FISCAL UPDATE February 8, 1999

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| **IN THIS ISSUE:** | **Appropriations Subcommittees:** | **Appropriations Subcommittees (cont’d):** |
|  |  Administration & Regulation, pg. 1 |  Transportation, Infrastructure & Capitals, pg. 10 |
|  |  Agriculture & Natural Resources, pg. 3 |  Oversight & Communication, pg. 12 |
|  |  Economic Development, pg. 4 |  SJR1 – Spending Limitation Const. Amend., pg. 13 |
|  |  Education, pg. 5 |  Board of Corrections Meeting, pg. 13 |
|  |  Health and Human Rights, pg. 6  |  Lease Purchase Agreements, pg. 14 |
|  |  Human Services, pg. 6  |  ICN Classrooms Added, pg. 15 |
|  |  Justice System, pg. 8 |  |
|  |   |  |

Administration and Regulation Appropriations Subcommittee

**Admin. & Regulation Sub** The Administration and Regulation Appropriations Subcommittee met on February 2, 3, and 4.

**Inspections & Appeals** On February 2, the Legislative Fiscal Bureau distributed responses from the Department of Inspections and Appeals pertaining to reversions, performance measures, legislation passed during the 1998 Session that impacted the Department, fiscal impact of staff turnover on FY 1999 and FY 2000, and the Department’s cell phone policy.

**Information**  The Legislative Fiscal Bureau also distributed the following:

1. Responses from the Iowa Lottery pertaining to no supplemental request for FY 1999, and Lottery fees.



1. Responses from Kay Williams, Executive Director Iowa Ethics and Campaign Disclosure, pertaining to her last appearance before the Subcommittee, no supplemental request for FY 1999, reversions, fees, fines and refunds, the impact of campaign reporting software on the Agency, the Agency’s long- range plans for electronic filing, the fiscal impact of staff turnover on FY 1999 and FY 2000, and the Agency’s Budgeting For Results forms.
2. Responses from the Department of Revenue and Finance pertaining to the status of funds under its control, reversions, fees, no supplemental request for FY 1999, legislation passed during the 1998 session that impacted the Department, fiscal impact of staff turnover on FY 1999 and FY 2000, the Department’s cell phone policy, and the effect of technology purchases on the Department.
3. The Department of Commerce response to Subcommittee questions and correction of its fee information.
4. Supplemental requests by the Department of General Services and the Office of the Governor for FY 1999.
5. The findings and recommendations of the Office of Auditor of State as they relate to the departments of the Subcommittee, and the departments’ response to Subcommittee questions.

**Revenue & Finance** Gerald Bair, Director of the Department of Revenue and Finance, presented the Department’s budget request for FY 2000 and reviewed the operations of the Department. Mr. Bair responded to Subcommittee questions and indicated that funds that have had no activity for three years can be closed. By the year 2007, the Department hopes to have 80% of taxpayers filing electronically, with refunds returned within seven to ten days.

**Local Option Sales Tax** Mr. Bair further explained that local option sales tax is now distributed monthly, based upon 95% of the localities’ sales history, and the Department does not want to over-estimate the payment.

**Information Requested** Mr. Bair agreed to provide the following to the Subcommittee:

1. Per-employee breakdown of office supplies and equipment.
2. The cost savings from a project funded through the Rebuild Iowa Infrastructure Fund.
3. Number of banks applying for Subchapter S status.

**National Gambling Study** Edward Stanek, Commissioner of the Iowa Lottery, reported on the status and makeup of a national study on the impact of gambling. Mr. Stanek indicated the makeup was biased against lotteries. Mr. Stanek also responded to Subcommittee questions and indicated that on a $10.0 million Power Ball jackpot, the approximate cash payout would be $5-6 million. The retailer that sells the winning ticket no longer receives a percentage of the jackpot.

