FISCAL UPDATE April 20, 1998

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 Status of Appropriations Bills



| **Appropriations Subcommittee Bills** |
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| **Appropriations Subcommittee** |  | **LSB/File #** |  | **Status** |
| Admin./Regulation |  | HF 2498 |  | Passed Senate on April 9. |
| Ag./Natural Resources |  | SF 2295  |  | Conference Committee Adopted on April 14. |
| Economic Development |  | SF 2296 |  | Passed Senate (Second Time) on April 17. Motion to Reconsider Filed.  |
| Education |  | HF 2533 |  | Final Action on April 16. |
| Health/Human  Rights |  | SF 2280 |  | Final Action on April 14. |
| Human Services |  | SF 2410 |  | Final Action on April 15. |
| Justice System |  | HF 2539 |  | Final Action on April 14. |
| Oversight & Comm. |  | LSB 3181JA |  | Passed House Approps. on April 17. |
| Trans., Infrastruc-ture, & Capitals |  | HF 2499SF 2381 |  | Transportation Appropriations Bill sent to Governor on March 23. Infrastructure Bill passed House on April 16. Back in the Senate. |

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| **Other Appropriations Bills** |
| **Subject** |  | **File #** |  | **Status** |
| Oil Overcharge |  | HF 2210 |  | Signed by the Governor on March 31. |
| Fed. Block Grant  |  | HF 2218 |  | Signed by the Governor on March 23. |
| Obsolete & Unnec­es­sary Provisions of the Code |  | HF 2271 |  | Signed by the Governor on April 17 |
| **Other Appropriations Bills** |
| **Subject** |  | **File #** |  | **Status** |
| FY 1998 Supplemental Appropriations |  | HF 2395 |  | Passed Senate Approps. on April 15. On Senate Floor. |
| Safe Assisted Living Facilities/Dependent Adult Abuse (formerly HF 2525) |  | HF 2544 |  | Passed House on April 7. In Senate Approps. |
| Mental Health Allowed Growth (formerly HF 2519) |  | HF 2545 |  | Passed House (Second Time) on April 16. |
| Waste Tires (formerly HF 2511) |  | HF 2546 |  | Passed Senate Approps. on April 17. On Senate Floor. |
| IowAccess System (formerly HF 2524) |  | HF 2547 |  | Passed House Approps. on April 8. |
| School to Career Program (formerly HF 2459) |  | HF 2548 |  | Passed Senate Approps. on April 16. On Senate Floor. |
| Salary Bill |  | HF 2553 |  | Final Action on April 9. |
| Mental Health??? |  | HF 2558 |  | Passed Senate on April 17. |
| Organic Agriculture |  | SF 2332 |  | Passed Senate on April 14.  |
| Education Reform $19.7 mil GF |  | SF 2366 |  | Final Action on April 17  |
| Workforce Recruitment Initiatives |  | SF 2414 |  | Motion to reconsider in the Senate on April 15.  |
| Ag. Finance |  | SF 2415 |  | Passed House April 17. |
| Railroad Rev. Fund |  | SF 2417 |  | Passed Senate on April 9. In House Approps. |

**Final Passage** The following appropriations bills reached final passage last week.

* Agriculture/Natural Resources - SF 2295
* Education - HF 2533
* Health/Human Rights - SF 2280
* Human Services - SF 2410
* Justice System - HF 2539
* Salary Bill - HF 2553
* Education Reform - SF 2366
* Mental Health - HF 2558

**Ways & Means Bills** The following Ways & Means Bills have reached final passage:

* Omnibus Tax Package - SF 2513
* Internal Revenue Code Update - SF 2357
* Pre-Tax Public Pensions - HF 2153
* Educational Savings Plan Trust - HF 2119
* Machinery and Equipment Sales Tax - SF 2288
* New Jobs and Income Program - Insurance Companies - HF 721
* Sales Tax Exemption for Rural Water Districts - SF 2365
* Massage Therapist Sales Tax Exemption - HF 2550

**Summaries** Final action summaries of these bills will appear in the “session end” Fiscal Update which the Legislative Fiscal Bureau will issue soon after the Legislature adjourns for the year. For more information, please contact the Fiscal Bureau.

