FISCAL UPDATE February 22, 1999

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Administration and Regulation Appropriations Subcommittee

**Admin./Regulation** The Administration and Regulation Appropriations Subcommittee met on February 16 and 18.

**Capitol Security** On February 16, Richard Haines, Director of the Department of General Services, and Major Royce Anthony, Capitol Security, discussed security at the Capitol Complex.

**Security/Hoover Bldg.** Mr. Haines told the Subcommittee that the Department had requested funds to contract for a front desk position at the Hoover Building. This position would provide information to walk-in customers and security for the building. Mr. Haines told the Subcommittee that this request was not recommended by the Governor.

**Secret Service Study** Major Anthony told the Subcommittee that the United States Secret Service performed a Capitol Complex security study. This service was provided at no cost to the State and results of the study should be submitted to Capitol Security by June 1999. The Subcommittee requested that the report be forwarded to the Legislative Fiscal Bureau.

**Sub-subcommittee Recomm.** On February 18, the Subcommittee reported on their Sub-subcommittee recommendations. The recommendations were distributed and discussed by the members.

#### FY 2000

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**FY 2000 Budget Recomm.** On February 18, the Legislative Fiscal Bureau distributed and reviewed FY 2000 General Fund Subcommittee draft recommendations. Comparisons were made to estimated FY 1999, Department requests for FY 2000, and Governor’s recommendations for FY 2000.

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

Economic Development appropriations Subcommittee Meetings

**Economic Development Sub.** The Economic Development Appropriations Subcommittee held meetings on February 16, 17, and 18.

**Presentations** On February 16, the Subcommittee heard testimony covering the following subjects:



1. Mike Doyle, Division Administrator of the Department of Economic Development’s International Division, presented the FY 2000 budget request and an overview of the Division’s purpose.
2. Nancy Landess, Administrator of the Department of Economic Development’s Tourism Division, presented the FY 2000 budget request and an overview of the Division’s purpose.

#### FY 2000

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**Workforce Development** On February 17, Deb Dessert, Interim Director, and John Bargman of the Department of Workforce Development, reviewed the federal Workforce Investment Act of 1998 and the Department’s actions and duties in response to the new legislation. Labor Commissioner Byron Orton presented the FY 2000 budget request and an overview of the duties and performance of the Department of Workforce Development’s Labor Division.

**Business Development**  On February 18, Lane Palmer, Division Administrator of the Department of Economic Development’s Community and Rural Development Division, presented an overview of the Division’s purpose and FY 2000 budget request.

**Next Week** The tentative agenda for the week of February 22 includes:



1. February 23: The Subcommittee will meet jointly with the Education Subcommittee in Room 22. Myrt Levin of the Iowa Business Council and Kim Linduska of Des Moines Area Community College will discuss worker education and training issues.
2. February 24: The Departments of Education, Workforce Development, and Economic Development will discuss current Iowa workforce training and education programs.
3. February 25: The Directors of the Departments of Education, Workforce Development, and Economic Development will discuss Iowa’s workforce future.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Education Appropriations Subcommittee

**Education Subcomm.** The Education Appropriations Subcommittee held three meetings during the week of February 15. The Subcommittee heard the following presentations.



**Univ. of Iowa** On February 16, President Mary Sue Coleman presented the strategic plan and budget request for the University of Iowa (SUI). The University requested $305.9 million and 10,459.5 FTE positions for FY 2000. This is an increase of $10.5 million and 66.1 FTE positions compared to estimated FY 1999. The Governor recommended $298.6 million and 10,429.4 FTE positions, which is an increase of $3.2 million and 36.0 FTE positions compared to estimated FY 1999. The table below compares the University’s new funding requests to the amounts recommended by the Board of Regents and the Governor.



**School of Public Health** Most of the Subcommittee discussion centered on the new funding request to establish an accredited School of Public Health, which would allow the development of a new, interactive Master of Public Health degree. The Board of Regents requested $1.3 million and the Governor recommended $1.1 million for the new public health initiative.