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**Sales Tax on Tickets** Mr. Stanek also indicated that the Iowa Lottery pays about $8.3 million in State Sales Tax, and since this goes to the General Fund just the same as net Lottery proceeds, he stated that the Sales Tax on tickets could be eliminated. The sale of State Lottery tickets is exempt from local option sales taxes.

**Dept. of Personnel** Linda Hanson, Director of the Iowa Department of Personnel, presented the Department’s FY 2000 budget request. Ms. Hanson indicated that the Department’s FTE request is down 27.0 FTE positions since she has been with the Department and her FY 2000 request does include a request for four additional FTE positions.

**IPERS Building** Ms. Hanson agreed to provide the Subcommittee with a copy of the point system used in the Department’s attempt to locate a building to purchase for the use of IPERS.

**Dept. of Management** On February 3, Cynthia Eisenhauer, Director of the Department of Management, presented the Department’s budget request for FY 2000 and discussed the structure of the Department.

**Reorganization** The Department’s organizational structure consists of four teams. The Leadership Team comprises 2.0 FTE positions, the Budget and Finance Team has 20.0 FTE positions, the Strategic Planning and Accountability Team has 7.0 FTE positions, and the State-Federal Relations Team has 2.0 FTE positions.

**State Strategic Plan** Ms. Eisenhauer told the Subcommittee that the Governor is recommending an increase of $250,000 to implement a State Strategic Plan. The Strategic Planning Council was established on February 1 and is charged with identifying the way in which Iowans would like the State to look in year 2020.

**Budget For Strategic Plan** The Subcommittee asked the Department to provide a budget for the State Strategic Plan. Ms. Eisenhauer indicated the Department would provide this information by February 11.

**Performance Measures** Ms. Eisenhauer addressed the topic of performance measures. She told the Subcommittee that any suggestions on improving performance measures would be welcome.

**Response to Questions** On February 4, the following departments appeared to respond to Subcommittee questions concerning capitals, technology purchases, possible FY 1999 supplemental requests, and staff turnover:

* Department of Inspections and Appeals.
* Iowa Department of Personnel.
* Department of Revenue and Finance.
* Secretary of State’s Office.



**Salary Adj. Calculations** Steve Timmins, from the Department of Management, reviewed how the Department calculates salary adjustment and salary annualization and how the calculation goes into the salary bill and is distributed to the departments. Mr. Timmins agreed to provide a brief written description of the process, including the time frames involved.

**IPERS Building** Linda Hanson, Director of the Iowa Department of Personnel, agreed to provide the weighting factors used for the site selection for the purchase of a new IPERS building. Ms. Hanson also agreed to provide a color-coded map indicating IPERS membership by county.

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

Agriculture and Natural Resources Appropriations Subcommittee

**Agric. & Natural Resources** The Agriculture and Natural Resources Appropriations Subcommittee met on February 2, 3, and 4.

 On February 2, Brent Halling, Deputy Secretary of Agriculture, Department of Agriculture and Land Stewardship, discussed the financial assistance program proposed from the Secretary of Agriculture’s task force meetings to aid Iowa’s independent livestock producers. The financial assistance, called Livestock Economic Emergency Program, consists of the use of federal funds for interest rate buy-down loans and loan guarantees, state funds for interest rate buy-downs, and financial planning and mediation services.

**Well Testing** Darrell McAllister, Water Quality Bureau, Department of Natural Resources, discussed the use of county grants for well testing and the closure of abandoned wells on February 3. Mr. McAllister stated the deadline for abandoned well closure is July 1, 2000, and only 30,000 of Iowa’s 70,000 abandoned wells have been closed.

#### FY 2000

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**New Director** On February 4, Paul Johnson, Director of the Department of Natural Resources, presented the Department’s budget request for FY 2000. Mr. Johnson received questions regarding the Governor’s recommendation to increase funding for water quality monitoring and decreased funding for lake dredging and recreational facilities grants. Mr. Johnson will be available to return to the Subcommittee in the near future to discuss these issues in more detail.

