veteran cemeteries at Keokuk and Rock Island are expected to be full in 2020 and 2015, respectively. Mr. Brown added that most Iowa cemeteries set aside a special area for veterans.

**Knoxville Facility** The Governor-elect questioned Mr. Dack about the status of the veterans facility in Knoxville. Mr. Dack replied that the Knoxville facility is currently providing long-term psychiatric care and is important to the Veterans Home to meet acute psychiatric patient needs. The Reduction in Force at the Veteran's Administration Central Iowa Health Care System in Knoxville will not take place.

**Reduction in Force** Billiee Wagoner, Acting Director at the Veteran's Administration Central Iowa Health Care System, has indicated that the Reduction in Force request was sent to the Network Office in Omaha. Since the request was not forwarded to Washington for approval, the Reduction in Force will not take place.

**Inflationary Costs** Commandant Dack noted that the budget as presented does not contain a request to fund inflationary costs of contracted dietary services. A request for funds for dietary services will be made following the conclusion of current discussions regarding contract fulfillment and performance.

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

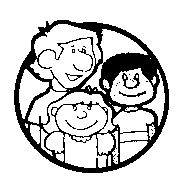
Governor’s Budget Hearing - Department of Human Services



**Human Services** Charles Palmer, Director, Department of Human Services (DHS), presented the Department’s FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pederson on November 18. The Department is requesting $794.7 million from the General Fund and 5,633.6 FTE positions, an increase of $51.3 million (6.9%) and 87.0 FTE positions (1.6%) compared to the estimated FY 1999 appropriation. The total includes $18.1 million for Mental Health Property Tax Allowed Growth as appropriated by the 1998 General Assembly.

**Discussion** The Governor-elect and Lieutenant Governor-elect made inquiries during the hearing regarding:

1. The tracking of individuals who no longer receive state assistance from the Family Investment Program. Representatives of the DHS indicated that cooperation with the Department of Workforce Development does take place, and that further data regarding the status of these individuals is being developed for informational purposes.
2. The status of the backlog of child support recovery efforts and the amount of money owed to the State. Representatives of the DHS indicated that a backlog continues to exist but is less than in the past. Approximately $800.0 million is owed to the State for child support, increasing approximately $100.0 million each year. Efforts are being made to modify child support orders to more accurately reflect the ability to pay. The locations of approximately 25.0% of persons owing child support are unknown.



1. The cost of increasing the number of children eligible for the Healthy and Well Kids in Iowa (HAWK-I) Program. Representatives of the DHS indicated that changing eligibility from 185.0% to 200.0% of the federal poverty level would cost an additional $1.0 million the first year. The representative indicated that approximately 12,000 uninsured children would become eligible for HAWK-I by expanding income eligibility to 200.0% of the federal poverty level.
2. Third-party participation in the Healthy and Well Kids in Iowa (HAWK-I) Program. Representatives of the DHS indicated optimism that an appropriate number of insurers and managed care organizations will submit bids to participate in the Program because Iowa’s reimbursement rates exceed the rates of other states with similar programs.
3. Reduction of staff turnover at various facilities. A representative of the DHS indicated that targeting certain personnel expenditures within the reimbursement process to facilities should increase salaries of direct care staff.
4. Sufficiency of child welfare resources. A representative of the DHS indicated that under the FY 2000 budget request, all children may not be placed in the treatment option of first choice, but all children in need do receive some level of service from the State. In the event of a court-ordered service, the DHS is required to provide the specified service.
5. Using more community-based juvenile services rather than placement in State facilities. A representative of the DHS indicated that placement at the Toledo Juvenile Home and the Eldora Training School are typically placements of last resort, and under decategorization, communities determine the categories of expenditures.
6. Mental Health Allowable Growth Factor. A representative of the DHS indicated that although inflation is one factor, the number of persons being served and the effort to increase salaries of direct line staff could also be considered. Some counties are using the growth factor to increase expenditures for mental health services, while other counties are not increasing expenditures and using the growth factor funding to decrease property taxes.
7. Legal Settlement. A representative of the DHS indicated that an effort could be made with representatives of the Governor-elect’s staff to determine the cost of State assumption of disability services currently funded by counties. The study could include revision of the legal settlement determination process and result in significant county property tax relief.
8. Federal funds. A representative of the DHS indicated that as well as being aggressive in matching available federal funds, staff also spend time ensuring that the federal government does not decrease the contribution toward existing programs.

**Major Funding Changes** Major funding changes and new requests are outlined below.



**Economic Assistance** Economic Assistance - An increase of $2.6 million (6.3%) and 19.0 FTE positions (8.1%) compared to the estimated FY 1999 appropriation, including:

1. An increase of $1.9 million to continue Family Investment Program and Child Support Recovery computer system changes required by federal welfare reform.
2. An increase of $348,000 and 8.0 FTE positions to operate a State Disbursement Unit within the Child Support Recovery Unit to process income withholding payments. The function was formerly performed by local Clerks of Court.
3. An increase of $250,000 within the Family Investment Program to continue redesign of financial assistance services to better serve customers.
4. An increase of 6.0 FTE positions to transfer Economic Assistance personnel from General Administration.
5. An increase of 3.0 FTE positions to increase the Child Support Recovery payment processing rate.
6. An increase of 2.0 FTE positions to support Economic Assistance programs.



**Medical Services** Medical Services - An increase of $36.1 million (8.6%) compared to the estimated FY 1999 appropriation, including:

1. An increase of $882,000 due to a reduction in the Federal Medical Assistance Participation rate.
2. An increase of $30.0 million to increase provider reimbursement rates and fund a 23.0% increase in drug product costs.
3. An increase of $1.5 million to transfer funding for 41 Group Care beds from the Adult, Children, and Family Services Division to serve Medicaid-eligible children with mental retardation.
4. An increase of $1.8 million to extend Medical Assistance outreach to an additional 3,638 children per month.
5. An increase of $444,000 for contractual services for claims payment.
6. An increase of $795,000 for the State Supplementary Assistance Program to meet maintenance of effort requirements.
7. An increase of $4.3 million for the Children’s Health Insurance Program (CHIP) to maximize available federal match.

**Adults, Children, Families** Serving Adults, Children, and Families - An increase of $2.3 million (1.8%) and 6.7 FTE positions (1.9%) compared to the estimated FY 1999 appropriation, including:

1. A decrease of $1.5 million to transfer 41 mental retardation beds to the Home and Community-Based Waiver Program within the Medical Services Division.
2. An increase of $250,000 to provide results-based funding to selected counties to reduce family foster care length of stay.
3. An increase of $290,000 to increase permanency for children by funding a Subsidized Guardianship Program.
4. An increase of $395,000 to meet federal initiatives to double the number of adoptions occurring by the year 2002.
5. An increase of $226,000 to increase School-Based Supervision by 10.0%.
6. An increase of $2.6 million to provide additional funding for Rehabilitative Treatment and Support (RTS) service providers.
7. An increase of $241,000 to provide a 2.0% cost-of-living-adjustment for Psychiatric Medical Institutions for Children (PMIC).

**MI/MR/DD** Serving Persons with Mental Illness/ Mental Retardation/ Developmental Disability (MI/MR/DD) - An increase of $10.8 million (12.2%) and 56.3 FTE positions (2.4%) compared to the estimated FY 1999 appropriation, including:



1. An increase of $5.6 million to increase the allowable growth allocated to counties for mental health/mental retardation/developmental disabilities by 2.48% compared to the FY 1999 base year plus growth allocation amounts.
2. An increase of $2.3 million and 26.5 FTE positions to operate a secure facility for sexually violent predators.
3. An increase of $1.0 million to complete cabling and networking of the Campus Area Network (CAN) at the State mental health institutes and State hospital-schools.
4. An increase of $2.6 million to fund an increased number of State Cases. The Program provides services for Iowa residents without a county of legal settlement.
5. An increase of $350,000 and 20.6 FTE positions to open a 21-bed psychogeriatric unit at the Clarinda Mental Health Institute. The recommendation provides only the net-State share of the operating budget for the psychogeriatric unit.
6. An increase of 8.4 FTE positions to provide additional case management services. The positions are funded through other funds and do not require an increase in the General Fund appropriation.



