FISCAL UPDATE  June 12, 2000

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Governor Item Vetoes SF 2428 - Economic Development Appropriations Act

**Item Vetoes – SF 2428** The Governor item vetoed and signed SF 2428, the Economic Development Appropriations Act, on May 18. The Act appropriates $37.3 million from the General Fund and 1,276.9 FTE positions. This is a decrease of $4.3 million (10.4%) and an increase of 17.2 (1.4%) FTE positions compared to the FY 2000 estimated net appropriation

**Reporting Requirements** The Governor item vetoed several reporting requirements. The vetoed reports:



* Required the Department of Economic Development and the Small Business Development Center to develop a written report covering the services currently provided by each and identifying the distinct services to be provided in the future by each entity to eliminate duplication of services. The Governor stated this activity was completed prior to the last legislative session.
* Required the Information Technology Division of the Department of General Services to study the Department of Workforce Development’s one-stop service delivery program and develop a written report. The Governor stated this issue has received sufficient study in the past.
* Required the Department of Workforce Development, by August 10, 2000, to develop a written plan outlining alternatives for financing the State’s system of local Workforce Development Centers when the current Unemployment Administration Surcharge sunsets December 31, 2001. The Governor stated the amount of time allowed for submission of the report was insufficient to adequately address the issue.

**Other Language Vetoed** The Governor also item vetoed language which:

* Prohibited the Department of Workforce Development from allocating, prior to January 30, 2001, Penalty and Interest Fund revenues to projects not specifically approved by the 2000 Legislature. The Governor stated the language usurped normal executive branch functions and could hamper administration of the Fund.
* Allowed the Department of Economic Development to use Physical Infrastructure Assistance Fund money to finance community college Accelerated Career Education Program capital costs. The Governor stated the program capital costs are currently funded through a direct appropriation from the Rebuild Iowa Infrastructure Fund, and the Physical Infrastructure Assistance Fund should be used for other infrastructure purposes.

**More Information** Copies of the enacted version of SF 2428 and the veto message are available upon request.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Governor’s Item Vetoes HF 2552 - Justice System Appropriations Act



**Item Vetoes – HF 2552** The Governor signed HF 2552, Justice System Appropriations Act, and item vetoed four sections. The Act appropriates $364.3 million from the General Fund and 6,003.5 FTE positions for eight State agencies within the Justice System. This is an increase of $8.6 million (2.4%) and 187.0 (3.2%) FTE positions compared to the FY 2000 estimated appropriations. The item vetoes were:

* **Section 6** appropriated $300,000 from the Inmate Telephone Rebate Funds to the Department of Corrections for inmate education and vocational education programs. The Governor vetoed this Section, stating that since 1998, the Department has used more than this amount from the Inmate Telephone Rebate Funds for educational and vocational projects. The Governor stated that the Department will expend in excess of $300,000 in FY 2000 and FY 2001 from the Inmate Telephone Rebate Funds for this purpose without a specific legislative mandate.
* **Section 23** transferred the Inmate Telephone Rebate Funds from the Department of Corrections institutions to the Office of the Treasurer of State and required the telephone rebates received by the Department to be deposited into the Fund. The funds were to be appropriated by the Legislature. **Section 28** was an enactment clause, making Section 23 effective beginning July 1, 2001. The Governor vetoed these Sections, stating that to improve oversight of expenditures from the Funds, he has asked the Board of Corrections to review all projects prior to implementation. The Governor believes the current process is working well and sees no need to approve the additional legislative mandate.
* **Section 21** required the State Fire Marshal, within the Department of Public Safety, to adopt rules designating a fee for building plan reviews. The fees are to be set as a percentage of the estimated valuation of the building and reasonably related to the cost of the review. The fees are projected to generate approximately $180,000 annually for the Department. If the fees were implemented, the Department was required to approve or disapprove the plan within 60 days of submission or the plan was deemed approved. The Governor vetoed the portion of this Section which provided that failure to approve or disapprove a plan within 60 days of submission is deemed to be approval of the plan. The Governor stated that building access and safety codes should not be compromised, or deemed approved, without the necessary review. The Governor further stated that the Department of Public Safety is directed to provide by rule that building plan reviews shall have a 60-day turnaround, or offer a “money-back guarantee” if the deadline cannot be met.