STAFF CONTACT: Holly Lyons (Ext. 17845)

Oversight and Communications Appropriations Bill - SF 2418



**Oversight & Communications** On April 17, the House Appropriations Committee amended SF 2418, the Oversight and Communications Appropriations Bill. The Bill appropriates $23.5 million from the General Fund and 267.0 FTE positions for FY 1999. This is an increase of $948,000 (4.2%) and 17.0 (6.8) FTE positions compared to estimated FY 1998. The changes made to the Bill by the House Appropriations Committee include:

* House Appropriations Committee Amendment eliminates language requiring the Iowa Telecommunications and Technology Commission (ITTC) to develop a written proposal to transfer the Division of Information Technology Services of the Department of General Services (DGS) to the ITTC. The proposal is to be submitted to the Governor for approval and also submitted to the General Assembly by January 1, 1999.
* House Appropriations Committee Amendment eliminates the allocation of $935,000 to the State Board of Regents for technology improvement from the Reversion Technology Initiatives Account.



* House Appropriations Committee Amendment adds language requiring the ITTC to submit any proposed expenditure of funds received from an allocation from the Reversion Technology Initiatives Account to the Legislative Oversight Committee for review and approval.
* House Appropriations Committee Amendment eliminates language authorizing funds appropriated for FY 1999 to the ITTC for Part III connections to the Iowa Communications Network (ICN) and for the replacement of laser optics components in the ICN to carry forward into FY 2000, and also strikes language allowing the substitution of sites wanting to be connected to the ICN on a one-for-one basis with sites no longer wanting to be connected.
* House Appropriations Committee Amendment reprioritized the listing of projects that are eligible to receive funding from the Reversion Technology Initiatives Account.
* House Appropriations Committee Amendment strikes an allocation of $2.7 million from the Reversion Technology Initiatives Account to the Department of Revenue and Finance for the purchase of a tax processing imaging system.



* House Appropriations Committee Amendment eliminates language specifying that the Dubuque River Discovery Museum shall be connected to the Iowa Communications Network.
* House Appropriations Committee Amendment eliminates language prohibiting the expenditure of funds for IowAccess until the completion of an interim study concerning the electronic access of public information by the public.
* House Appropriations Committee Amendment eliminates language establishing an Information Technology Bureau under the direction of the Legislative Council.
* House Appropriations Committee Amendment adds language related to IowAccess which includes:
* Creating the IowAccess Advisory Council and specifying its powers and duties.
* Specifying the powers and responsibilities vested in individual government agencies related to custodianship of public records.



* Specifying that the Division of Information Technology Services of the DGS shall collect moneys paid to the government electronically through the IowAccess system.
* Requiring, at a minimum, an annual audit of the electronic transmission system by which government records are transmitted electronically to the public.
* Authorizing credit cards as an approved means of payment for use of the IowAccess system.
* Specifies the source of funding.
* Limits the amount of funding for FY 1999 to $400,000 of the receipts collected by the Department of Transportation for the sale of certified driver records. These funds would otherwise be deposited into the General Fund.

**NOBA**

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

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

FY 1998 Supplemental Appropriations Bill - HF 2395 Passes Senate Appropriations Committee

**FY 1998 Supplemental Bill** The Senate Appropriations Committee passed HF 2395, FY 1998 Supplemental Appropriations, on April 14. The Bill appropriates General Fund and Other Funds money to various State agencies and programs for FY 1998.



**House Changes** Amendments were added to the version passed by the House which do the following:

* Appropriates a total of $519,000 for FY 1998 from FY 1995 Lottery funds. The FY 1995 Lottery funds are available due to item-vetoes of Lottery Fund appropriations in that year. The funded programs include:
* $125,000 to the Information Technology Services Division of the Department of General Services for development, start-up, and first year operational costs for a single contact repository for health care facilities to perform background checks for purposes of employment.