**Managing/Delivering Serv.** Managing and Delivering Services – A decrease of $393,000 (0.1%) and an increase of 5.0 FTE positions (0.2%) compared to the estimated FY 1999 appropriation, including:

1. A decrease of $634,000 and 6.0 FTE positions to move funding and personnel from the General Administration appropriation to program specific appropriations.
2. An increase of 4.0 FTE positions to manage an enhanced county billing system.
3. An increase of 4.0 FTE positions to manage various programs. The positions will be funded through grant programs and cost allocation.
4. An increase of 2.0 FTE positions in Field Operations to add staff at Broadlawns Medical Center to perform Medicaid eligibility determinations, without additional cost to the State.
5. An increase of 1.0 FTE position to manage Child Abuse Registry expungement requests.

STAFF CONTACT: Deb Anderson (Ext. 16764) Sue Lerdal (Ext. 17794)

Governor’s Budget Hearing - Department Of Natural Resources



**Dept. of Natural Resources** The Department of Natural Resources presented the FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pederson on November 19. The Department has requested $30.0 million from the General Fund and 1,025.1 FTE positions for FY 2000. This represents an increase of $1.9 million (6.9%) and 9.0 (0.9%) FTE positions compared to FY 1999. Larry Wilson, Director, presented the new funding requests for the Department. These include:

1. An increase of $50,000 from the General Fund and 1.0 FTE position for the restoration of a Service Forestry District in southwest Iowa.
2. An increase of $200,000 from the General Fund and no change in FTE positions for payment of unused sick pay to retiring Park Rangers under the Special Police Officer Council (SPOC) program.
3. An increase of $1.2 million from the General Fund for the Air Quality Program that had been previously funded with Air Emission Fees and funds from the Hazardous Waste Remedial Fund.



1. An increase of $422,000 from the General Fund and 3.0 FTE positions for the increased regulation of animal feeding operations. This includes review of manure management plans, permit issuance, compliance inspections, and licensing of manure applicators.
2. An increase of $120,000 and 2.0 FTE positions for the establishment of the Brownfields Program. The Land Recycling Fund will provide $20,000 in fee receipts for start-up costs and the remaining $100,000 was requested as an increase from the General Fund.
3. An increase of $187,000 and 2.0 FTE positions for the implementation of Total Maximum Daily Load (TMDL) as required by the federal government. The TMDL measures the capacity of water bodies to accept waste. Funding for this Program will be from Storm Water Discharge Fees.
4. An increase of $56,000 and 1.0 FTE position for the development of a long-term Water Quality Monitoring Program. Funds from the Storm Water Discharge Fees will be used to fund this Program.
5. An increase of $50,000 from the Fish and Game Protection Fund for payment of unused sick pay to retiring Fish and Wildlife Officers under the SPOC Program.
6. The Department is requesting $9.0 million from the General Fund for the Resource Enhancement and Protection (REAP) Program. This is no change from FY 1999.

**Discussion** Governor-elect Vilsack inquired about the following:



1. Will the development of a long-term Water Quality Monitoring Program duplicate the previous efforts of the Iowa Environmental Council?

**Department Response:** The long-term plan will provide more specific and scientific data. Additional watersheds would be selected for monitoring.

1. Could this process be accelerated, and if so, what would be the implementation costs?

**Department Response:** An accelerated approach could be completed in six months. At that time, implementation is estimated to cost between $300,000 and $350,000. Part of the expenditure would be for enhanced biological monitoring in existing locations.

1. Would the Department be able to test a site after a specific event, and then have the ability to test in another 30 days?

**Department Response:** The Water Quality Monitoring Program would include spot monitoring of watersheds and their effects upstream or downstream.

1. Does the additional funding and 3.0 FTE positions for animal feeding operations fill the requirements of the legislation passed by the 1998 General Assembly?

**Department Response:** The duties of the FTE positions would include the review of additional Manure Management Plans. The Department is estimating there will be an additional 4,500 Plans to review, as smaller operators will be required to submit one. If additional assistance were necessary, the Department would contract a portion of the work.

1. What is your opinion of the Loess Hills region as a National Park?

**Department Response:** There are a variety of models available to protect the Loess Hills area and all of those should be reviewed. There was a discussion of models available at the Loess Hills Conference held in September. The Loess Hills area is a unique landform and should be protected.

1. What is the status of the Blufflands Protection Revolving Fund?

**Department Response:** The Department of Natural Resources received the funding for the Program; however, the Division of Soil Conservation in the Department of Agriculture is the Administrator of the Program. The funding and the authority of the Fund need to be in the same agency.

1. What are the funds for the Underground Storage Tank (UST) Administration match used for and how do these relate to the Comprehensive UST Fund?



**Year 2000**

**Department Response:** The Comprehensive UST program is a separate program with no Department control. The UST Administration match is transferred from the Comprehensive UST to the Department to match federal funds for technical programs. The Department provides technical assistance for the installation of underground storage tanks and works with owners when problems result from leakage.

1. With regard to the Year 2000 issue, are the private vendors the Department contracts with on schedule?

**Department Response:** The Department does not maintain any information on an outside database. The Department has worked closely with outside vendors to insure the Year 2000 is not a concern.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Governor’s Budget Hearing - Department of Public Health

**Public Health** Chris Atchison, Director, Department of Public Health, presented the Department’s FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pederson on November 19. The Department is requesting $37.9 million and 333.3 FTE positions, an increase of $1.9 million and 9.0 FTE positions compared to the estimated FY 1999 appropriation.



**HOPES Program** Governor-elect Vilsack asked questions about the Healthy Opportunities for Parents to Experience Success Program (HOPES), including current numbers served and cost to implement the Program statewide. Department representatives indicated the Program serves approximately 10.0% of the population in the 10 counties where it is available. When asked, Chris Atchison said he had not requested funding for statewide expansion because it wasn’t clear to him that it should be solely in the Department of Public Health budget. Similar endeavors exist through the Department of Education and Department of Human Services; continued coordination is needed.

**B**udgeting

**F**or

**R**esults

**Budgeting for Results** Mr. Atchison presented the budget in a Budgeting for Results format. Lieutenant Governor-elect Pederson inquired why the performance measure for prenatal care had such an incremental increase planned. Mr. Atchison answered that Iowa currently does well in having pregnant women entering prenatal care during the first trimester. The modest incremental increases suggest the Department will continue to strive for improvement, even though current efforts are successful.

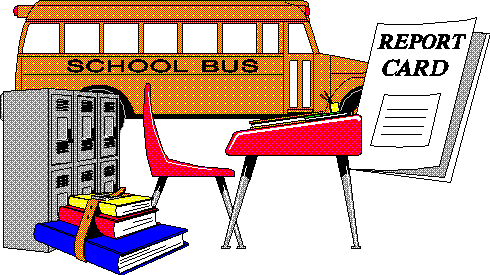
STAFF CONTACT: Valerie Thacker (Ext. 15270) Ron Robinson (Ext. 16256)

Governor’s Budget Hearing - Department of Education



**Dept. of Education** Ted Stillwell, Director of the Department of Education, presented the Department’s FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pederson on November 19. The Department is requesting $189.1 million and 708.9 FTE positions, an increase of $16.0 million (9.3%) and a decrease of 2.1 (0.3%) FTE positions compared to the estimated FY 1999 appropriation. These totals include the Iowa Public Television, the Board of Educational Examiners, the Division of Vocational Rehabilitation, and the State and regional libraries. Significant increases and new funding for the Department include:

1. ***New Initiatives*** - $125,000 to improve teacher standards through participation in a State collaborative assessment and in the Interstate New Teacher Assessment and Support Consortium (INTASC).
2. ***Administration*** - an increase of $28,000 for support and maintenance of the Department’s teacher license imaging system.
3. ***Board of Educational Examiners*** - an increase of $600,000 for a two-year pilot study to assess performance of teacher education graduates.
4. ***Vocational Rehabilitation***
5. $100,000 to increase the State share of funding to fully match federal funds.
6. $1.5 million for information technology upgrades for the Agency’s network.
7. ***Community Colleges*** - an increase of $6.2 million (4.59%) compared to adjusted FY 1999 for general aid to community colleges.