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

Economic Development Appropriations

**Economic Development Sub** The Economic Development Appropriations Subcommittee held meetings on February 2, 3, and 4.

**Governor’s Recomm.** On February 2, the Legislative Fiscal Bureau reviewed FY 2000 Governor’s recommendations for the Departments under the purview of the Subcommittee.

**State’s Economic Condition** On February 3, David Lyons, Director of the Department of Economic Development, provided an overview of the State’s economic condition and economic development programs.

#### FY 2000

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**Board of Regents**  On February 4, the Subcommittee heard program status and budget request presentations from Board of Regents programs funded through the Economic Development Appropriations Bill. The Programs included are:

1. University of Iowa Research Park.
2. Center for Advanced Drug Development.
3. Iowa State Research Park.
4. Institute for Physical Research and Technology.
5. Small Business Development Centers.
6. Metal Casting Institute.
7. Institute for Decision Making.
8. Agriculture-Based Industrial Lubricants.

**Next Week** The tentative agenda for the week of February 8 includes:

1. February 9: Public Employment Relations Board, Iowa Seed Capital Liquidation Corporation, Linked Invest for Tomorrow Program, and Business Development Finance Corporation.
2. February 10: Department of Workforce Development budget presentation.
3. Department of Economic Development Community and Rural Development Division.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Education Appropriations Subcommittee

**Education Subcomm.** The Education Appropriations Subcommittee held three meetings during the week of February 1.

**Dept. of Education *February 2*** – Ted Stilwill, Director of the Department of Education, reviewed the Department’s request for FY 2000 and the Governor’s recommendations. Most of the questions and discussions focused on the following initiatives:



1. Class Size Reduction – Iowa will receive $9.4 million from the federal government in FY 2000 to hire more teachers and reduce class sizes in early elementary grades. Governor Vilsack is proposing the State invest an additional $10.0 million from the General Fund, for a total of $19.4 million for this initiative in FY 2000. Members of the Subcommittee expressed concern that all districts would not receive funding because some already have average class sizes at 17 or less. Stilwill indicated that concern has been noted and details regarding distribution of the funds have not been totally agreed upon.
2. National Certification Stipends – The General Assembly appropriated $250,000 for FY 1999 to pay $10,000 stipends for teachers who achieve national certification and to reimburse teachers for the $2,000 application fee. Teachers who apply for reimbursement of the application fee receive half of the fee ($1,000) at the time of application and the remaining half is paid upon successful certification. The FY 1999 funding level was not sufficient to reimburse the application fees for all the applicants. More than 250 teachers applied for reimbursement, but funding was available for only 75. Those chosen to receive reimbursement were selected via a lottery held by the Department. For FY 2000, the Department requested, and the Governor recommended, an increase of $600,000, for total funding of $850,000. Since the average pass rate for national certification is just under 50.0%, Mr. Stilwill indicated that the level of funding requested will not be sufficient to pay stipends and reimburse application fees for all who apply. The General Assembly will need to address this funding need or determine a mechanism to prorate the funds.



**Iowa Public Television** ***February 3*** – Dave Bolender, Executive Director, and Pam Pfitzenmaier, Director of the Division of Educational Telecommunications, reviewed the budget request for Iowa Public Television. Most of the discussion centered on the station’s needs related to the conversion to digital television broadcasting. The station has until 2003 to convert as required by the federal government.

**Regents Strategic Plan *February 4*** – Owen Newlin, President of the Board of Regents, reviewed the strategic plan for the Board and responded to questions regarding the Board Office budget. Superintendent Bill Johnson of the Iowa School for the Deaf and Superintendent Dennis Thurman of the Iowa Braille and Sight Saving School reviewed and responded to questions regarding their respective strategic plans and budgets.

**Next Week *Week of February 8*** – The Subcommittee agenda includes:

1. February 9 – University of Northern Iowa – President Koob.
2. February 10 – College Student Aid Commission – Director Gary Nichols; Tuition Grants and Private Colleges – John Hartung; National Guard - Brigadier General John Tymeson.
3. February 11 – Iowa State University – President Jischke.