* $125,000 to the Department of Human Services for a grant to a county with a population between 168,000 and 175,000 for implementation of the county’s assessment and treatment plan. Requires the grant to be administered by the county‘s board of supervisors in consultation with the local runaway and treatment task force.
* $55,000 to the Department of Transportation for an automated weather observation system at the Harlan airport.
* $10,000 to the Department of Economic Development for the welcome center at Dows.
* $125,000 to the Department of Personnel for support of 2.0 FTE positions in the Program Administration and Development Unit for the Deferred Compensation Program.
* $50,000 to the Department of Agriculture and Land Stewardship for the State-federal laboratory for operation and testing.
* $5,000 to the Department of Education for the Iowa high school band selected to participate in the Independence Day parade in Washington, D.C.
* $24,000 to the Historical Division of the Department of Cultural Affairs for the purchase and renovation of a historical community center in Farley.
* Amends Section 215.11, 1997 Iowa Acts, to require unencumbered or unobligated funds which were appropriated from Marine Fuel Tax receipts to the Department of Natural Resources for FY 1998 and remain on June 30, 1999, to revert to the General Fund on August 31, 1999.
* Requires transfer of FY 1999 Lottery profits to the General Fund instead of the Committing the Lottery to the Environment, Agriculture, and Natural Resources (CLEAN) Fund.
* Specifies Section 69.2(7), Code of Iowa, is amended to consider an elected county office not vacant if the officer is on temporary active military duty or other temporary government service.
* Specifies Section 135C.33, Code Supplement 1997, is amended to require the Department of Inspections and Appeals, in conjunction with other State agencies, establish a single contact repository for licensed facilities to have electronic access to data to perform background checks for purposes of employment.



* Specifies Section 260A.1(2), Code Supplement 1997, is amended to require the moneys appropriated in Subsection 1 to be allocated by the Department of Education to each community college on the basis of each community college’s share of overall community college student enrollment. Requires the overall enrollment and each community college district’s share be determined utilizing refined enrollment reporting methods approved by the Department of Education using data from the most recently concluded fiscal year. Requires that the Department of Education determine enrollment share percentages for each community college district for allocation purposes.



* Specifies Section 279.51(1), Code Supplement 1997, is amended to appropriate $15.4 million for FY 1999 and succeeding years from the General Fund to the Department of Education.
* Specifies Section 279.51(1)(b), Code Supplement 1997, is amended to require $8.5 million of the funds appropriated be allocated to the Child Development Coordinating Council for FY 1999 and succeeding fiscal years.
* Specifies Section 692A.13, Code of Iowa, is amended to require the Department of Inspections and Appeals to provide information for purposes of the single contact repository in accordance with rules adopted by the Department.
* Makes corrective and other changes to legislation passed by the 1998 General Assembly. Those Bills include:
* HF 2435 - Entrepreneurs With Disabilities Program Changes Bill.
* HF 2275 - Criminal Record Checks Bill.
* SF 2082 - Anhydrous Ammonia Bill.
* SF 2081 - Implements of Husbandry Bill.

**Bill Provisions** The Bill, as passed by the House, does the following:

* Appropriates a total of $1.3 million from the General Fund for FY 1998 for the following purposes:
* Provides $60,000 to the Department of General Services for utility costs exceeding estimates due to weather conditions.



* Provides $720,000 to the Department of Education for subsidization of video rates.
* Provides $150,000 to the Public Broadcasting Division of the Department of Education for a study of the digital television conversion.
* Provides $350,000 to the Department of Natural Resources for the sick leave payout due to the retirement of personnel in the Parks and Preserves Division.



* Provides $245,000 from the State Fish and Game Protection Fund to the Department of Natural Resources for the sick leave payout due to the retirement of personnel in the Fish and Wildlife Division.
* Provides $2.2 million from the Rebuild Iowa Infrastructure Fund to the Department of Corrections for the construction of buildings to provide work space for prisoners.
* Provides $1.7 million from the Rebuild Iowa Infrastructure Fund to the Judicial Department for the design and development of a new judicial building.
* Section 215.2(6 and 7), 1997 Iowa Acts, is amended to revise the specifications of the amount the Department of General Services may spend on the parking lots.
* Provides a maximum deposit of $6.0 million for the Enhanced Court Collections Fund for FY 1998.

**NOBA**

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

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

Infrastructure Appropriations Bill - SF 2381 Passes House



**Infrastructure Bill**  The House passed the Infrastructure Appropriations Bill, which appropriates $71.2 million from the Rebuild Iowa Infrastructure Fund for FY 1999 for various capital projects and other purposes. The House amendment to SF 2381 appropriates $14.7 million more than the Bill as passed by the Senate. The House made the following changes to the Bill:

* Increases the appropriation for the Loess Hills Development and Conservation Fund by $200,000.
* Increases the appropriation to the Department of Corrections by $5.0 million for construction of a second cellblock at the Fort Dodge Prison Facility.
* Appropriates $1.5 million for construction, renovation, and expansion of community-based correctional facilities.
* Decreases the appropriation for the Historical Site Preservation Grant Program by $100,000 and eliminates language allowing $100,000 to be awarded for design and construction of the Iowa Hall of Pride.
* Specifies that a maximum of $250,000 of the funds appropriated for the Historical Site Preservation Grant Program be used to fund a State contribution toward the construction of the Fort Des Moines Black Officers Memorial.