1. ***Education Improvement*** - This category consists of increases in programs or initiatives that were implemented in FY 1999 as part of SF 2366 (Education Reform Appropriations Act).
2. $250,000 for practitioner improvement to implement Beginning Teacher Induction Programs in school districts. In FY 1999, $300,000 was appropriated to the Department to establish and implement a voluntary practitioner performance improvement program.
3. $600,000 to increase funding for national certification stipends. In FY 1999, $250,000 was provided to the Department to pay $10,000 annual stipends to each teacher who achieves national certification.
4. $5.2 million to increase funding for Empowerment Boards. The increase would provide services to approximately 1,400 three-and four-year-old children. In FY 1999, $5.2 million was provided for this new initiative in SF 2366.



1. ***State Library***
2. $200,000 for one-time funding to develop and customize census materials and promote the importance of Census 2000.
3. $50,000 for increased cost of library materials.
4. $50,000 to increase funding for Open Access, which reimburses local libraries on a transaction basis for allowing patrons from other libraries to use their facilities. This would increase funding to 84.0% of the projected need for FY 2000 as estimated by the State Library.
5. ***Regional Library System***
6. $166,000 to increase regional library staff salaries. Regional library staff are not State employees, they do not participate in bargaining, and are not included in salary adjustment legislation.
7. $250,000 to fund three technology specialists to assist with planning technology and trouble-shoot hardware and software problems.
8. ***Iowa Public Television***
9. $180,000 to maintain the current level of service of children’s and educational programming.
10. $195,000 to begin the transition to digital television broadcasting.

**Discussion** Issues discussed in the Budget Hearing included job preparation services for students in vocational rehabilitation, proposals to improve teacher training, and funding of additional library initiatives.

STAFF CONTACT: Paige Piper/Bach (Ext. 17942) Mary Shipman (Ext. 14617)

Governor’s Budget Hearing - Board of Regents

**Board of Regents** The Board of Regents presented the FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pedersen on November 19.



**FY 2000 Request** The Board is requesting $697.5 million and 16,769.9 FTE positions from the General Fund for FY 2000. This is an increase of $33.5 million (5.0%) and 148.6 FTE positions (0.9%) compared to the estimated FY 1999 appropriation. The request does not include salary annualization or capitals. Details regarding the request were published in the October 29 issue of ***Fiscal Update***.

**Comments** Comments or questions from Governor-elect Vilsack included:



1. Improving Teacher Education – How do the universities plan to implement improvement in teacher education as proposed? President Coleman of the University of Iowa (SUI) indicated that the focus would be on incorporating technology. President Jischke of Iowa State University (ISU) indicated that teacher education candidates need more practical experiences in actual classroom settings. President Koob of the University of Northern Iowa (UNI) stated that they intend to continue the focus on increasing the number of special education teachers.
2. Undergraduate Education – What specifically will be done to improve undergraduate education? President Coleman indicated that additional funding for undergraduate education would be utilized in a variety of ways, including adding professors to increase class availability.
3. Institute for Decision-Making (at UNI) – The Governor-elect is familiar with the Institute from his work on the Economic Development Subcommittee and stated it is a positive tool for communities.
4. Recreation Complex at the Iowa School for the Deaf – What is the total cost? William Johnson, Superintendent at the School, responded that the total cost is estimated at $5.2 million, with $2.0 million of the total raised from private funds.
5. Internal Reallocation of Resources – The Governor-elect complimented the Board Office and the institutions on their goal to reallocate 10% of current funds over five years to meet strategic goals.

**Discussion** Lieutenant Governor-elect Pederson stated that all teachers would benefit from additional training in special education techniques. She also inquired about the ISU request of $60,000 for child care. President Jischke responded that this is related to the child care facility that is located next to the Veterinary Medicine College.

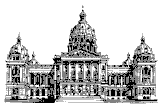
STAFF CONTACT: Mary Shipman (Ext. 14617) Paige Piper/Bach (Ext. 14613)

Governor’s Budget Hearing - Department of General Services



**General Services** Richard Haines, Director of the Department of General Services, presented the Department’s FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pederson on November 19. The Department is requesting $11.1 million and 235.0 FTE positions, an increase of $1.3 million (13.3%) and 7.0 (3.1%) FTE positions compared to estimated FY 1999. Major increases include:

1. $350,000 in the Property Management Division to fund routine maintenance on the Capitol Complex.
2. $142,000 and 2.0 FTE positions in the Property Management Division to maintain database related to the infrastructure assessment.
3. $103,000 and 1.0 FTE position in the Property Management Division to fund an Infrastructure Commission and support to propose infrastructure priorities based on the condition of the infrastructure.
4. $193,000 in the Rental Space Division to fund increased rent costs due to added rents for new space and increased lease costs.
5. $300,000 in the Administration Division to add funds to purchase a Fleet Management System.
6. $49,000 in the Terrace Hill Division to fund a volunteer coordinator position to promote Terrace Hill as a historic site and to manage volunteers.
7. 1.0 FTE position in the Vehicle Dispatcher Division funded through Revolving Funds to manage the Fleet Car Program.



**Capital Requests** Mr. Haines also presented the Department’s capital requests for FY 2000, which total $59.6 million. These include:

1. $4.4 million for interior renovation of the Capitol Building.
2. $5.9 million for renovation of the old Historical Building.
3. $4.0 million for renovation of the Lucas Building.
4. $1.1 million for the renovation of the Lucas Tunnel.
5. $1.1 million for the demolition of the Capitol Annex Building and the Executive Hills Building.
6. $3.0 million for relocation and transition costs.
7. $594,000 to repair Capitol Complex parking lots.
8. $11.0 million for constructing a Parking Structure near the Wallace Building.
9. $3.1 million for the Eldora Utilities Project.
10. $4.1 million for major maintenance on the Capitol Complex.
11. $4.0 million to replace the Court Avenue bridge.
12. $16.5 million for major maintenance, health, safety, and loss of use projects.
13. $550,000 to repair streets and walks around the Capitol Complex.
14. $100,000 for maintenance on Terrace Hill.
15. $600,000 for the Salisbury House Project.

STAFF CONTACT: Shawn Snyder (Ext. 16765) Paige Piper/Bach (Ext. 17942)

Governor’s Budget Hearing - College Student Aid Commission

**College Student Aid** The College Student Aid Commission presented the FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pedersen on November 20.



**FY 2000 Request** The Commission is requesting $57.9 million and 40.0 FTE positions from the General Fund for FY 2000, an increase of $4.3 million (8.1%) and 1.00 FTE position (2.5%) compared to the estimated FY 1999 appropriation. Details regarding the request were published in the September 16 issue of ***Fiscal Update***.

**Comments** Comments from Governor-elect Vilsack included:



1. Vocational-Technical Grants – Has a study been done to determine what the cost would be if eligibility levels were increased? Gary Nichols, Executive Director of the Commission, indicated the information is available.
2. Tuition Grants vs. Vocational-Technical Grants – What is the rationale for increasing the maximum Tuition Grant by $350 as compared to the $50 increase proposed for the Vocational-Technical Grant? Mr. Nichols indicated that the increases must be viewed in relation to the role played by the higher education institutions. Tuition grants are the only form of State aid provided to private colleges and universities, while the vocational-technical grants are focused at specific skills obtained at community colleges.
3. State of Iowa Scholars – How many State of Iowa Scholars are funded and what are the criteria for eligibility? Mr. Nichols responded that approximately 1,700 students receive the State of Iowa Scholar awards. The awards are determined based on class rank and ACT test scores.
4. Forgivable Loans for Teacher Shortage Areas – How was the $160,000 request for funding this new initiative determined? Mr. Nichols responded that he did not know the specifics.

STAFF CONTACT: Mary Shipman (Ext. 14617) Paige Piper/Bach (Ext. 17942)

Governor’s Budget Hearing - Department of Public Safety



**Public Safety** The Commissioner of Public Safety, Paul Wieck II, presented the Department of Public Safety’s budget requests to Governor-elect Vilsack. The Department is requesting $59.0 million and 961.0 FTE positions, an increase of $10.0 (17.0%) million and 9 (0.9%) FTE positions compared to the estimated FY 1999 appropriation.