**Copies Available** Copies of the enacted version of HF 2552 and the veto message are available upon request.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561) Beth Lenstra (Ext. 16301)

GOVERNOR ITEM VETOES HF 2545 - ADMINISTRATION AND REGULATION APPROPRIATIONS ACT



**Item Vetoes – HF 2545** The Governor item vetoed and signed HF 2545, the Administration and Regulation Appropriations Act, on May 19. The Act appropriates $90.4 million from the General Fund and 1,909.4 FTE positions, an increase of $2.2 million (2.5%) and a decrease of 9.6 (0.5%) FTE positions compared to the FY 2000 estimated net appropriation. The Act also appropriates $22.0 million of other funds, an increase of $0.1 million (0.6%) compared to the FY 2000 estimated net appropriation. The FY 2001 General Fund appropriation represents a decrease of $1.1 million (1.2%) and 24.8 (1.3%) FTE positions compared to the Governor's FY 2001 recommendations.

**Language Vetoed** The Governor item vetoed language that:

* Prohibits certain State agencies from spending appropriated funds to construct or repair employee smoking shelters.
* Calls for the Governor to identify and recommend at least $10.0 million in General Fund savings each year for four years beginning in FY 2001 and ending in FY 2004. The Governor stated that he supports the Legislature's intent in this language. However, he disagrees on the statutory limits placed into this language.
* Prohibits the Department of Personnel from requesting a General Fund appropriation for FY 2002 to pay premiums for Workers' Compensation claims. The Governor stated that he applauds the Legislature's efforts to return some control over Workers' Compensation claims back to all State agencies. However, he believes this prohibition against the Department of Personnel unfairly handicaps the agency from reacting to potential unforeseen increases in Workers' Compensation claim costs.
* Requiring that all vacant and unfunded positions in agencies within the Administration and Regulation Appropriations Subcommittee be eliminated from each agency’s table of organization within 60 days after the vacancy occurs. The Governor indicated that the language would create a different standard for the agencies funded by the Administration and Regulation Appropriations Subcommittee than other State agencies.
* Pertaining to the elimination of a reference to the Council on Human Investment from the Code of Iowa. The Code Section was amended to eliminate the reference in SF 2429, Health and Human Rights Appropriations Act. The Governor signed SF 2429 on May 8.

**Copies Available** Copies of the enacted version of HF 2545 and the veto message are available upon request.

STAFF CONTACT: Ron Robinson (Ext. 16256) Christina Schaefer (Ext. 16765)

Governor Item Vetoes sF 2452 - Standing Appropriations Act



**Standing Approps. Bill** The Governor item vetoed and signed SF 2452, the Standings Appropriations Act, on May 23. The Act makes appropriations from the General Fund for various purposes to the Department for the Blind, the Department of Education, the Department of Human Services, Department of Revenue and Finance, and the Department of Corrections, and reduces the educational excellence standing appropriations by $2.0 million. The Act also appropriates $26.5 million to the Department of Human Services for FY 2002 for county mental health, mental retardation, and developmental disabilities allowed growth factor adjustment. The Act changes various actions of the General Assembly in bills (Acts) previously approved by the 2000 General Assembly and changes other statutory sections of the Code of Iowa. Detail of SF 2452 is available in the May 5 edition of the ***Fiscal Update***.