* Appropriates $450,000 for the completion of the National Education Center for Agriculture Safety located on the campus of the Northeast Iowa Community College.
* Increases the appropriation to the Department of General Services for major maintenance needs of State facilities and institutions by $1.8 million.
* Allows the Department of General Services to spend up to $1.3 million from the appropriation for major maintenance needs for the purchase of property located to the north of the Capitol Complex.
* Appropriates $500,000 for the renovation of a cottage to provide additional bed space at the Iowa Juvenile Home in Toledo.
* Increases the appropriation to the Department of General Services by $5.0 million for design and construction of a 900-stall parking structure.
* Allows the Department of General Services to use funds appropriated for construction projects at the Eldora Training School for utility improvements at the School.
* Appropriates $100,000 for a State contribution toward the planning, design, and construction of an Iowa Hall of Pride facility.



* Increases the appropriation for county fair infrastructure improvements by $20,000.
* Allows lands purchased or received for fairground purposes to be taken in the name of a county fair society and requires the fairgrounds to be placed under the control and management of a county fair society.
* Limits the funding from the recreational grant matching program for recreational complexes or facilities started or completed after July 1, 1997. Also allows the grant funds to be used to pay existing debt obligations on recreational facilities that qualify under the Program.
* Changes the Blufflands Protection Program to a revolving loan fund.
* Increases the appropriation for lake dredging by $200,000 and specifies the funds be used to implement a lake rehabilitation pilot program for publicly-owned lakes.
* Requires the unobligated or unexpended funds appropriated to the Alternative Drainage System Assistance Fund on June 30, 1999, to revert to the Agricultural Management Account of the Ground Water Protection Fund. Requires the transferred funds to be used for cost-share assistance for the closing of agricultural drainage wells and for providing alternative drainage outlets. During the 1997 Legislative Session the General Assembly appropriated $1.5 million from the Rebuild Iowa Infrastructure Fund to the Alternative Drainage System Assistance Fund for FY 1999.

**NOBA**

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

STAFF CONTACT: David Reynolds (Ext. 16934)

Indigent Defense Attorney Costs - SF 2281 Passes the House



**Indigent Defense Costs** On April 17, the House passed SF 2281, Indigent Defense Attorney Costs, which makes changes pertaining to the payment of costs for the defense of indigent persons in criminal, juvenile, postconviction, contempt actions, and certain other civil actions. The Bill changes the procedures for indigency determination and eligibility. The Bill requires a $35 installment fee be assessed by the Court when an indigent person does not pay the costs of legal assistance by the sentencing date or within 30 days of the acquittal or dismissal. The Bill provides procedures for hearings for individuals who fail to abide by terms of their payment plan. The Bill provides the installment fee is to be paid prior to any other fees, fines, or Court costs.



**Fiscal Impact** The Bill will increase revenue to the General Fund by $264,000 in FY 1999 and annually thereafter. The Bill will increase annual expenditures by the Judicial Department by $231,000. The Bill will decrease the General Fund expenditures relating to property tax credit payments to counties by approximately $1.1 million annually. General Fund expenditures will increase by approximately $1.1 million annually for additional county claims. The net increase to the General Fund is $33,000.

STAFF CONTACT: Darlene Kruse (Ext. 16301)

Boot Camp Statistics Reported

**Boot Camps** The FY 1999 Human Services Appropriations Act, SF 2410, designates an allocation of $1.4 million as the State match funding for 50 highly structured juvenile program (boot camp) beds included in the $27.6 million allocation for group foster care. The SUMMIT (Success Using Moral Motivation Intensity and Training) Program in Davenport, which provides 25 of the beds, has been conducting follow-up on graduates of the Program since the Program’s inception in November 1995.