1. An increase of $81,000 for additional criminalists (2 FTE positions) to reduce the turn-around time for drug analysis cases to meet speedy trial deadlines. Governor-elect Vilsack asked for the turn-around time on the cases before and after the previous additional agents were hired. The Commissioner responded that it was too soon to be determined.
2. An increase in funding of $506,000 for six additional special agents to provide assistance with the rapidly growing methamphetamine problem in Iowa. Governor-elect Vilsack asked why these agents were not requested sooner when the Commissioner’s own data showed signs of rapid methamphetamine growth in 1995 and 1996. He also asked for a more extensive budget request, which the Commissioner indicated he would provide.
3. An increase of $176,000 to create a Deputy Medical Examiner position in order to double the number of questioned death investigations which can be done by the State Medical Examiner’s Office.
4. An increase of $25,000 for the maintenance of the Automated Fingerprint Information System.
5. An increase of $9.2 million due to a shift in funding sources. Funding for the Highway Patrol is being transferred from the Motor Vehicle Use Tax to the General Fund over a four-year period beginning in FY 1997 as required by SF 481 (Transportation and Capitals Appropriations Act of 1995). The Act appropriated $9.0 million from the General Fund for FY 1997 and increased the appropriation annually by $9.0 million over the next three years, through the year 2000.
6. An increase of $186,000 to continue funding for 12 Troopers currently funded with federal COPS Grant money which expires in FY 2000.
7. An increase of $24,000 to update the Iowa Building Code to comply with the Americans with Disabilities Act. Governor-elect Vilsack inquired if the Fire Safety Inspections were adequately staffed. Commissioner Wieck responded that Iowa has a good record of fire safety, to which the Governor-elect replied that there are indicators of fire safety other than human life and asked the Commissioner to provide information on economic fire damage.

STAFF CONTACT: Christina Schaefer (Ext. 16301) Dwayne Ferguson (Ext. 16561)

Governor’s Budget Hearing - Department of Corrections



**Dept. of Corrections** W. L. Kautzky, Director of the Department of Corrections, presented the Department’s FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor Corning. The Department is requesting $245.7 million and 4,159.5 FTE positions for FY 2000, an increase of $28.8 million and 359.6 FTE positions compared to estimated FY 1999. Major increases include:

* $15.0 million and 139.7 FTE positions for the costs of expansions at Fort Dodge, Mitchellville, and Fort Madison; to annualize operational costs for full year operations at Fort Dodge; and increased direct variable costs associated with the growing inmate population.
* $4.0 million and 115.4 FTE positions for Community-Based Corrections to expand direct supervision in residential facilities and to improve probation and parole supervision to reduce revocations to prison.
* $1.6 million and 34.4 FTE positions for the Sex Offender Hormonal Treatment Program.
* $1.9 million and 9.0 FTE positions for technology improvements.



* $477,000 and 12.0 FTE positions for a program to reintegrate segregated inmates back into the inmate population.
* $621,000 and 12.8 FTE positions to replace expiring federal grants for treatment programs.
* $1.0 million for medical care and pharmacy costs associated with AIDS and hemophilia medication and institutional sex offender drug therapy.
* $104,000 and 2.0 FTE positions for training officers to meet the needs created by the expansion of the prison system.
* $800,000 and 20.7 FTE positions for programming and staffing of protective custody inmates and special needs inmates at Clarinda.
* $332,000 for inmate education programming contracts with community colleges at the institutions at Fort Dodge, Mitchellville, and Mount Pleasant.
* $80,000 and 1.0 FTE position for victim programs.
* $441,000 and 10.0 FTE positions for inmate work supervision in the new industries buildings at Newton and Mitchellville.

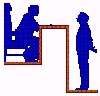
**Infrastructure Requests** Mr. Kautzky also discussed the Department’s infrastructure requests for $5.7 million for construction of a special needs unit at Oakdale and $200,000 from the Telephone Rebate Fund to plan for the construction of kitchen facilities at Clarinda.

**Other Issues** Other issues discussed by Director Kautzky and Governor-elect Vilsack included:

* The growing inmate population, projected to reach approximately 14,500 inmates by FY 2008.
* The potential for inmate conditions lawsuits if the inmate population exceeds 130.0% to 140.0% of design capacity. Mr. Kautzky explained that the maximum security section of Fort Madison, which is under court orders, costs $102 per inmate day to operate, while a similar facility at Anamosa, which is not under court order, costs $33 per inmate day.
* The Department’s goal of shifting inmates who can be safely treated in the community to residential facilities and community supervision.
* The Department’s lack of programming and data management resources and the slow turn-around caused by relying on the Department of Human Services for programming support.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561) Christina Schaefer (Ext. 16301)

Governor’s Budget Hearing- Public Defender/ IndIgent Defense



**Public Defender** During the Department of Inspection and Appeals Budget Hearing before Governor-elect Vilsack, the current acting State Public Defender, Mark Smith, presented the Public Defender and Indigent Defense Fund budgets for FY 2000. These programs are to provide legal representation to eligible persons to insure their constitutional right to effective counsel. Mr. Smith is requesting $33.0 million and 201.0 FTE positions, a decrease of $1.0 (3.0%) million and an increase of 2.0 (1.0%) FTE positions compared to the estimated FY 1999 appropriation. Mr. Smith presented the following proposed changes:

1. Increase the State Public Defender funding by $500,000 (3.8%) from FY 1999 and 2 FTE positions to handle defense costs in civil commitment hearings of sex offenders who are likely to repeat crimes if released from prison.
2. Mr. Smith requested $19.4 million for the Indigent Defense Fund, a decrease of $1.5 million from FY 1999. The excess funds appropriated in FY 1999 were in anticipation of a proposed increase in attorney’s fees, which did not occur.

STAFF CONTACT: Christina Schaefer (Ext. 16301) Dwayne Ferguson (Ext. 16561)

Governor’s Budget Hearing - Department of Transportation



**DOT** Darrel Rensink, Director of the Department of Transportation (DOT), presented the FY 2000 budget request to Governor-elect Vilsack on November 20. The Department is requesting $273.4 million and 3,889.0 FTE positions in FY 2000, an increase of $16.3 million (6.3%) and 18.0 FTE positions compared to the estimated FY 1999 budget. Mr. Rensink stated that the budget request is divided into four general categories: operations, special purpose, programs, and capital projects. The following table shows the FY 2000 budget request by category.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Department of Transportation FY 2000 Budget Request** | | | | | | | | |
| (Dollars in Millions) | | | | | | | | |
|  |  |  |  |  |  |  |  |  |
|  |  | Estimated |  | Dept. Request |  | Dept. Req. vs. |  | Percent |
|  |  | FY 1999 |  | FY 2000 |  | FY 1999 |  | Change |
| Operations |  | $ 235.3 |  | $ 240.6 |  | $ 5.3 |  | 2.3% |
| Special Purpose |  | 10.5 |  | 16.7 |  | 6.2 |  | 59.0% |
| Programs |  | 6.7 |  | 7.8 |  | 1.1 |  | 16.4% |
| Capital Projects |  | 4.6 |  | 8.3 |  | 3.7 |  | 80.4% |
|  |  | $ 257.1 |  | $ 273.4 |  | $ 16.3 |  | 6.3% |



**Year 2000**

**Year 2000** Mr. Rensink stated that the DOT was on target for completing the Year 2000 upgrade. He stated that the original target date of January 1, 1999, for completing the Department’s internal Year 2000 modifications has been moved to February 1, 1999. Nancy Richardson, Director of the Operations and Finance Division, stated the Department hopes to have the inventory, testing, and verification process completed by June 1999. Governor-elect Vilsack asked if the DOT was working with vendors that do business with the DOT to ensure that they are Year 2000 compliant. Mr. Rensink stated that they have been working with private vendors as well as other units of government that conduct electronic business with the DOT to ensure the transfer of information between vendors and DOT will not be disrupted on January 1, 2000.

**TEA-21** Mr. Rensink also presented a budget amendment related to the passage of the federal Transportation Equity Act for the 21st Century (TEA-21). Mr. Rensink stated that the substantial increase in highway funding in TEA-21, together with the increasing revenues in the Road Use Tax Fund will create a need for additional staff (i.e., planners, engineers, etc.). He stated that the additional staff are necessary to implement the increased number of highway projects that will be funded. The amended request is for $1.5 million and 23.5 FTE positions for FY 2000.