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

Health and Human Rights Appropriations Subcommittee

**Dept. of Public Health** On February 2, Chris Atchison, Director of the Department of Public Health, presented the budget for the Department. Topics discussed included the Governor’s recommendation for an additional $1.5 million for methamphetamine treatment, which is proposed to be used to extend the length of treatment by 17-18 days per patient (a 30.0% increase). Subcommittee members inquired about waiting lists for methamphetamine treatment and the effectiveness of current treatment strategies.

**Civil Rights Commission** Diann Wilder-Tomlinson, Acting Director of the Civil Rights Commission, presented the budget for the Commission on February 3. The Commission has requested a status quo budget. Ms. Wilder-Tomlinson indicated she does not envision major changes under her new leadership of the Commission, but she will try to streamline the Commission’s investigation process. Subcommittee members requested additional information on the following matters:

1. Historical information regarding the nature of complaints filed.
2. Number of cases in inventory and number of unassigned cases.
3. Length of time to resolve complaints and the average caseload of investigators.

**Veterans Home Visit** On February 4, the Subcommittee visited the Iowa Veterans Home in Marshalltown. Discussion prior to the tour included statistics on who would be eligible to be a resident at the Veterans Home and information on the planned remodeling of the dining facilities and the associated capital request ($2.4 million for FY 2000).

STAFF CONTACT: Valerie Thacker (Ext. 15270) Jennifer Dean (Ext. 14613)

Human Services Appropriations Subcommittee

**Human Services Sub.** The Human Services Appropriations Subcommittee met the week of February 1 and conducted the following business:



**Child Care Issues** February 1:

1. Heard information regarding the FY 2000 Department of Human Services budget request and Governor’s recommendation for child care.
2. Heard information regarding the utilization of child care funding. Discussion included:
3. History of a waiting list for children and the possibility of a waiting list in the future.
4. The process of the rate survey, which is a factor for future payments of subsidized day care.
5. Quality of day care, and Iowa day care quality compared to a recent national report.
6. Registration of day care homes and unregistered homes.
7. Parental choice.
8. Heard testimony regarding the required report reviewing a seamless system for child care. Discussion included:
9. Effects upon Welfare Reform.
10. Differences between supply and need.
11. Cost estimates beyond the FY 2000 budget requests.
12. Heard testimony regarding the Child Care Pilot Project Report.
13. Heard from representatives of the higher education community regarding the education of child care providers. Discussion included:
14. Pay scale for child care providers.
15. Educational opportunities for parents staying at home to care for children.
16. Relationship of higher education entities to empowerment areas.

**Child Welfare Services** February 2:



1. Heard a presentation by the Treatment Component of Child Welfare Services Work Group. Discussion included:
2. Cost estimates and discussion of whether the child welfare system is underfunded.
3. Trends in the number of children being served in the welfare system.
4. The bundling of services for purposes of federal reimbursements.
5. Heard a brief review of the State Ombudsman Report for the state child protection system.

**Consultec** February 3:

1. Heard testimony regarding concerns about Consultec, the fiscal agent for the Medicaid Program. Discussion included:
2. Timing of the six-month reviews for determination of need.
3. Reversing rulings of the administrative law judge, which are delayed due to the appeals process and conflict with the timing of the next six-month review for determination of need.
4. Possible improvements which can be made by Consultec regarding customer services.
5. Payments per claim approved or denied by Consultec, from the funds appropriated for Medicaid.