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| **SUMMIT Statistical Survey****(11/15/95 - 3/23/98)** |
| Client Information | 173 | Graduates |
|  | 13 | Discharges (due to medical reasons) |
|  | 26 | Current Residents |
|  | 212 | Intakes |
|  |  |  |
| Community Service | Over 22,000 hours, including elderly and handicapped support services, at-risk youth mentoring programs, and community clean-up and beautification projects. |
|  |  |  |
| Educational Results | 36 | Obtained GED (high school equivalent) diploma) |
|  | 50 | Attending High School |
|  | 8 | Testing for GED |
|  | 5 | Attending College or Continuing Education |
|  | 74 | Either graduated or dropped-out of school |
|  | 173 | Program Graduates |
|  |  |  |
| Recidivism | 212 | Graduates Tracked |
|  | 12 | Waived to Adult Court |
|  | 22 | Placed at Eldora |
|  | 8 | Other residential placements |
|  | 170 | Successful graduates (80.2% no recidivism among graduates tracked) |



**Statistics** The following information was compiled for all clients completing SUMMIT Program placements through March 23, 1998:

**Success Rate Increases** The percentage of successful graduates has increased since the previous Survey dated August 1997, from a 77.5% success rate to 80.2%. The increase may be a reflection of a longer period of time tracking individuals since the Program’s inception, and should not be interpreted as a statistically-significant increase in program performance at this time.

 The Legislative Fiscal Bureau will continue to monitor Statistical Surveys as submitted and report any significant findings.

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

Group Foster Care Usage Update

**Group Foster Care** A ruling issued in August 1996 by the Polk County Juvenile Court held that all children ordered into group foster care for whom a bed is available must be placed. The court held that the practice of using a Department of Human Services (DHS) and Judicial Department committee to restrain placements in order to keep the utilization of group foster care beds proportionate to the region’s annual expenditure allocation constituted an illegal reconsideration of the court order. The Iowa Supreme Court upheld the lower court’s ruling in September 1997.



**Fiscal Impact**  The fiscal impact of the ruling has not yet been determined. The following group foster care data, however, suggests that usage has increased significantly in some DHS Regions since the September ruling.

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| **Group Foster Care Usage****Through January 1998****(Number of actual bed days used per month)** |
| DHS Region |  | 07/97 |  | 08/97 |  | 09/97 |  | 10/97 |  | 11/97 |  | 12/97 |  | 01/98 |  | YTD Average |
| Sioux City |  | 153 |  | 146 |  | 149 |  | 151 |  | 154 |  | 148 |  | 138 |  | 148 |
| Waterloo |  | 161 |  | 149 |  | 143 |  | 150 |  | 157 |  | 172 |  | 179 |  | 159 |
| Des Moines |  | 286 |  | 262 |  | 249 |  | 257 |  | 266 |  | 272 |  | 265 |  | 265 |
| Council Bluffs |  | 94 |  | 94 |  | 86 |  | 96 |  | 94 |  | 100 |  | 98 |  | 95 |
| Cedar Rapids |  | 300 |  | 294 |  | 297 |  | 305 |  | 307 |  | 321 |  | 332 |  | 308 |
| Statewide |  | 994 |  | 945 |  | 924 |  | 959 |  | 978 |  | 1,013 |  | 1,012 |  | 975 |

**Surplus Estimated** The most recent group foster care budget estimate provided by the DHS indicates an FY 1998 year-end surplus of $5.3 million. This estimate is based upon an extrapolation of current year-to-date usage figures for the remainder of the fiscal year. In counties experiencing a surplus, group foster care funds are utilized to expand juvenile intervention services, prevention efforts, and specific decategorized initiatives. The surplus funds are thus unavailable to relieve the shortfalls experienced by other counties. Field administrators of the group foster care program estimate an FY 1998 year-end deficit of $1.1 million for counties experiencing funding difficulties.



**FY 1999 Funding** The 1998 General Assembly passed SF 2410, the Human Services Appropriations Bill, on April 15. The Bill allocates $27.6 million for group foster care, an increase of $1.5 million over the FY 1998 allocation. The change includes an increase of $436,000 to increase the average daily group foster care population by 17 beds for a total of 1,132 children per day served in group foster care. In addition, SF 2410 appropriates funding to expand the number of children served through Psychiatric Medical Institutions for Children (PMIC) by 30 and the number of children served at state juvenile institutions by 34. It is anticipated that the additional PMIC and juvenile institution beds will reduce the population requiring service through the group foster care program. Senate File 2410 also requires the DHS and juvenile court services to examine group foster care placements in regions at risk of exceeding their expenditure targets by more than 5.0% and identify placements appropriate for termination.