STAFF CONTACT: David Reynolds (Ext. 16934)

Governor’s Budget Hearing - Iowa Law Enforcement Academy

**Law Enf. Academy** Gene Shepard, Director of the Iowa Law Enforcement Academy, presented the Academy’s FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor Corning. The Academy is requesting $1.3 million and 30.6 FTE positions for FY 2000. This is an increase of $20,000 and no change in FTE positions compared to estimated FY 1999. The changes include:

1. An increase of $20,000 for Academy staff training.
2. An increase of $80,000 for telecommunicator training.
3. A decrease of $80,000 to eliminate funding for the Drug Abuse Resistance Education (D.A.R.E.) Program.

**Discussion** Other topics discussed by Mr. Shepard and Governor-elect Vilsack included:

1. The five police training academies in the State and the varying length of basic training programs. The Academy expressed an interest in lengthening its 12-week basic training program.
2. The variety of courses and training programs offered by the Academy, including basic police officer training, jailer training, drug use identification, and other offerings.
3. The Administrative Rules adopted in FY 1998 to permit local law enforcement agencies to contract with officers for recovery of a declining proportion of the training costs if the officer leaves employment within four years of receiving training. The Academy can revoke the certification of officers who fail to reimburse the local agencies as agreed to in the contract. The rule is intended to address the problem small communities encounter when they pay to train officers who leave for law enforcement positions in larger cities.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561) Christina Schaefer (Ext. 16301)

Governor’s Budget Hearing - Department of Commerce

**Dept. of Commerce** Roger Halvorson, Director of the Department of Commerce, presented the Department’s FY 2000 budget request to Governor-elect Vilsack on November 24. The Department is requesting $20.1 million and 325.0 FTE positions, an increase of $67,000 (0.3%) and 3.5 (1.1%) FTE positions compared to estimated FY 1999. Major increases include:

* $28,000 and 1.0 FTE position for the Investment Advisor Program and the regulation of investment advisors in the Insurance Division.
* $40,000 to fund credit card charges for licenses in the Insurance Division.
* $35,000 to fully fund the Real Estate Trust Account Audit Program in the Professional Licensing Division.
* $35,000 to fund credit card charges and IowAccess fees for license renewals in the Professional Licensing Division.
* 4.0 FTE positions and no change in funding to add four entry level Bank Examiner positions in the Banking Division due to the increase in examination hours expended.

**Year 2000** Each Division Head reported that their Divisions were on schedule concerning the FY 2000 computer problem.

STAFF CONTACT: Shawn Snyder (Ext. 16765) Ron Robinson (Ext. 16256)

Governor’s Budget Hearing - Treasurer of State

**Treasurer** Michael Fitzgerald, Treasurer of State, presented the Office’s FY 2000 budget request to Governor-elect Vilsack on November 24. The Office is requesting $1.0 million and 26.8 FTE positions which is no change compared to estimated FY 1999.

STAFF CONTACT: Shawn Snyder (Ext. 16765) Ron Robinson (Ext. 16256)

Governor’s Budget Hearing - Auditor of State

**Auditor’s Office** Richard Johnson, Auditor of State, presented the Office’s FY 2000 budget request to Governor-elect Vilsack and Lieutenant Governor-elect Pederson on November 24. The Office is requesting $1.5 million and 112.5 FTE positions, an increase of $20,000 (1.3%) and no change in FTE positions compared to estimated FY 1999. The increase is for additional costs to audit new prisons. Mr. Johnson also discussed the limited amount of performance audits completed due to high turnover and the difficulty in identifying performance objectives.

STAFF CONTACT: Shawn Snyder (Ext. 16765) Ron Robinson (Ext. 16256)

Governor’s Budget Hearing - Office of State-Federal Relations

**State-Federal Relations** Phil Smith, Director of the Office of State-Federal Relations, presented the Office’s FY 2000 budget request to Governor-elect Vilsack on November 24. The Office is requesting $274,000 and 3.0 FTE positions, which is no change compared to estimated FY 1999.

STAFF CONTACT: Shawn Snyder (Ext. 16765) Ron Robinson (Ext. 16256)

Governor’s Budget Hearing - Ethics and Campaign Disclosure Board

**FY 2000 Request** Kay Williams, Executive Director of the Ethics and Campaign Disclosure Board, presented the Board’s FY 2000 budget request to Governor-elect Vilsack on November 24. The Board is requesting $499,000 and 14.0 FTE positions, a decrease of $2,000 (0.4%) and no change in FTE positions compared to estimated FY 1999.

STAFF CONTACT: Shawn Snyder (Ext. 16765) Ron Robinson (Ext. 16256)

Legislative Oversight Committee Meeting



**Oversight Committee** The Legislative Oversight Committee met November 17. The Committee received information and discussed the following:

1. Board of Regents, Year 2000 Update
2. Charles Wright, Board of Regents (BOR), introduced to the Committee representatives from the Regents Institutions working on the Year 2000 Project.
3. Sue Nickels, University of Iowa, Rab Mukerjear, Iowa State University, Gary Bozyliwski, University of Northern Iowa, and Jerry Siders, Iowa School for the Deaf, presented an update on the status reports regarding production control, mainframe and midrange applications, and PCs at the Regent Institutions.
4. Interviews with Vendors - Four vendors presented the Committee with an overview of their bids for the Year 2000 Date Change Programming Progress Audit. The four vendors included:
5. Bruce Scavone, Scavone & Sons
6. Robert Langhart, DMR Consulting
7. Scott Werner, Hitachi Data Systems
8. Marc Clausen, Cap Gemini



**Year 2000**

1. The Committee selected Hitachi Data Systems to complete the Year 2000 Century Date Change Programming Progress Audit for $272,391. The selection was forwarded to Legislative Leadership at the Legislative Council Meeting on November 18, and the Council approved the selection.
2. Representative Jacobs presented a draft letter that was requested by the Committee that would be sent to local government elected officials and local government administrators. The letter would remind these entities to make sure that everyone is aware of the Year 2000 issues and potential problems not only with computers, but also embedded chips in equipment they own and operate. The Committee agreed to distribute the letter to the various organizations that these entities belong to for inclusion in their newsletters.
3. Iowa Communications Network (ICN) Study Update - Doug Wulf, Legislative Fiscal Bureau (LFB), gave an update on the ICN Study. The team from Ultra Pro was making progress on the research of the technology future areas and comparative analysis regarding Iowa and other states.
4. Year 2000 Project Office Reports - Paul Carlson, Department of Management, presented an update on the Executive Branch Year 2000 status reports.
5. Corrections to mainframe and midrange computers are now 51.0% complete. The target for the December report is 55.0%. Mr. Carlson reported there is one area of concern regarding mainframes with the Civil Rights Commission and the Project Office will be following up in the next couple of weeks.
6. Financial status report - the projected project balance of funds at the end of the project not including costs of embedded chips is approximately $2.7 million.



1. Report on embedded chips - The target date of December 1 was established to identify all of the embedded chip issues.
2. Star Schools $8.0 Million Federal Grant - Pam Pfitzenmaier, Iowa Public Television, discussed the new $8.0 million federal appropriation for the Star School Program. These funds will be available beginning October 1, 1999. Total funding for this Program is $36.0 million since 1992.

**Next Meeting** The Oversight Committee is tentatively scheduled to meet during the first week of the 1999 Legislative Session.