**Reading Recovery Program** On February 17, Mary Lose, Director of the Reading Recovery Center, and Richard Shepardson, Interim Dean of the College of Education at the University of Iowa, discussed the Reading Recovery Program. The Funding for the Program from the Interest for Iowa School Fund was codified in FY 1999 and the Program receives approximately $240,000 annually. A minimum of $100,000 is allocated to support the Reading Recovery Center and the balance is distributed to area education agencies (AEAs). Some Subcommittee members questioned whether the funding allocation formula for AEAs was the best method of providing reading programs to first graders needing assistance.

**Dept. of Cultural Affairs** On February 18, presentations were heard on the Department of Cultural Affairs FY 2000 budget request, advanced placement programs, and science and math professional development programs.

#### FY 2000

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**FY 2000 Budget Request** Dan Hunter, Acting Director of the Department of Cultural Affairs, presented the Department’s budget request of $6.6 million and 91.2 FTE positions for FY 2000. This is an increase of $563,000 and 2.5 FTE positions compared to estimated FY 1999. The Governor recommended $6.2 million and 88.7 FTE positions, which is an increase of $125,000 and no change in FTE positions compared to estimated FY 1999. Subcommittee discussion centered on the need to increase awareness of grant programs and to provide assistance to small towns and organizations in obtaining grants.



**Advanced Placement Classes** Gaylen Johnson, Des Moines Public Schools, presented information regarding a proposal which would provide advanced placement classes for students in rural areas through the ICN network. Implementation of the program would include setting up studios, operational funding, access fees to utilize the ICN, and increased support to local school districts. Subcommittee members questioned the need and cost of establishing such a program. The overall cost of the program was not presented, but based on the national average of participation, the annual cost was estimated at $1.0 million, not including start-up costs.

**Science & Math Teachers** John Dunkhase, Science Education Center at the University of Iowa, and Jeanne Bancroft, District Science Coordinator for the Iowa City Community School District, presented information on the need for professional development for science and math teachers.

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

HEALTH AND HUMAN RIGHTS APPROPRIATIONs SUBCOMMITTEE

**Human Rights** On February 16, Rose Vasquesz, Acting Director of the Department of Human Rights, and various Division Administrators presented the budget for the Department of Human Rights. Departments that had no new budget requests for this year were:

1. Central Administration, presented by Rose Vasquez
2. Deaf Services, presented by Kathryn Baumann-Reese
3. Latino Affairs, presented by Sylvia Tijerina



1. Rose Vasquez and Terry Taylor presented on behalf of Persons with Disabilities. A need was expressed to reinstate the FTE position for a Division Administrator. The Division has been without a Division Administrator for the last four years.
2. Charlotte Nelson, Division Administrator for the Status of Women, presented the Division’s budget request. The Division is requesting an increase of $125,000 for the Displaced Homemakers Program. The Governor is recommending an increase of $75,000. It was noted in the meeting that they were in the process of changing the name of the program to “Iowans in Transition.”
3. Rose Vasquez presented the Governor’s recommendation for $60,000 to create a new Division on the Status of Southeast Asians. According to Ms. Vasquez, there are an estimated 35,680 Asian Americans residing in the State of Iowa.
4. Jim Smith, Division Administrator for Community Action Agencies, discussed the Division’s federal funding.
5. Romelle Slaughter presented on the Status of African Americans. He informed the Committee that the Division was requesting an addendum to the budget requests of $89,000.
6. A brief presentation was given by Mike Coverdale, Executive Director for the Iowa Community Action Associations, regarding what Community Action Agencies do in regard to identifying and addressing local causes of poverty.
7. Richard Moore, Division Administrator of Criminal and Juvenile Justice Planning, gave a budget presentation regarding such issues as the administering of funds for justice system research, establishing and maintaining juvenile crime prevention, and assisting with the development of the justice data warehouse.

**Dept. of Elder Affairs** On February 18, Judith Conlin, Director of the Department of Elder Affairs, came before the Subcommittee and gave the Department presentation. Discussion arose regarding the increases totaling $200,000 that the Governor recommended. Other issues discussed were ombudsman, advocacy and information, and care review.