**Usage Monitored** The LFB will continue to monitor group foster care usage and report significant findings.

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

Department of Natural Resources Capitals Expenditures For FY 1998 – third quarter update



**FY 1998 DNR Capitals** The Department of Natural Resources has expended $14.7 million and encumbered $6.2 million for capital expenditures through the third quarter of FY 1998. The capital expenses were from the Fish and Game Fund (F & G), Marine Fuel Tax Fund (MFT), and the Resource Enhancement and Protection Fund (REAP). Capital improvements include construction projects at parks, wildlife areas, lakes, and forest areas, as well as land acquisition. Capitals do not include professional services associated with land acquisition, such as appraisals, surveys, closing costs, and fencing costs.

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| **Department of Natural Resources Capitals Funding Sources** **1st Quarter FY 1998** |
| Program |  | Encumbered |  | Expended |  | Total |
| F&G |  | $ 2,509,920  |  | $ 5,739,128  |  | $ 8,249,048 |
| MFT |  | 769,747 |  | 1,956,804 |  | 2,726,551 |
| REAP |  | 2,884,207 |  | 7,037,148 |  | 9,921,355 |
| Total |  |  $ 6,163,874 |  | $ 14,733,080  |  | $ 20,896,954  |

**Capital Budget** The Department’s capital expenditures budget for FY 1998 is $18.6 million. During FY 1997, the Department of Natural Resources expended $11.1 million of a $12.7 million capital budget.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Road Use Tax Fund Revenues



**Road Use Tax Fund Receipts** Road Use Tax Fund receipts through April are $27.4 million (3.8%) higher than the same period a year ago. Of the $27.4 million increase, $25.0 million is attributed to increased Motor Vehicle Use Tax collections and fees collected relating to the issuance of vehicle registrations and certificates of title.

**Motor Vehicle Use Tax** Year-to-date Motor Vehicle Use Tax receipts are up $13.0 million (10.9%) compared to the same period for FY 1997. The increase in these receipts is primarily attributed to the increase in car and truck sales in Iowa. The most recent information available shows that for the first eight months of FY 1998, sales were 11.4% higher than the same period of FY 1997.

**Registration/Title Fees** Registration and title fees have increased $12.0 million (5.0%) compared to the same period for FY 1997. The increase in vehicle registration fees is largely attributed to the increase in the price of vehicles being registered. This also corresponds with the increase in new car and truck sales being experienced this fiscal year.

**Motor Vehicle Fuel Tax** Motor Vehicle Fuel Tax revenues experienced an increase of $4.4 million (1.4%) compared to the same period for FY 1997.

Driver’s License

**Driver’s License Fees** Driver’s License Fees are down $3.2 million (31.7%) compared to the same nine-month period in FY 1997. This decrease is due to the normal license issuance cycle. Total driver’s license receipts for FY 1998 are estimated to be approximately $3.2 million (21.2%) less than FY 1997, due to fewer anticipated license renewals. Changes in other revenue sources were relatively insignificant.

**Summary** The following table compares the Road Use Tax Fund receipts for the first seven months of FY 1997 and FY 1998 by revenue source. Totals may not add due to rounding.

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| **ROAD USE TAX FUND RECEIPTS** |
| **(Dollars in Millions)** |
| July - April |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | Increase/ |  | Percent |
|  |  |  | FY 1997 |  | FY 1998 |  | Decrease |  | Change |
| Motor Vehicle Use Tax |  | $ 119.7 |  | $ 132.7 |  | $ 13.0 |  | 10.9% |
| Motor Vehicle Fuel Tax |  | 318.2 |  | 322.6 |  | 4.4 |  | 1.4% |
| Registration/Title Fees & Misc. |  | 237.8 |  | 249.8 |  | 12.0 |  | 5.0% |
| Underground Tank Fees |  | 14.3 |  | 14.6 |  | 0.3 |  | 2.2% |
| Driver License Fees |  | 10.2 |  | 7.0 |  | -3.2 |  | -31.7% |
| Interest |  | 9.1 |  | 10.0 |  | 0.8 |  | 9.2% |
| Other Fees |  | 5.8 |  | 5.0 |  | -0.9 |  | -14.9% |
| Motor Carrier Fines |  | 0.0 |  | 1.0 |  | 1.0 |  |  |
| TOTAL RECEIPTS |  | $ 715.1 |  | $ 742.5 |  | $ 27.4 |  | 3.8% |

 *Note: For Road Use Tax Fund reporting, receipts are considered in the month for which they are distributed by formula rather than the month in which they are collected. For example, April revenues were collected in March but distributed to the various State and local road funds in April.*



STAFF CONTACT: David Reynolds (Ext. 16934)

Report on Tax Forms Processing of the Department of Revenue and Finance

**Report Released** The Auditor of State and the Legislative Fiscal Bureau released the report from the joint study on the tax forms processing of the Department of Revenue and Finance.