**FY 2000 Budget** February 4:

#### FY 2000

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1. Heard testimony from Charles Palmer, Director of the Department of Human Services, regarding improvements of the responsibilities of the Department and possible future improvements that can be made in Iowa.
2. Heard a review of the FY 2000 Department request and Governor’s recommendation for the Family Investment Program (FIP) appropriation.
3. Received testimony regarding the Family Investment Diversion Program. Discussion included:
4. The need to continue the flexibility of expenditure of funds.
5. The relationship to empowerment areas.
6. The differences between geographic locations as to the individuals which seek assistance from the Diversion Program.
7. Received information regarding the Family Investment Program Well-being Visits. Discussion included:
8. The usage of telephone consults compared to actual visits in the home setting.
9. The need for evening visit time due to working parent and child education timing.
10. The use of the Visiting Nurses Association and the Public Health Nursing Program for the purposes of the Program.

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

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

Justice System Appropriations Subcommittee

**Justice System Sub.** The Justice System Appropriations Subcommittee met during the week of February 1 and heard presentations from the following:

**Governor’s Recomm. Legislative Fiscal Bureau (LFB)** – LFB staff presented the Governor’s recommendations and answered questions concerning departmental programs and operations.



**Public Defense Department of Public Defense** – Adjutant General Warren Lawson and General John Tymeson presented the Military Division budget request. The Governor is recommending an increase of $152,000 for the State match to be used for maintenance, repair, and employee costs for the Des Moines, Ft. Dodge, and Sioux City Air Guard installations. Some of the other issues discussed include:

1. The National Guard’s preparations for the Year 2000 computer problem.
2. The National Guard’s response to the recent sexual assaults on female Guard personnel.
3. The use of the National Guard to combat the methamphetamine problem.
4. The STARBASE Program that provides an anti-drug message to fifth- and sixth-graders who are peer leaders.



**Public Defender Office of the Public Defender** – State Public Defender Mark Smith presented the budget request for the Public Defender’s Office and the Indigent Defense Fund.

1. The Governor is recommending an increase of $389,000 and 2.0 FTE positions for the State Public Defender’s Office to defend in civil commitment proceedings against sexually violent criminals released from prison. This funding level is the same amount recommended for the Department of Justice for these civil commitment trials.
2. The Governor is recommending a decrease of $510,000 for the Indigent Defense Program. This decrease takes into account a $5 per hour increase in attorney fees. The FY 1999 appropriation included funding for a proposed increase in attorneys’ fees as well as a plan to pay juvenile claims up front rather than reimbursing the counties’ portion afterward. The proposal did not pass the General Assembly.

**Poverty Grants Legal Services Poverty Grants** – Dennis Groenenboom, Executive Director, Legal Services Poverty Corporation, presented the budget request for Legal Services Poverty Grants. The Governor is recommending an increase of $350,000 (58.3%) to provide additional funding for eligible persons in need. Some of the other issues discussed include:

1. The grants serve primarily women in domestic violence and family law cases in issuing non-contact orders. Also served are the elderly and disabled on limited incomes.
2. The Program turns away 750-850 people every month due to limited resources.
3. The Volunteer Lawyers Project includes 2,700 attorneys who volunteer their time. This makes Iowa the 5th highest in volunteer participation in the nation.



**Corrections Department of Corrections** – Kip Kautzky, Director of Department of Corrections, presented the Governor’s budget recommendation. The Governor is recommending an increase of $23.4 million and 312.4 FTE positions for FY 2000. The major recommendations making up this increase include:

1. The costs associated with increasing inmate populations ($2.1 million).
2. Opening new cellhouses and expanding residential facility usage ($13.0 million).
3. Additional probation/parole officers ($1.9 million).
4. Computer technology improvements ($952,000).
5. Sex offender hormonal intervention programming ($750,000).
6. Replacing expiring federal funding ($621,000).
7. Housing women prisoners out-of-state ($2.2 million).

**Other Issues Discussed** Some of the other issues discussed include:



1. The medical services contract at Ft. Madison. The consent decree was recently lifted, and the Department is examining more cost effective alternatives to providing inmate medical care.
2. Funding for the out-of-state placement of 100 female prisoners.
3. Construction status for the Ft. Madison special needs unit, the new cellhouses at Ft. Dodge and Mitchellville, the Mitchellville physical plant upgrades, and the special needs unit for Mt. Pleasant.
4. Jail standards and the Department’s jail inspection procedures.
5. Computer technology and the Department’s development of an integrated system that can share data across agency lines.