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

Human Services Appropriations subcommittee

**Human Services** The Human Services Appropriations Subcommittee met the week of February 15 and conducted the following business:

February 15



**Welfare Reform** The Subcommittee heard from representatives of the Institute for Social and Economic Development regarding welfare reform projects. Discussion included:

1. The purpose and cost of the proposed demonstration projects and possible sources of money, including a federal match if non-federal funds are used for the funding.
2. Persons served by the proposal, and eligibility due to federal poverty level guidelines.
3. Risks required for individuals operating new small businesses and the impact from achieving independence from the welfare system.

**Foster & Adoptive Parent** Representatives of the Iowa Foster and Adoptive Parent Association discussed the following:

1. Priorities, including but not limited to, increasing the number of days for respite and the training of substitutes for parental respite, access to family-centered services, medical concerns of children, and support services.
2. An explanation of the increased coverage for foster care home insurance, due to a house fire in 1998 and dispute over the State being the payor of first resort rather than last resort for insurance coverage.

**Child Protection Study** The State Ombudsman and representatives of the Child Protection Study, undertaken as required by statute, discussed the need for additional information separating the recommendations between those possible to be completed by the Department of Human Services (DHS) without statutory language and those requiring statutory language prior to implementation.

#### FY 2000

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**Adult, Children, Fam. Serv.** The Subcommittee heard discussion regarding the FY 2000 budget request for the Division of Adult, Children, and Family Services within the DHS. Discussion included:

1. The policy disagreement between entities regarding the timing of removal of children from parents or homes which are inappropriate.
2. The basing of financial support of foster families on specified percentages of the United States Department of Agriculture estimates of the cost of raising a child.
3. Increases in the budget proposals regarding various initiatives relating to the Division.
4. Reasons for the decrease in foster family shelter care, due to the pilot project not being as effective as proposed.
5. The need for caseworker in-service training for attachment disorders, both increases in the training of treatment, as well as recognition of the disorder.
6. Action taken when abuse takes place between two foster children.
7. Policy decisions regarding the $1.0 million limit on the use of certain fine monies for juvenile detention and the use of funds available beyond the $1.0 million.
8. Enhancement of services provided to encourage adoptions.

February 16

**Head Injuries** The Subcommittee heard testimony from representatives of the Advisory Council on Head Injuries. Discussion included:

1. Proposed plans and costs of a Statewide delivery system for the continuum of care for those with head injuries.
2. The amount of monies for costs incurred at the county level for services provided to those with head injuries.
3. A proposed uniform Statewide tax levy for services provided to those with mental retardation, mental illness, developmental disabilities, or brain injuries.



**PACT** The Subcommittee received a presentation regarding the Program for Assertive Community Treatment (PACT) at the University of Iowa. Discussion included:

1. The previous relationship with the local community mental health centers.
2. Details regarding the use of the brain during certain activities such as reading.
3. The pilot projects of the Program and outcomes for people served by the Program.

**Community Mental Health** Representatives of community mental health centers presented information and discussion, including:

1. Revenues and expenditures of community mental health centers and the effect of the transition to funding by fee for service from block grants.
2. Differences in payments received for similar services, depending on whether the federal government reimbursement rate, the State Medicaid Program rates, or private third-party payor rates are applicable.
3. Possible decreases in the amount of funding received from the county government level.
4. The elimination of the sliding fee scale for certain persons provided services by county governments.

February 17

**Elec. Benefits Transfer** The Subcommittee received information from representatives of the Department of Human Services regarding the Electronic Benefits Transfer Program. Discussion included:

1. The financial impact of the delay of the expansion of the Program.
2. Transaction fees.



CHIP & HAWK-I

**CHIP & HAWK-I** Representatives of the Department of Public Health and the DHS presented information regarding the Children’s Health Insurance Program (CHIP) and the Healthy and Well Kids in Iowa (HAWK-I) Program. Discussion included:

1. The estimated FY 1999 expenditures and reversions to the Healthy and Well Kids in Iowa Trust Fund.
2. An explanation of differences between the indemnity insurance plan and the managed care plan, which cover different counties in the State beginning March 1.
3. The use of presumptive eligibility for children and the impact of advertising eligibility for the Programs.
4. Possible increases in the number of children served due to private industry elimination of insurance coverage for dependents due to the availability of public insurance coverage for children.
5. The possible impact of increasing per diem costs by expansion to 200.0% of the Federal Poverty Level.
6. Changes in the definition of “income” due to concerns by the Rules Review Committee.
7. Unknown variables for expenditures due to the lack of reliable information on the number of possible eligible children, the greater than anticipated percentage of children being served through indemnity rather than managed care plans, and the rapidity of the number of individuals applying for coverage.
8. The desire of some participants to contribute to the cost of the Program rather than receiving insurance benefits without charge.
9. Differences between benefits of the Children Health Insurance Program and the Healthy and Well Kids in Iowa Program, and the difference in costs.
10. Possible changes in the Programs due to changes in the federal statute and the various recommendations by the Medical Assistance Council.

**Healthy & Well Kids Prgm.** The Subcommittee received information from a representative of the advertising agency funded for notifying the public of the Healthy and Well Kids in Iowa Program. Discussion included:

1. The cost and success of the public relations effort.
2. The possible underutilization of the school district information for free and reduced price lunches to promote the Program.

An administrative services agent for the Healthy and Well Kids in Iowa Program also presented information.

**Special Needs Subcomm.** The Subcommittee heard testimony from a representative of the Special Needs Subcommittee of the Children’s Health Insurance Program. Discussion included:

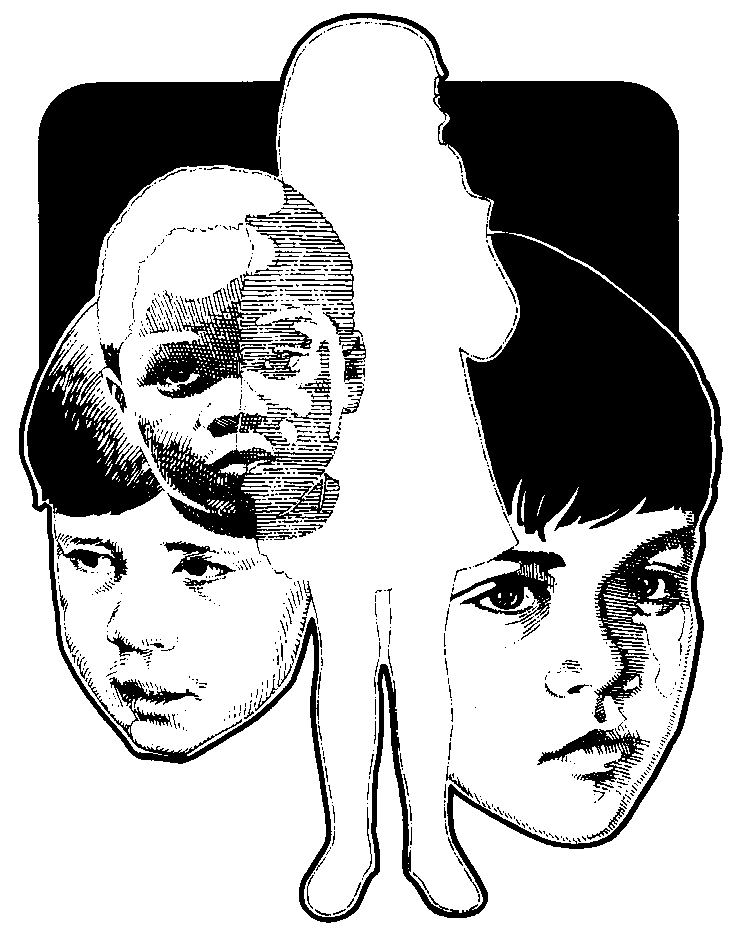
1. Enhanced benefits for children with special needs.
2. The need for a common definition of “children with special needs.”
3. Coordination of care between the primary provider and medical specialists.
4. The future development of a cost estimate to include enhanced benefits.
5. A motion was made and approved to notify the Governor’s Strategic Planning Task Force that the Special Needs Subcommittee Report and the Report from the Iowa Advisory Council on Head Injuries should be included when planning for the future of Iowa, to enhance the lives of and provide appropriate services for these individuals.