**Item Vetoes** The Governor item vetoed:

* Creation of the Microsoft Settlement Fund. Funds from a possible settlement from Microsoft were to be deposited into the Fund. The Governor indicated that the funds should be placed in the already existing Antitrust Fund.
* Long-Term Lease Options. The Act amended a Section in SF 2453, Infrastructure Act, striking language permitting the Department of General Services to include long-term leases in a study for additional facilities for State agencies. The Governor’s item veto strikes this Section, which leaves intact the long-term leases in the study for additional facilities. The Governor indicated that the elimination of the language would limit the options available to the Department.
* Fish and Game Licensing Residency. The Act made a technical amendment to HF 2486, Fish and Game Licenses Act. The Governor’s item veto strikes the technical amendment, indicating that HF 2008, Armed Forces Members Fish and Game Licensing Act, corrected the deficiency.

**Copies Available** Copies of the enacted version of SF 2452 and the veto message are available upon request.

STAFF CONTACT: Holly Lyons (Ext. 17845) Mary Shipman (Ext. 14617)

Meeting of the Treatment Component of Child Welfare Services Work Group

**Work Group Meeting** The Executive Committee of the Treatment Component of Child Welfare Services Work Group met May 19 and conducted the following business:

* Discussed the 2000 and 2001 Work Plan of the Work Group and the impact of the Governor’s Item Veto of the $50,000 allocation from the Child and Family Services Appropriation to the Department of Human Services upon the efforts and future of the Work Group.



* Discussed the planned Retreat on June 28 - 29.
* Received an update on the status of the request for a federal waiver and the response thus far from the federal Health Care Financing Administration to the proposed change in the federal financial participation adjustment for the “overbilling” by the Department of Human Services for Residential Treatment Services (RTS). See separate entry within this ***Fiscal Update*** for more detailed information.
* Discussed the likelihood of a federal audit if the Health Care Financing Administration fails to approve Iowa’s requested waiver.

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

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

Education Telecommunications Council Meeting

**Council Meeting** The Education Telecommunications Council (ETC) held a special meeting via the Iowa Communications Network (ICN) on May 22.



**Purpose of Meeting** The primary purpose of the meeting was to discuss the reduced FY 2001 funding level for the Rural Telecommunications Councils (RTCs) appropriated in SF 2433, Oversight and Communications Appropriations Act, and how those funds would be distributed. The General Assembly reduced the level of funding by $121,000 compared to the FY 2000 estimated net appropriation.

**Options Reviewed** The Education Telecommunications Council reviewed several options for distribution of the reduced funds, including:

* Option 1 – Equal percentage sharing of the reduction based on the FY 2000 distribution.
* Option 2 – Establishing a base amount for each Rural Council and using a weighted ICN classroom need.
* Option 3 – Utilizing a modified Area Education Agency formula that provides a base amount for each Rural Council and then distributes the remainder on number of students served or number of classrooms, to be provided service.

**Recommendation** The Education Council voted to recommend the first option to the Iowa Public Television Board. The Board will review and make a final decision at its June meeting.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

Technology Subcommittee of the Governor’s Strategic Planning Council Meeting

**Subcommittee Meeting** The Technology Subcommittee of the Governor’s Strategic Planning Council met on May 24.



**Discussion** Betsy Roe, Chair of the Subcommittee and Co-Chair of the Development Work Group, focused the meeting’s discussion on efforts to provide local dial-up and broadband Internet access to rural areas of Iowa where such access does not currently exist. Additionally, the Subcommittee discussed the potential role the Iowa Communications Network (ICN) could play in providing access until the private sector was willing to provide these services. The draft 2010 Plan proposal related to this access proposes that connectivity be achieved for the following groups in the specified time frame:

* Government offices by 2002
* Businesses that want the service by 2003
* Individuals or families wanting the service (the last mile) by 2005

**Presentations** The Subcommittee heard presentations from Tommy Thompson, Executive Director, ICN, and various representatives of the telecommunications industry in Iowa. Mr. Thompson stated that the Iowa Telecommunication and Technology Commission is not authorized to provide local dial-up or broadband Internet services to any group or individual that is not an authorized user approved by the General Assembly. However, if authorized, the Commission would work with private sector companies to partner for the provision of these services or could provide them on a temporary basis until the private sector was willing to take over the provision of these services.