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Transportation, Infrastructure, and Capitals Appropriations Subcommittee

**Trans., Infras. & Capitals** The Transportation, Infrastructure, and Capitals Appropriations Subcommittee met February 2, 3, and 4 and heard presentations from several agencies requesting funding from the Rebuild Iowa Infrastructure Fund. The presentations are discussed below:



**Toledo Juvenile Home** Representatives from the Toledo Juvenile Home presented information on the Home’s programs, enrollment levels, and remodeling needs of the facility. The Home representative stated that $1.8 million is needed for an addition to the School for the Vocational Program. However, the $1.8 million is not included in the FY 2000 budget request but is programmed for FY 2003 in the Department of Human Service’s Five- Year Capital Improvement Program.

**Economic Dev. Programs** The Department of Economic Development presented information on the Community Attraction and Tourism Development Program, the Physical Infrastructure Assistance Program, and the Iowa Local Housing Assistance Program.

1. The Governor is recommending $10.0 million for the Community Attraction and Tourism Development Program. The Program would be a grant program to assist communities with construction and development of facilities that enhance Iowa’s tourism industry. The Department provided a list of examples of potential projects which would be eligible for funding. These projects include:
* Iowa’s First Capitol, Burlington
* NASCAR Track, Quad Cities
* America’s River, Dubuque
* The Iowa Child, Des Moines or Cedar Rapids
* Icarian Area, Corning
* Wyberg Village, Van Buren County
* Music Man Square, Mason City
* Small Town Life Museum, Perry
* German Haus Barn, Manning
* Museum of Religious Arts, Harrison County
* Riverview Park Development, Clinton
* Area Science Center, Iowa City
* Lewis and Clark Museum, Sioux City



1. The Governor is recommending $5.0 million for continuation of the Physical Infrastructure Assistance Program. This Program provides financial assistance for businesses or community infrastructure development or redevelopment projects that result in the creation of quality, high wage jobs and involve substantial capital investment. The Program also allows for environmental indemnification of properties that are used in industrial development.
2. The Department also presented the information on the Iowa Local Housing Assistance Program, which provides financial and technical assistance to local housing organizations. This Program was created in HF 732 (FY 1998 Housing Development Act) and was appropriated $1.0 million per year for five years beginning in FY 1998.



**Iowa State Fair** A representative from the Iowa State Fair presented the FY 2000 request and Governor’s recommendation for funding of the Varied Industries building. The Fair is requesting a total of $14.0 million over the next two fiscal years ($700,000 per year) to complete reconstruction of the Varied Industries Building. The Governor is recommending $3.0 million for partial construction costs in FY 2000.

**Correctional Institutions** The Department of Corrections provided information on the progress of construction projects currently in progress at the correctional institutions in Fort Dodge, Mitchellville, Fort Madison, and Mount Pleasant. The Department also presented the Governor’s FY 2000 infrastructure recommendations which include:

1. $3.8 million for the addition of 120 beds at the Iowa Medical and Classification Center in Oakdale. The Governor is also recommending $2.5 million in FY 2001 to complete the project.
2. $2.0 million for improvements to community-based correction facilities. The Department stated that the funds would likely be used at the community- based correction facilities in Dubuque and Council Bluffs.



**New IPERS Building** The Department of Personnel discussed the Governor’s recommendation to appropriate $2.4 million from the Iowa Public Employees Retirement System (IPERS) Fund for the construction of a new IPERS headquarters building. The Department was appropriated $4.0 million in FY 1999 for the acquisition and remodeling of an existing facility. The Department stated that they were not able to acquire a suitable facility for their operations. The Governor’s recommendation includes adding the $2.5 million appropriation to the $4.0 million FY 1999 appropriation to cover construction costs. The Department also stated that language would be required to extend the reversion date of the FY 1999 appropriation for an additional two years.