**Recommendation**

1. Unanimous consent was received to recommend that the Commissioner of Insurance review and propose solutions for additional insurance coverage beyond the benefits available from the Children’s Health Insurance Program.

February 18

**Iowa Juvenile Home** The Subcommittee received information from a representative of the Iowa Juvenile Home. Discussion included:



1. Measurement of success in changing behavior and educational achievements.
2. Vocational training and educational opportunities and challenges.
3. Possible decreases in inappropriate behaviors if males and females were served in separate facilities.
4. Necessity of returning to group care facilities, although success was not apparent prior to receiving services at the Iowa Juvenile Home.
5. Need for additional communication between the staff at the Iowa Juvenile Home and other DHS staff at the local level for successful transition of the juvenile.
6. Need for additional training of staff for behavior challenges presented by the juveniles.
7. Staff wage rates.

**Certified Nurse Aides** The Subcommittee heard testimony regarding Certified Nurse Aides from representatives of the Iowa Caregivers Association and the DHS. Discussion included:

1. Challenges in providing necessary data regarding verification that Certified Nurse Aides receive increases in salary if proposed increases are provided since financial information is not readily available.

**Long-term Care Alternatives** The Subcommittee received information regarding long-term care alternatives from a consultant contracted by the DHS. Discussion included:

1. National rankings on various long-term care categories, including but not limited to, funding per capita, utilization, potential demand for long-term care, and home and community-based expenditures.
2. Possible use of independent living with limited care provided in lieu of placement in intermediate care facilities.
3. Possible disadvantages of long-term care insurance coverage.



LONG-TERM

CARE

INSURANCE

**Long-term Care Insurance** The Subcommittee received information from a representative of the DHS and the Iowa Health Care Association regarding long-term care insurance incentives. Discussion included:

1. Advantages and disadvantages of purchasing long-term care insurance coverage.
2. Use of tax credits to encourage individuals to purchase long-term care insurance coverage.
3. State provision of an asset preservation program, permitting the proceeds from a long-term care insurance policy to be included in the income disregard process of determining eligibility for Medicaid.

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

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

Justice System Appropriations Subcommittee

**Justice System** The Justice System Appropriations Subcommittee met February 16, 1999. Dale Woolery, Acting Director of the Governor’s Alliance on Substance Abuse (GASA), presented the types of operations and programs funded through the agency. The Governor’s Alliance on Substance Abuse (GASA) is currently located in the Heath and Human Rights Subcommittee, but was invited to this Subcommittee in preparation for a potential move to the Department of Public Safety.

**GASA** Budget



1. The Governor’s Alliance on Substance Abuse (GASA) budget request and Governor Vilsack’s recommendation is $471,000, the same amount as last year. The Governor is recommending the agency be moved into the Department of Public Safety.
2. The State funds are used for personnel, technical assistance, audits, operational costs, and to match federal dollars.
3. The Agency is requesting three Project Appointments be converted to FTE positions, raising the total to 13 FTE positions. These positions are currently funded.

**Federal Grants** Federal Grants



**GASA – Federal Money** Governor’s Alliance on Substance Abuse (GASA) administered $10.0 million dollars in federal grant money in FY 1999. These dollars went toward narcotics enforcement, substance abuse prevention and treatment, and victim services. The major grants include:

1. Edward Byrne Memorial State and Local Law Enforcement Assistance Program – $5,834,000 available funding plus carry-over.
2. STOP Violence Against Women Act (VAWA) – $1,670,000 available funding plus carry-over.
3. Local Law Enforcement Block Grant Program - $365,000 available funding plus carry-over.
4. Residential Substance Abuse Treatment for State Prisoners - $520,000 available funding plus carry-over.