**Potential Partnerships** Two private providers, McLeod, USA, and AT&T Cable Services, indicated that if the Commission were authorized, they could see the potential to form partnerships with the Commission to provide these services to rural areas where they are currently unavailable. Other private sector providers stated that the Commission should not be authorized to provide these services, as it would keep the private sector from expanding service and they did not see partnering with the Commission as an option.

**Recommendation**

**Recommendation** The Subcommittee agreed to recommend to the Governor’s Strategic Planning Council that the Iowa Telecommunications and Technology Commission be authorized to either develop partnerships where possible or to directly provide these services to areas of rural Iowa where they are not currently, or affordably, being provided. If the Council accepts the recommendations, they will become part of the final report to the Governor later this year.

**Next Meeting** The recommendations will be presented to the Council at its June 23 meeting.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

Meeting of the Outcomes Advisory Workgroup of the Department of Human Services, Adult, Children, and Family Services Division

**Workgroup Meeting** The Outcomes Advisory Workgroup of the Department of Human Services met May 10 and conducted the following business:

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**Workgroup Meeting**

* Information was received regarding delays in developing pilot data collection Although certain reports were agreed upon in January, the acquirement of the technology to gather the data has been delayed. In addition, training for operating the software has not yet taken place. Discussion also included the development of indicators and outcome measures to be used and the revised timelines to produce possible data as a result of the Workgroup.
* Received an update regarding a Request for Proposal to develop a consumer satisfaction survey. Ten companies had expressed an intent to bid on the $30,000 project.
* Received information regarding the first quality service review which took place in Polk County Human Services offices. This includes individuals who shadow workers and then suggest changes for greater service quality. Additional reviews are scheduled in other local locations. An attempt is being made for coordination with a scheduled national review for child welfare from the federal Health and Human Services Department in the fall of 2002. An outside review of child protection efforts is also being planned.
* Information was received regarding the planned submittal of approval for a waiver to the State Plan relating to managed care, by the Treatment Component of Child Welfare Services Work Group, since approval for an amendment to the State Plan regarding bundling of services appears to be doubtful.
* Reviewed the work plan for FY 2001, including a charter for staggering of terms and new members. Senate File 2435, Human Services Appropriations Act, indicated that action relating to the outcomes planning activities is to be completed during FY 2001.
* Information was received regarding the activities relating to this Workgroup as related to the Department of Human Services Action Plan.
* The next meeting of the Workgroup is scheduled for August 30, and will include a retreat and facilitator.

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

STAFF CONTACT: Sue Lerdal (Ext. 17794)

State County Management Committee



**Committee Meeting** The State County Management Committee met May 11. The agenda included many items which are noted in this entry in the ***Fiscal Update***, with emphasis upon those items related to the General Assembly. These include:

* Case Management Plan Overview by Len Sandler of the University of Iowa.
* Plan Approvals with Community Service Consultants.
* Discussion of the amount of funding desired for the Mental Health, Mental Retardation, and Developmental Disabilities Allowed Growth factor adjustment. Discussion included:



The differentiation of levies between counties and the specific formula for the levy.

Opinions on the appropriate balance amount of the Mental Health, Mental Retardation, and Developmental Disabilities Local Services Fund, the need for appropriate cash flow, the need to look at more than just expenditures and balances of the Fund, capital expenditures, and the timing of State payments from various funding sources.

The challenges of placement decisions for individuals receiving services paid with State or county funding, impact of revocable court orders, waiting lists for certain service waivers, impact of labor shortages, consumer input for providers, dual diagnosis challenges, increased communication between entities providing services when clients turn 18 years of age, and the use of high functioning clients as staff assistants.