**Toll-Free Weather Info. Sys.** The Department of Public Safety discussed the operations of the Toll-Free Telephone Weather and Road Information System, the progress on the replacement of the Department’s radio system, and the Governor’s recommendation of $1.5 million for the construction of a new patrol post in Osceola.



**Hungry Canyons Alliance** Representatives from the Hungry Canyons Alliance and the Loess Hills Alliance presented a request for funding to the Subcommittee. The Hungry Canyons Alliance is requesting $1.2 million to fund stream bed stabilization to use to protect bridge and utility infrastructure. The Governor is recommending $1.0 million for FY 2000. The Loess Hills Alliance is requesting $1.1 million to be used to develop educational materials, public facility improvements, to allow Alliance members to work with landowners, and to assist the Alliance with the establishment of priority areas for protection/development within the Loess Hills region. The Governor is not recommending an appropriation for the Loess Hills Alliance.

STAFF CONTACT: David Reynolds (Ext. 16934)

Oversight and Communications Appropriations Subcommittee

**Oversight & Commun. Sub.** The Oversight and Communications Appropriations Subcommittee met February 2, 3, and 4.



 **Year 2000**

**Year 2000 Updates** On February 2, the Subcommittee heard presentations and discussed the following items:

1. Executive Branch and Elected Officials Year 2000 Update – Paul Carlson.
2. Judicial Branch Year 2000 Update – Larry Murphy.
3. Legislative Branch Year 2000 Update – Sandy Scharf.
4. Governor’s budget recommendations for agencies under the Subcommittee – LFB Staff.

**ICN & ITS Budget Requests** On February 3, the Subcommittee heard presentations and discussed the following items:

1. Iowa Communications Network (ICN) budget request – Tommy Thompson, ICN.
2. Information Technology Services (ITS) budget request – David Arringdale, ITS.

**IPTV Budget Request** On February 4, the Subcommittee heard presentations and discussed the following items:

1. Iowa Public Television (IPTV) budget request – Dave Bolender, IPTV.
2. ICN educational video usage report – Pam Pfitzenmaier, IPTV.
3. FY 2000 Governor’s Technology Assurance Fund recommended projects – Randy Bauer, DOM.

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

House Passes SJR 1 - Spending Limitation and Three-Fifths Majority Constitutional Amendments



**SJR 1** On February 3, the House passed SJR 1, which contains two proposed constitutional amendments. The first amendment includes many of the provisions of the current expenditure limitation law. The major provisions include:

1. Spending is limited to 99.0% of revenues.
2. Only 95.0% of any new revenue source implemented in a fiscal year is available for expenditure.
3. The Governor and General Assembly are required to use the most recent revenue estimate prior to January 1 in budget preparation and the budget process.
4. A 10.0% surplus requirement is created. Expenditures from the 10.0% pool of funds require a three-fifths majority vote.

**Second Const. Amendment** The second proposed constitutional amendment would require:

1. A three-fifths majority to increase personal income taxes, corporate income taxes, sales taxes, or use taxes.
2. A three-fifths majority to enact a new State tax.

**Special Election** Both proposed constitutional amendments will be submitted to the voters at a special election on June 29, 1999.

STAFF CONTACT: Larry Sigel (Ext. 14611)

Board of Corrections Meeting

**Board Meeting** The Board of Corrections met on February 5 and reviewed the following issues:



**Prison Population** Prison Population – The inmate population has decreased in recent months and stood at 7,372 inmates on January 29. Monthly admissions continue to exceed last year’s admissions, but releases have increased leading to the population decrease. Kip Kautzky, Department Director, commented that he was “glad for any reduction” but expected the inmate population to continue to grow.