**Methamphetamine** Mr. Woolery addressed the availability of federal dollars to combat methamphetamine in Iowa. He estimated $300,000 may be available; however, this figure includes reverted grant funds. These funds vary year-to-year, making it an unreliable funding source beyond FY 2000. The money must be used according to federal guidelines and require a 25.0% State match.



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

Oversight and Communications Appropriations Subcommittee

**Oversight/Commun.** The Oversight and Communications Appropriations Subcommittee met February 16 and 17.



**Year 2000**

**Year 2000 Audit** On February 16, the Subcommittee heard a presentation from Sue Bivins, Project Manager for the Hitachi Data Systems Year 2000 Century Date Change Programming Progress Audit. The Audit focused on the efforts of the Year 2000 Project Office and CTA, Inc., the private sector partner working to correct the computer programming problems and identify and correct the embedded chips that are date sensitive.

**Iowa Rates “A-“** Ms. Bivins cited the final report and stated, “The Year 2000 Project Office and the independent verification and validation processes applied in Iowa, with few exceptions, meet the best practices in the industry for century date change conversion.” Overall, Ms. Bivins rated Iowa an “A-“ and offered a few recommendations that the Project Office could implement to further position the State for minimal disruption.

**Copies Available** Copies of the Executive Summary of the final report are available from the Fiscal Bureau Office.

**Year 2000 Issues** On February 17, the Subcommittee heard presentations on and discussed the following issues.



**Year 2000**

1. Alfred Ho, ISU Professor, discussed the Y2K efforts of Iowa cities and counties based on the results of a survey he conducted.
2. Willem Bakker, Manufacturing Technology Center, Iowa State University, discussed the Center’s outreach activities related to small businesses and Y2K preparedness.
3. Linda Plazack, Information Technology Services (ITS), discussed the future data warehousing needs of the State to manage its large data bases effectively.
4. Ann Peton, ITS, Geographic Information Systems, discussed the types of data currently available over the Internet and the types of applications for use of the information.

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

Transportation, Infrastructure, and Capitals Appropriations Subcommittee



**Hall of Pride** The Transportation, Infrastructure, and Capitals Appropriations Subcommittee met February 16 and heard a presentation from Jack Lashier of the Iowa High School Athletic Association. Mr. Lashier discussed the Association’s proposal to construct an Iowa Hall of Pride facility on the Capitol Complex. The facility would promote the achievements of Iowans in athletics as well as other areas of community life. The cost to complete the 40,000 square foot facility is estimated at $11.0 million. The Association is requesting a total of $3.0 million in State funds that would be matched by $8.0 million in private funds. The Governor did not recommend funding for the project.

**DOT FY 2000 Budget** The Subcommittee also reviewed the Department of Transportation’s FY 2000 budget request and Governor’s recommendations.

STAFF CONTACT: David Reynolds (Ext. 16934)

Senate Ways and Means Committee Approves SF 176, Investment Counseling Sales Tax Exemption



**Sales Tax Exemption** On February 18, the Senate Ways and Means Committee approved SF 176, which provides an exemption from the sales tax for investment counseling services. The scope of the exemption is limited to fees provided for investment counseling and any products (books, tapes, videos, etc.) sold by the certified financial planner. Investment counseling services are currently exempt from the sales and use tax when provided by an attorney or certified public accountant. Commission-only fees are currently not taxable under the sales and use tax because the gross receipts are initiated from the sale of intangible personal property, such as insurance products and securities.

**Fiscal Impact** The estimated fiscal impact of SF 176 is a reduction in General Fund revenues of approximately $750,000 in FY 2000 and $788,000 in FY 2001.

STAFF CONTACT: Larry Sigel (Ext. 14611)

Oil Overcharge Bill - HSB 42 Passes House Appropriations



**Oil Overcharge - HSB 42** The House Appropriations Committee passed HSB 42 (Oil Overcharge Appropriations Bill) on February 17. The Bill appropriates petroleum overcharge funds for FY 2000 to the Department of Human Rights and the Department of Natural Resources. The Bill:

1. Appropriates $560,000 to the Department of Human Rights for qualifying energy conservation programs for low-income housing. This is a decrease of $140,000 compared to the FY 1999 appropriation.
2. Appropriates $90,000 to the Department of Natural Resources for energy conservation and extension purposes. This is a decrease of $25,000 compared to the FY 1999 appropriation.
3. Appropriates $175,000 to the Department of Natural Resources for administrative functions. This is a decrease of $25,000 compared to the FY 1999 appropriation.