STAFF CONTACT: Douglas Wulf (Ext. 13250) Glen Dickinson (Ext. 14616)

Lottery Revenues and Expenditures Through October

**FY 1999 Lottery Revenues** Through October, FY 1999 Lottery game revenues were $9.5 million above the FY 1998 level. Lottery prize expenses increased $5.7 million, operating expenses increased $1.2 million, and transfers to other State funds increased $2.9 million. The following table details revenues, expenditures, and balances of the State Lottery. Rows and columns may not add, due to rounding.

| **STATE LOTTERY**  **July Through October**  **(Dollars in millions)** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | FY 1998 |  | FY 1999 |  | Inc./  Decr. |  | % Inc. |
| FY Beg. Balance |  | $ 3.4 |  | $ 3.3 |  | $ -0.1 |  |  |
|  |  |  |  |  |  |  |  |  |
| Game Revenues |  | 51.8 |  | 61.3 |  | 9.5 |  | 18.2 |
| Interest |  | 0.4 |  | 0.3 |  | -0.1 |  | 26.1 |
| Total Revenue |  | $ 52.2 |  | $ 61.5 |  | $ 9.4 |  | 17.9 |
|  |  |  |  |  |  |  |  |  |
| Prize Expense |  | $ 30.0 |  | $ 35.7 |  | $ 5.7 |  | 19.0 |
| Operating Expense |  | 11.2 |  | 12.4 |  | 1.2 |  | 10.8 |
| Transfer of Profits |  | 10.7 |  | 13.5 |  | 2.9 |  | 26.8 |
| Total Expense |  | $ 51.9 |  | $ 61.6 |  | $ 9.8 |  | 18.8 |
|  |  |  |  |  |  |  |  |  |
| Year-to-Date Ending Balance |  | $ 3.7 |  | $ 3.1 |  | $ -0.5 |  |  |

**FY Sales** Fiscal year sales through October, compared to the same time period of FY 1998, were as follows:

1. Instant ticket sales decreased $1.7 million (6.1%).



1. Iowa Lotto/Supercash/Pick 3 sales decreased $1.3 million (52.8%).
2. Multi-State Powerball sales increased $11.8 million (126.3%).
3. Multi-State Daily Millions/Cash 4 Life sales decreased $263,000 (14.4%).
4. Daily Game sales decreased $151,000 (9.0%).
5. Pull-tab sales increased $1.2 million (15.3%).

**October Sales** Total Lottery sales for October were below October 1997 by $245,000 (1.9%). October 1998 sales for all games except Powerball and Pull-Tabs were below October 1997.



**REC Projections** The September Revenue Estimating Conference (REC) projected FY 1999 Lottery profits will total $34.4 million. Of this amount, $33.9 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 $530,000). Actual profit transfer for FY 1998 was $34.7 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 1999 figure is through October 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 $3.1 million in sales tax during FY 1999.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Underground Storage Tank Program Administrator



**Storage Tank Program** The State Underground Storage Tank (UST) Cleanup Program has been administered since its inception in 1989 by Williams and Company, a private consulting firm from Sioux City. Williams became the administrator through a public bidding process, and retained the contract after it was publicly re-bid in 1993. The 1993 contract was for two years, with the option of indefinite one-year extensions at the option of the UST Fund Board. The contract has been extended annually through December 31, 1998.

**Contract Extension Denied** As part of the process of extending the contract, in September the UST Board requested information from Williams that would allow the Board to determine how the level of effort required of Williams to administer the UST Program had changed over the five years since the 1993 contract. Williams and Company, citing possible competitive disadvantages and the flat fee arrangement contained in the contract, refused to provide the information to the Board and has informed the Board through a letter that Williams and Company will not accept a Board-proposed three-month contract extension. If the issue is not resolved, the State could be without a Program administrator as early as January 1, 1999.

**Refusal to Provide Info** Williams and Company refused to provide the information despite two clauses in the contract which read:

*In addition, in response to any reasonable request of the UST Fund Board, Williams will provide the UST Fund Board with additional documentation which supports Williams provision of services under this Agreement to be used by the UST Fund Board when approving compensation of Williams under the Agreement. (Page 13)*

*Williams agrees that the Auditor of the State of Iowa or any authorized representative of the UST Fund Board…shall have access to and the right to examine, audit, excerpt and transcribe any directly pertinent books, documents, papers, and records of Williams relating to the performance of this Agreement by Williams, or payment hereunder. (Page 17)*

**Possible Breach of Contract** At the November 17, 1998, UST Board meeting, the Board voted to investigate a possible breach of contract by Williams and to explore options for future administration of the Program, including possible litigation involving Williams and Company. The Board has scheduled a December 1, 1998, telephonic Board meeting to discuss the issue.

**Program Adm. Cost** Williams and Company is paid approximately $1.6 million per year to administer the Program. The Program provides funds for remediation of past underground storage tank petroleum contamination as well as insurance in the event of future contamination.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Underground Storage Tank Program Update



**FY 1998 UST Program** During FY 1998, the Underground Storage Tank (UST) Program received $39.9 million in revenue, while expending $16.3 million. In addition, the Program repaid $4.6 million in bond principal. Program funds began the fiscal year with a balance of $152.5 million and had $171.6 million available at the end of FY 1998. Bond principal remaining to be paid totaled $91.7 million. The following table shows the revenues and expenditures of the Program. Columns may not add, due to rounding.

| **Underground Storage Tank Program**  **Dollars in millions** | | | | |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  |  | **FY 1998** |  | **Total Program FY 91- FY 98** |
| Prog. Beginning Balance |  | $ 152.6 |  | $ 0.0 |
|  |  |  |  |  |
| Bond Principal Received |  | $ 0.0 |  | $ 114.1 |
|  |  |  |  |  |
| Interest |  | 9.6 |  | 52.7 |
| Use Tax |  | 22.0 |  | 153.1 |
| Per Tank Fee |  | 0.4 |  | 4.6 |
| CRP Buy-In |  | 0.0 |  | 0.8 |
| Cost Recovery |  | 4.6 |  | 13.0 |
| Environmental Offset |  | 0.0 |  | 1.1 |
| Insurance Premiums |  | 2.6 |  | 25.3 |
| Fees, Federal, Misc. Inc. |  | 0.7 |  | 1.5 |
| Revenue Refunds |  | -0.0 |  | -3.0 |
| Revenue (Excluding Bonds) |  | $ 39.9 |  | $ 249.1 |
|  |  |  |  |  |
| Cleanup Expenditures |  | $ 8.0 |  | $ 108.1 |
| Admin Expenditures |  | 3.5 |  | 22.3 |
| Bond Interest Payments |  | 4.7 |  | 37.2 |
| Bond Issuance Costs |  | 0.1 |  | 1.7 |
| Expenses |  | $ 16.3 |  | $ 169.4 |
|  |  |  |  |  |
| Bond Principal Repaid |  | $ 4.6 |  | $ 22.4 |
|  |  |  |  |  |
| Program Ending Balance |  | $ 171.6 |  | $ 171.6 |
|  |  |  |  |  |
| Principal Remaining to Repay |  |  |  | $ 91.7 |

**Definitions** Definitions used in the above table:

1. **Use Tax:** The UST Program is allotted funding from Motor Vehicle Use Tax receipts. The Road Use Tax Fund is partially reimbursed for this allotment through a diminution fee on certain petroleum products. This fee is currently equal to one cent per gallon and generated $18.7 million during FY 1998 and $135.5 million since Program inception.
2. **Per Tank Fee:**  The UST Program receives $50 of the annual $65 per-tank registration fee collected by the Department of Natural Resources.
3. **CRP Buy-In:** Non-eligible site owners in Community Remediation Program (CRP) areas may elect to add their sites to the total project if they agree to pay an equitable portion of cleanup expenses.
4. **Cost Recovery:** Funds are received through court action and negotiation with non-eligible responsible parties. Other funds are "cost recovered" through settlements and agreements which reduce the State's liability for the cost of certain site cleanups. Those recoveries are not reflected in the balance sheet. The spreadsheet reflects cash received to date.
5. **Environmental Offset:** Commercial sites and sites offered for sale that received benefits but did not contribute to the Fund through the diminution fee were assessed a charge. This charge was withheld (offset) from UST Program reimbursements to the owners. The funding source was eliminated by the 1995 General Assembly.

**Administrative Expenditures** FY 1998 administrative expenditures include:

1. Williams and Company, Program Administrator - $1.7 million



1. Private Legal Counsel - $839,000
2. Preston Engineering, Site Cleanup Report Review - $463,000
3. Attorney General - $313,000
4. Iowa State University - $121,000
5. Department of Natural Resources - $75,000
6. Bankers Trust - $72,000
7. Other administrative expenses - $81,000

**Cleanup Expenditures** FY 1998 cleanup expenditures include:



1. Community Remediation and Innovative Technology Contractors - $1.4 million
2. Krause Gentle (Kum & Go) - $231,000
3. Department of Transportation - $87,000
4. Bro Oil - $83,000
5. Quick Trip - $79,000
6. Approximately 1,000 other UST Program benefit recipients - $6.3 million

**Program Status** As of November 1998, the UST Program had:

1. 2,200 sites currently insured.
2. 45 installer/inspectors currently insured.
3. 55 open insurance claims, with $3.1 million either paid or reserved for future payment. Claims actually paid from the Insurance Fund total $346,000 since Program inception.
4. Two insured property transfers.
5. 3,059 open claims under the retroactive, remedial, and innocent landowner programs, with a total projected State cleanup expense of $252.0 million (projection made in July 1997). The total projected cleanup amount fluctuates over time, as sites are investigated and cleanup standards are determined and enforced. The State has expended $108.1 million through FY 1998, leaving $143.9 million in projected State-funded cleanup to be completed.