**Recommendations** The study recommended the following actions:

* The Legislature should consider funding the request of $1.5 million for replacement costs of the remittance processing system. All checks processed go through this system for encoding, balancing, and audit trail documentation. The current system is 12 years old and is not Year 2000 compliant. The Department has been notified by the vendor that they will no longer service the remittance processing system after March 1999.
* The Department not move forward with the current Request for Proposal (RFP) for an imaging system before the following two activities are completed:
1. Development of a comprehensive plan to utilize technology for both paper and electronic tax forms processing. This plan needs to identify the barriers to electronic filing. Options to provide incentives and penalties that will encourage electronic filing need to be developed.
2. Establish clear goals, objectives, and performance measures to be able to measure the effectiveness of the new technology. Current performance measures were in some cases non-existent or not very useful. Without these measures it will be difficult to manage the project.
* The Department should develop a new funding request to implement the comprehensive plan. The Department should consider outsourcing or partnering with a vendor to gain access to specialized skills and technical expertise when developing this request for funding. The Legislature should consider this request during the 1999 session.

**Copies Available** Copies of the report are available upon request from the Auditor of State or the Legislative Fiscal Bureau.

STAFF CONTACT: Paige Piper/Bach (Ext. 14613) Glen Dickinson (Ext. 14616)

FY 1998 Prison Population to Reach 7,400



**Prison Population** On April 7, 1998, the Iowa prison population reached an all-time high of 7,228 inmates. At the current rate of growth, an estimated 767 inmates will be added to the prison population during FY 1998, bringing the population to approximately 7,400 inmates. This growth will exceed the most recent Criminal and Juvenile Justice Planning growth projections of 514 inmates by 49.2%.

**Trends** The following chart shows the trends in prison admissions and releases over the past nine years.



**All Admissions Increasing** All types of prison admissions have increased since FY 1990. Probation revocations have continually increased since FY 1991, for a total of 98.1%. New commitments grew slowly until FY 1994, and then began to increase more rapidly, ending the period with a total growth of 32.4%. Other admissions have fluctuated, showing a 35.0% increase since FY 1991.



**Prison Growth** The prison population admissions continue to exceed prison releases. In FY 1998, an estimated 4,644 inmates will be admitted to prison, and 3,877 will be released. The following table shows prison admissions, releases, and population growth.

**Overcrowding Projections** At the end of FY 1998, the estimated 7,400 inmates will be housed in a prison system with a design capacity of 5,801 beds. Overcrowding will be 127.5% of design capacity. By FY 2000, when the additional 784 beds approved during the 1998 Legislative Session are operational, overcrowding is projected to increase to 135.7%. If growth continues at this year’s rate, no beds are added to the prison system, and sentencing policies remain unchanged, overcrowding will reach 196.2% of design capacity in FY 2007.

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Weekly Medical Assistance Expenditures in the Department of Human Services



**Medical Assistance Program** For the week ending April 13, 1998, FY 1998 General Fund expenditures for the Medical Assistance Program in the Department of Human Services were $8.1 million (108.6% of budget). This is $639,000 above the weekly budget established by the Department. Year-to-date Medical Assistance General Fund expenditures are $276.0 million, which is $5.6 million (2.1%) above the amount budgeted for the fiscal year-to-date.

**Ending Balance Revised** The Department has revised the Medical Assistance estimated FY 1998 ending balance of $8.0 million to a range of $4.0-8.0 million. There were initial delays in paying Medical Assistance provider claims at the beginning of FY 1998 due to transition to a new fiscal agent. The new fiscal agent is now processing claims within fewer days than the previous contractor. Both factors have the effect of increasing expenditures in the current fiscal year. The LFB will continue to monitor Medical Assistance Program expenditures and will provide regular updates to members of the General Assembly. More information is available from the Fiscal Bureau.



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