**NOBA**

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

STAFF CONTACT: Deb Kozel (Ext. 16767)

Senate Appropriations Committee passed SF 76 (Department of Transportation administration/ Technology Bill)



Training & Technology

**SF 76** The Senate Appropriations Committee passed SF 76 (Department of Transportation Administration/Technology Bill). The Bill provides for the following:

1. Allows the Department of Transportation (DOT) to retain 50.0% of the unencumbered or unobligated balance of funds appropriated to the Department for operations from the Primary Road Fund and Road Use Tax Fund. The retained funds will be used for employee training and technology enhancements in the succeeding fiscal year. Assuming the DOT reverts the same amount of funds in FY 1999 that were reverted in FY 1998, the Department would retain approximately $1.2 million for training and technology expenses. The Department would also be required to submit a report to the Transportation, Infrastructure, and Capitals Appropriations Subcommittee, the Legislative Fiscal Bureau, and the Department of Management detailing how the funds were expended.
2. Creates a standing appropriation of $308,000 from the Road Use Tax Fund to purchase equipment for the issuance of driver’s licenses in counties that have been authorized to issue driver’s licenses in place of DOT itinerant teams. House File 2424 (FY 1999 County Driver’s License Act) transferred driver’s license issuance functions from ten DOT itinerant teams to 42 county treasurers’ offices. The counties will begin issuing licenses on January 1, 2000.
3. Transfers a $75,000 unexpended Lottery Fund appropriation to the Railroad Revolving Loan Fund. In FY 1995, the $75,000 was appropriated to the Railway Finance Authority for a community assistance grant to be used to preserve jobs in a community in which railroad shops and other local rail facilities had been closed due to rail line acquisition. The grant was not awarded because the targeted project was not implemented.

**NOBA**

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

STAFF CONTACT: David Reynolds (Ext. 16934)

Joint House and Senate Hearing on the Iowa Year 2000 Status



**Year 2000**

**Hearing on Year 2000** On February 17, the Iowa General Assembly held a hearing on the Status of Year 2000 computer and embedded chip remediation in both the public and private sectors in Iowa. The General Assembly heard presentations from:

1. Gary Wilson, Chairperson, Des Moines Year 2000 Working Group – Y2K Overview.
2. Paul Carlson, Project Leader, Year 2000 Project Office – Review of overall Executive Branch efforts.
3. James Scott, COO, Computer Technology, Incorporated (CTA) – State audit process.
4. Sue Bivins, Hitachi Data Systems – Y2K audit findings.
5. David Dobbins, Associate Director of Information Technology Services, University of Iowa – Board of Regents Y2K Progress.
6. Ellen Gordon, Administrator, Emergency Management – Statewide contingency planning.
7. Allan Thoms, Chairperson, Utilities Board – Status of various utilities.
8. Therese Vaughan, Commissioner, Insurance Division – Status of insurance industry.
9. Michael Guttau, Superintendent, Division of Banking – Status of banks.
10. John O’Connoll, School Improvement Technology Consultant – Status of schools.
11. Tricia Fazzini, Communications Director, Iowa State Association of Counties – Status of counties.
12. Tom Bredeweg, Executive Director, Iowa League of Cities – Status of cities.