**Fund Balances** The Underground Storage Tank Program is composed of nine separate funds under control of the State Treasurer. The nine funds had a combined cash balance at the end of FY 1998 of $171.6 million. The revenue sources, allowed expenditures, and purposes of the Funds are described below.

1. The Revenue Fund receives an annual Use Tax allocation, the per-tank fee, and interest on its own balance as well as the balances in the Capital Reserve and Remedial Fund. The funds are used to make semi-annual bond payments. Any excess funds are transferred to the Unassigned Revenue Fund.
2. The Capital Reserve Fund is a reserve fund required by bond documents to be maintained in the event of a revenue shortfall. The funds will be released to pay the final bond payments. The Fund was capitalized by a transfer from the Revenue Fund and is annually adjusted to comply with bond requirements.
3. The Unassigned Revenue Fund receives transfers of excess funds from the Revenue Fund as well as interest on the Unassigned Revenue Fund balance. The money in the Fund can be used for any lawful purpose and has been traditionally used to pay administrative expenses. During FY 1998, the Board transferred $15.0 million to the Remedial Fund.
4. The Remedial Bonding Fund receives the proceeds of bond sales. The money is used to pay remedial claims from persons qualified under the regular UST Remedial Program. Because bond proceeds have been exhausted and the UST Board does not anticipate future bond sales will be necessary, remedial payments in the future will be made from the Marketability, Remedial Fund, or Unassigned Revenue Funds.
5. The Remedial Fund currently receives fee revenue. The Fund received Environmental Offset and Cost Recovery receipts in previous years. Because bond proceeds have been exhausted, the Board transferred $15.0 million during FY 1998 from the Unassigned Revenue Fund to pay regular remedial claims.
6. The Marketability Fund receives an annual allocation of Use Tax proceeds and interest on the Fund balance. The money is used to pay remedial claims from persons qualified under the regular UST Remedial Program. The Fund cannot be used for bonding.
7. The Innocent Landowner Fund receives an annual allocation of Use Tax receipts, costs recovered from other responsible parties (large oil companies), and interest on the Fund balance. The money is used to pay remedial claims from persons who do not qualify under the regular UST Remedial Program, but do qualify under rules established by the UST Board.
8. The Insurance Fund receives insurance policy premiums for tank sites, tank installers and inspectors, and property transfers. The Fund also retains its interest. The money is used to pay current and future remedial claims covered by the policies. The Fund is also used for insurance program administration. The majority of the fund revenue and current balance is from tank site insurance policies.
9. The Loan Fund holds money in reserve to pay any losses resulting from the UST Board’s guarantee of 31 loans. The Fund was capitalized by a transfer from the Revenue Fund. The Fund retains its interest.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **UST Program Fund Balances** | | | | | |
|  |  |  |  |  |  |
|  |  | FY 1998 |  | FY 1998 |  |
| UST Fund |  | Beginning Balance |  | Ending  Balance |  |
| Revenue |  | $ 7,170,997 |  | $ 7,414,513 |  |
| Capital Reserve |  | 9,699,020 |  | 9,637,050 |  |
| Unassigned Revenue |  | 87,275,145 |  | 84,220,947 |  |
| Remedial (Bonding) |  | 1,296,963 |  | 0 |  |
| Remedial |  | 2,525,267 |  | 14,935,730 |  |
| Marketability |  | 8,214,052 |  | 9,659,318 |  |
| Innocent Landowners |  | 11,180,813 |  | 17,086,652 |  |
| Insurance |  | 23,507,492 |  | 26,885,476 |  |
| Loan reserve |  | 1,697,898 |  | 1,771,459 |  |
| Total |  | $ 152,567,647 |  | $ 171,611,145 |  |
|  |  |  |  |  |  |
| Balance Change |  |  |  | $ 19,043,498 |  |

STAFF CONTACT: Jeff Robinson (Ext. 14614)

College Student Aid Commission Meeting

**Commission Meeting** The College Student Aid Commission met November 17. Significant agenda and Commission action items include:



1. Adopted administrative rules for:
2. Iowa State Fair Scholarship Program – this Scholarship has been administered by the First In the Nation in Education (FINE) Foundation in the past. The FINE Foundation will no longer be affiliated with the State as of December 31, 1998. Funding for the Program is available through unused donations from Governor Branstad’s inaugural events.
3. Industrial Technology Forgivable Loan Program – this is a new program for FY 1999 to provide forgivable loans for teachers who enter the field of industrial technology.
4. Iowa Vocational-Technical Forgivable Loan Program – changes eligibility requirements as directed by the 1998 General Assembly.
5. Federal Family Education Loan Program (emergency) – allows lenders to request loan collection assistance from the Commission 20 days earlier in the delinquency stage.
6. Approved submission of proposed changes to Section 261.38, Code of Iowa, to the General Assembly. One change creates an operating account in addition to the reserve account for the federal student loan program. The second change eliminates a provision that the General Assembly appropriate funds from the accounts and gives the Commission authority to expend funds without legislative approval.
7. Approved Commission staff to pursue a contract with a financial consultant for strategic planning and consulting assistance. Estimated cost of the contract, based on the two firms that submitted bids, is $100,000 to $125,000. Final negotiations have yet to be completed.
8. Authorized Commission staff to enter a proposed Iowa Partnership Loan Sale Agreement with the Iowa Student Loan Liquidity Corporation. The proposal would allow the Commission to purchase partnership loans that are in default and pursue collection. The Commission views this as an investment opportunity that will allow Commission staff to be fully utilized.
9. Authorized Commission staff to extend collection vendor contracts and to negotiate a contract with a new vendor.
10. Received an update on scholarship and grant status, including:
11. Iowa Tuition Grant Program – At the current commitment level, approximately $1.4 million will remain uncommitted at the end of the current academic year. Staff intends to make additional allocations to private colleges and universities on a percentage basis and allow financial aid administrators to assist special priority cases to make sure all funds are expended or committed.
12. Iowa Vocational-Technical Grant Program – Unless additional awards are made, approximately $250,000 will remain uncommitted at the end of the fiscal year. Commission staff have increased the Expected Family Contribution (EFC) from $2,000 to $2,500 to allow an expected 490 additional awards. Financial aid administrators have requested the EFC be raised to $2,800 to be consistent with the federal Pell Grant Program, but funding is not sufficient to accommodate this request.
13. Iowa National Guard Tuition Assistance Program – As of November 1, the Guard had certified 854 recipients for total awards of $473,000. However, financial aid administrators have certified only $302,000 in awards. Actual payments for the fall semester total $340,00. Staff state that it is unlikely the entire appropriation of $833,000 will be committed by year-end.

**Next Meeting** The next Commission meeting is scheduled for January 19, 1999.

STAFF CONTACT: Mary Shipman (Ext. 14617) Paige Piper/Bach (Ext. 17942)

FY 1998 Excursion Boat Gambling Revenues

**Wagering Tax Receipts** Wagering tax receipts from excursion boat gambling in FY 1998 were $84.5 million. This is an increase of $9.2 million (12.2%) compared to FY 1997.