**Tech. Violator Programming** Technical Violator Programming – The Department has proposed legislation that will allow them to hold administrative hearings and send technical violators to treatment located in converted Mental Health Institute space. The treatment would become an additional intermediate sanction before the probationer is revoked to prison. Target participants would be clients who have “dirty” drug tests and who have not committed new crimes.

**Detention Facilities** Regional Detention Facilities – Mr. Kautzky discussed SSB 1079 which would allow counties to enter into coalitions to build and operate regional jails. Federal funding is potentially available for these projects.

**Pay-for-Stay Program** Pay-for-Stay Program Administrative Rules – The Board approved the Department’s Administrative Rule change to allow a 6.0% surcharge on canteen purchases. These revenues would replace the $5 monthly charge that is now being collected.

**Governor’s Recomm.** Governor’s Budget Recommendations – John Baldwin, Deputy Director for Administration, discussed the Governor’s budget recommendations to the Legislature.

**Value Change Program** Value Change Program – The Department received one response to its request for proposal (RFP) for a value-based cognitive change program. Prison Fellowship, a Christian organization, will be operating the program at Newton. Since the program has a religious basis, inmates’ participation is voluntary. The 18-month program includes work, education, substance abuse counseling, support groups with family involvement, and mentoring. Program facilities will be provided with Telephone Rebate Funds. Prison Fellowship will contribute approximately $1.0 million worth of services and programming. Prison Fellowship has been operating the same program for the last year at Sugarland Prison near Houston, Texas.

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

State Agencies enter into Lease Purchase agreements

**Lease Purchase Notices** The Legislative Fiscal Bureau has received two lease purchase notifications from State agencies in accordance with Section 8.46, Code of Iowa.



**Veterans Home** The Iowa Veterans Home is entering into a lease purchase agreement for the purchase of an automated medication packaging machine. The machine seals patients’ medication into a unit dose package with name, medication information, administration time, and barcode printed directly on the package. The equipment is designed to deliver medication to patients with fewer errors. The total cost of the project is estimated at $361,000. This includes $320,500 in principal and $40,500 in interest at a rate of 4.64% for a period of approximately five years. Annual payments will total approximately $72,200. The lease payments will be funded from the Veterans Home General Fund appropriation.

**University of Iowa** The University of Iowa is entering into a lease purchase agreement for the purchase of equipment and furnishings for the University of Iowa’s Department of Alumni Records and Services. The total cost of the project is estimated at $593,000. This includes $524,000 in principal and $69,000 in interest at a rate of 4.83% for a period of five years. Annual payments will total approximately $118,600 and will be paid from Alumni Association donations.

STAFF CONTACT: David Reynolds (Ext. 16934)

Iowa Communications Network (ICN) Video Classrooms



**ICN Classrooms** The Iowa Communications Network (ICN) added seven interactive video classrooms during the last half of January at Camanche High School, PCM High School in Monroe, Kingsley High School, S.E. Warren High School in Liberty Center, the Des Moines Diocese, Keokuk Public Library, and Cedar Rapids Public Library. This brings the total number of classrooms to 638. The total number of classrooms that will be included in the Network at the end of the Part III build out is estimated at over 700. This will include multiple classrooms at several authorized sites. The table below presents the current distribution of sites by type of authorized user.

**IOWA COMMUNICATIONS NETWORK**

# Full-Motion Interactive Video Classrooms

|  |  |
| --- | --- |
| Area Education Agencies | 16 |
| Community Colleges | 94 |
| K-12 School Districts | 341 |
| Other Education | 4 |
| Libraries | 18 |
| Medical Facilities | 8 |
| Private Colleges | 17 |
| Regents Institutions | 25 |
| National Guard | 56 |
| State Agencies | 42 |
| Federal | 14 |
| Miscellaneous | 3 |
| Classrooms Total | 638 |

**Website** This information is updated weekly and is available on the Internet at **http://www.icn.state.ia.us/icn/html/map\_form.htm.** If you would like a copy of the full list of sites and their locations and do not have access to the Internet, you may contact the LFB and request a copy.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

**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**