**More Information** Copies of materials provided by the speakers are available from the Fiscal Bureau.

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Lottery Revenues and Expenditures Through January

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**FY 1999 Lottery Revenues** Through January, FY 1999 Lottery game revenues were $9.2 million above the FY 1998 level. Lottery prize expenses increased $5.4 million, operating expenses increased $1.3 million, and transfers to other State funds increased $2.3 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 January**  **(Dollars in millions)** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | FY 1998 |  | FY 1999 |  | Inc./  Decr. |  | % Inc. |
| Fiscal Year Beginning Balance |  | $ 3.4 |  | $ 3.1 |  | $ -0.3 |  |  |
|  |  |  |  |  |  |  |  |  |
| Game Revenues |  | 91.4 |  | 100.6 |  | 9.2 |  | 10.1 |
| Interest |  | 0.5 |  | 0.4 |  | -0.1 |  | -14.5 |
| Total Revenue |  | $ 91.9 |  | $ 101.0 |  | $ 9.1 |  | 9.9 |
|  |  |  |  |  |  |  |  |  |
| Prize Expense |  | $ 53.3 |  | $ 58.7 |  | $ 5.4 |  | 10.2 |
| Operating Expense |  | 20.3 |  | 21.6 |  | 1.3 |  | 6.6 |
| Transfer of Profits |  | 18.3 |  | 21.1 |  | 2.8 |  | 12.8 |
| Total Expense |  | $ 91.8 |  | $ 101.4 |  | $ 9.6 |  | 10.5 |
|  |  |  |  |  |  |  |  |  |
| January Ending Balance |  | $ 3.4 |  | $ 2.7 |  | $ -0.7 |  |  |

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

1. Instant ticket sales decreased $1.7 million (3.4%).



1. Iowa Lotto/Supercash/Pick 3 sales decreased $2.2 million (51.5%).
2. Multi-State Powerball sales increased $12.3 million (72.3%).
3. Multi-State Daily Millions/Cash 4 Life sales decreased $548,000 (18.0%).
4. Daily Game sales decreased $270,000 (9.3%).
5. Pull-tab sales increased $1.7 million (12.7%).

**January Sales** Total Lottery sales for January were above January 1998 by $892,000 (7.2%). January 1998 sales for instant ticket and Powerball games were above January 1998.



**REC Projections** The December 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 State 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 January and the previous year’s figures are year-end.



**Sales Tax Paid** In addition to the amount transferred to the State as profits, the Lottery has paid $5.0 million in sales tax during FY 1999.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

UNDERGROUND Storage Tank Insurance Board Holds First Meeting



**Insurance Board Meeting** The Underground Storage Tank (UST) Insurance Board held its first meeting on February 18. The Board was created in HF 2490 (Underground Storage Tank Insurance Board Act of 1998). The purpose of the Board is to make recommendations to the Underground Storage Tank Fund Board concerning privatization of the State’s current Underground Storage Tank Insurance Program. By July 1, 2004, the UST Insurance Board shall restructure itself as a nonprofit entity organized to provide private market insurance for underground storage tanks. Also by July 1, 2004, the State shall transfer all assets in the UST Insurance Fund to the nonprofit entity.

**Members** The Board consists of three voting and two non-voting members. Senate confirmation is not required. Board membership shall include:

1. Two underground storage tank owners or operators appointed by the Governor.
2. One representative of a government subdivision appointed by the Governor.
3. The Auditor of State or the Auditor’s designee (non-voting).
4. The Treasurer of State or the Treasurer’s designee (non-voting).

**Meeting Highlights** Meeting highlights include:

1. Bill Krause of the Krause Gentle Corporation was elected Board President.
2. Insurance Commissioner and UST Fund Board Chairperson Therese Vaughn, UST Program Administrator Pat Rounds, and UST Fund Board legal counsel Bob Galbraith briefed the Board on program history and duties.
3. Pat Rounds informed the Board that the current UST Insurance Fund balance is $29.0 million, while the value of claims outstanding against the fund is approximately $3.0 million.
4. March 9 was set as the next meeting for the UST Insurance Board.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Weekly Medical Assistance Program Expenditures in the Department of Human Services



**Medical Asst. Program** For the week ending February 15, 1999, FY 1999 General Fund expenditures for the Medical Assistance Program in the Department of Human Services were $15.1 million (92.8% of budget). This is $1.2 million below the weekly budget established by the Department. Year-to-date Medical Assistance General Fund expenditures are $216.4 million, which is $6.0 million (2.8%) above the amount budgeted for the fiscal year-to-date.

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



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

**LFB Website** 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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