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**Excursion Boats** There were nine excursion boats in operation during FY 1998. The Racing and Gaming Commission in November 1997 approved an excursion gambling boat license for a boat to be located near Osceola. The boat is expected to begin operation in June 1999. Boats currently in operation include:

1. The President in Davenport
2. The Mississippi Belle II in Clinton
3. The Diamond Jo in Dubuque
4. The Catfish Bend in Southeast Iowa
5. The Miss Marquette in Marquette
6. The Belle of Sioux City in Sioux City
7. The Lady Luck in Bettendorf
8. The Kanesville Queen (Harvey’s) in Council Bluffs
9. The Ameristar II in Council Bluffs

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Total Gross** |  | **Adjusted Gross** | | **Wagering** |  |  |
|  |  | **Wagered** |  | **Receipts** |  | **Tax Receipts** |  | **Admissions** |
| ***President*** |  |  |  |  |  |  |  |  |
| FY 1997 |  | $ 876,092,981 |  | $ 62,290,836 |  | $ 11,298,386 |  | 1,705,665 |
| FY 1998 |  | 1,009,790,438 |  | 70,705,939 |  | 12,872,011 |  | 1,776,147 |
| Difference |  | $ 133,697,457 |  | $ 8,415,103 |  | $ 1,573,625 |  | 70,482 |
| Percent Change | | 15.26% |  | 13.51% |  | 13.93% |  | 4.13% |
|  |  |  |  |  |  |  |  |  |
| ***Mississippi Belle II*** | |  |  |  |  |  |  |  |
| FY 1997 |  | $ 367,404,060 |  | $ 28,131,376 |  | $ 4,910,567 |  | 651,154 |
| FY 1998 |  | 353,136,011 |  | 27,200,989 |  | 4,736,585 |  | 639,309 |
| Difference |  | ($14,268,049) |  | ($930,387) |  | ($173,982) |  | -11,845 |
| Percent Change | | -3.88% |  | -3.31% |  | -3.54% |  | -1.82% |
|  |  |  |  |  |  |  |  |  |
| ***Diamond Jo*** |  |  |  |  |  |  |  |  |
| FY 1997 |  | $ 493,594,114 |  | $ 39,392,030 |  | $ 7,016,310 |  | 1,093,152 |
| FY 1998 |  | 568,065,329 |  | 42,327,879 |  | 7,565,313 |  | 1,127,423 |
| Difference |  | $ 74,471,215 |  | $ 2,935,849 |  | $ 549,003 |  | 34,271 |
| Percent Change | | 15.09% |  | 7.45% |  | 7.82% |  | 3.14% |
|  |  |  |  |  |  |  |  |  |
| ***Catfish Bend*** | |  |  |  |  |  |  |  |
| FY 1997 |  | $ 236,072,455 |  | $ 22,226,735 |  | $ 3,806,399 |  | 499,203 |
| FY 1998 |  | 290,782,017 |  | 26,552,199 |  | 4,615,261 |  | 608,504 |
| Difference |  | $ 54,709,562 |  | $ 4,325,464 |  | $ 808,862 |  | 109,301 |
| Percent Change | | 23.17% |  | 19.46% |  | 21.25% |  | 21.90% |
|  |  |  |  |  |  |  |  |  |
| ***Miss Marquette*** | |  |  |  |  |  |  |  |
| FY 1997 |  | $ 325,836,035 |  | $ 27,964,860 |  | $ 4,879,429 |  | 731,669 |
| FY 1998 |  | 421,833,854 |  | 31,925,376 |  | 5,620,045 |  | 799,037 |
| Difference |  | $ 95,997,819 |  | $ 3,960,516 |  | $ 740,616 |  | 67,368 |
| Percent Change | | 29.46% |  | 14.16% |  | 15.18% |  | 9.21% |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| ***Belle of Sioux City*** | |  |  |  |  |  |  |  |
| FY 1997 |  | $ 203,139,099 |  | $ 19,284,637 |  | $ 3,256,227 |  | 788,373 |
| FY 1998 |  | 223,233,691 |  | 21,277,049 |  | 3,628,808 |  | 753,566 |
| Difference |  | $ 20,094,592 |  | $ 1,992,412 |  | $ 372,581 |  | -34,807 |
| Percent Change | | 9.89% |  | 10.33% |  | 11.44% |  | -4.42% |
|  |  |  |  |  |  |  |  |  |
| ***Lady Luck*** |  |  |  |  |  |  |  |  |
| FY 1997 |  | $ 955,720,440 |  | $ 67,035,440 |  | $ 12,185,627 |  | 1,778,387 |
| FY 1998 |  | 1,051,355,687 |  | 73,766,640 |  | 13,444,362 |  | 1,717,663 |
| Difference |  | $ 95,635,247 |  | $ 6,731,200 |  | $ 1,258,735 |  | -60,724 |
| Percent Change | | 10.01% |  | 10.04% |  | 10.33% |  | -3.41% |
|  |  |  |  |  |  |  |  |  |
| ***Ameristar II*** |  |  |  |  |  |  |  |  |
| FY 1997 |  | $ 1,001,641,779 |  | $ 72,120,492 |  | $ 13,136,532 |  | 2,212,651 |
| FY 1998 |  | 1,261,887,297 |  | 81,011,281 |  | 14,799,110 |  | 2,265,726 |
| Difference |  | $ 260,245,518 |  | $ 8,890,789 |  | $ 1,662,578 |  | 53,075 |
| Percent Change | | 25.98% |  | 12.33% |  | 12.66% |  | 2.40% |
|  |  |  |  |  |  |  |  |  |
| ***Kanesville Queen - Harvey's*** | | | | | | | | |
| FY 1997 |  | $ 1,077,488,304 |  | $ 81,012,943 |  | $ 14,799,420 |  | 2,597,341 |
| FY 1998 |  | 1,325,309,335 |  | 93,864,361 |  | 17,202,636 |  | 2,747,792 |
| Difference |  | $ 247,821,031 |  | $ 12,851,418 |  | $ 2,403,216 |  | 150,451 |
| Percent Change | | 23.00% |  | 15.86% |  | 16.24% |  | 5.79% |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| ***Total All Boats*** | |  |  |  |  |  |  |  |
| FY 1997 |  | $ 5,536,989,267 |  | $ 419,459,349 |  | $ 75,288,897 |  | 12,057,595 |
| FY 1998 |  | 6,505,393,659 |  | 468,631,713 |  | 84,484,131 |  | 12,435,167 |
| Difference |  | $ 968,404,392 |  | $ 49,172,364 |  | $ 9,195,234 |  | 377,572 |
| Percent Change | | 17.49% |  | 11.72% |  | 12.21% |  | 3.13% |
|  |  |  |  |  |  |  |  |  |

Totals may not add due to rounding



**General Fund Revenues** Fiscal year 1998 wagering tax revenues have increased $82.6 million over the FY 1991 revenues, the first year of excursion boat gambling. The chart below shows General Fund revenues for FY 1991 - FY 1998.



**Rationale for Increases** The increase beginning in FY 1995 can be attributed to changes made during the 1994 Legislative Session, including elimination of the maximum $5 bet and $200 loss limits. Restrictions on cruise schedules and operating hours were also eliminated, making excursion gambling more comparable to land-based casinos in terms of accessibility.

STAFF CONTACT: Paige Piper/Bach (Ext. 14613)

FY 1998 Slot Machine Revenues

**Wagering Tax Receipts** Wagering tax receipts from slot machines at Prairie Meadows, Bluffs Run, and Dubuque Greyhound Park totaled $55.2 million during FY 1998. This is an increase of $6.2 million compared to FY 1997.

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**Slot Machines** Wagering tax revenues at Prairie Meadows increased $2.8 million (11.6%) between FY 1997 and FY 1998. Wagering tax revenues at Bluffs Run increased $2.1 million (10.1%) between FY 1997 and FY 1998.

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LOW INCOME HOUSING ENERGY ASSISTANCE PROGRAM

**LIHEAP Reauthorized** The Low Income Housing Energy Assistance Program (LIHEAP) has been reauthorized for five years. The reauthorization includes a FFY 1999 appropriation of $1.1 billion. This is an increase of $100 million (10.0%) compared to FFY 1998.

**Iowa’s Share** Iowa’s share is anticipated to be $19.9 million, which is an increase of $1.8 million (10.0%) compared to estimated FFY 1998.

STAFF CONTACT: Ron Robinson (Ext. 16256)

*Issue Review* Released - Loess Hills Development and Conservation Authority



***Issue Review*** The Legislative Fiscal Bureau (LFB) recently released an ***Issue Review*** describing the sources and uses of funds by the Loess Hills Development and Conservation Authority. The report includes a brief history of Loess Hills, the value of infrastructure and farmland protected in FY 1996 and FY 1997, and sources of State funds for FY 1996 to FY 1999.

**Copies Available** Copies of the report are available from the LFB upon request (515-281-5279).

STAFF CONTACT: Sherry Weikum (Ext. 17846)

**LFB INTERNET ADDRESS** Visit the LFB website located at [***http******://staffweb.le******gis.state.ia.us/lfb/***](http://staffweb.legis.state.ia.us/lfb/)

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**Website**