The process for the development of the Allowed Growth factor by the Committee, including discussion of the following:

* Making the recommendation by June to allow the recommendation to be considered by the Council on Human Services and the Governor’s budget recommendations.
* Data regarding salaries and availability of direct care staff.
* The opinion (by Committee membership) of the conflicting direction of legislators who desire counties to maximize levies yet expect the same counties to spend down perceived high Fund balances.
* Committee membership expressed the following desires:
* Not to have the Allowed Growth Factor appropriation be included in the Standings Appropriation Bill since little debate occurs (in the opinion of Committee membership).
* Draft own legislation in proposed bill drafts.
* The desire to have own time on Human Services Appropriations Subcommittee agenda during the Legislative Session.
* To know the “standing” of Iowa funding compared to other states for similar services.
* A presentation by the Department of Management to the Committee.
* A meeting with the legislative leadership regarding the funding necessary.
* An interim legislative study committee to review the necessary funding.
* A presentation by Director Rasmussen of the Department of Human Services regarding the impact of the Department’s Action Plan, including:



Summer/Fall regional visits being scheduled in the near future for additional input into the Action Plan.

The Plan to improve the efficiency of the Department and of the services provided, with probable impact upon other State and local entities.

Using the Plan to define results-based indicators, with a possible reward (bonus) system for meeting the indicators, rather than a per hour/per day/per unit of service reimbursement system.

The concerns expressed by Committee membership regarding the Family Investment Program (FIP) Diversion process. Director Rasmussen acknowledged but indicated that risk taking is part of life and the Diversion process is appropriate in some cases.

The need to include both low income and disabled individuals with supportive employment programs.

Responding to concerns expressed by entities regarding the Central Point of Coordination (CPCs), that the Department is looking to connect them into a unified system, not to take over but yet not to work in isolation. Provider issues, a need to purchase results rather than services, and a desire to work together were expressed by Director Rasmussen.

The need for transportation services for low income or disabled individuals.

The desire to join together in the implementation of the Action Plan, with planning, assessment, integrated delivery system, funding, and acountability.

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

STAFF CONTACT: Sue Lerdal (Ext. 17794)

Risk Pool Board Meetings



**Board Meeting** The Risk Pool Board (part of the Mental Health, Mental Retardation, and Developmental Disabilities funding process) met April 26, May 4, and May 31. The Risk Pool Board is a statutory Board found in Section 426B.5 of the Code of Iowa. The duties of the Board include approving loans or grants from the Risk Pool Fund for counties which meet specific criteria regarding expenditure or need of funds for related services. The Board conducted the following business:

**Applications For Funding** April 26: Considered and took action on the following counties’ applications for Risk Pool Funding:

* Iowa County. The Board denied Iowa County’s request for $215,544, due to the request not meeting the 105.0% projected need compared to budget and the prior fiscal year’s ending Fund balance exceeding 25.0% of the prior fiscal year gross Fund expenditures.
* Clay County. The Board approved $38,967 of Clay County’s request of $120,000, due to changes in the calculation for the Fund balance on the application, which results in the criteria not being met.
* Howard County. The Board approved the $83,700 request from Howard County.
* O’Brien County. The Board approved $172,718 of O’Brien County’s request of $300,000, due to changes in the calculation for the Fund balance on the application and that a reimbursement rate increase did not meet the definition of an unanticipated expense.
* Sioux County. The Board denied Sioux County’s request for $111,217, due to changes in the calculation for the Fund balance on the application, which results in the criteria not being met.



**Board Action** With the action by the Board and by the General Assembly in HF 2435, Human Services Appropriations Act, and HF 2327, Local Mental Health Expenditures Act, the Board approved $295,385 from the Risk Pool Fund, with $1.7 million carrying forward into FY 2001. With the $1.2 million appropriated for FY 2001, this results in $2.9 million being available for the Risk Pool Fund in FY 2001. Senate File 2452, Standings Appropriations Act, also appropriated $2.0 million for FY 2002 to the Risk Pool Fund.

**Other Business** Other business included initiation of a process to review the application forms required by the Board and the process used by the Board for receipt of information pertaining to the applications.

**May 4 Discussion** May 4: Met and discussed:

* Timeframes for changes in proposed administrative rules.
* Representatives Carroll, Myers, Heaton, and Houser should receive invitations to future meetings of the Board.
* The impact of HF 2555, Tobacco Fund Appropriations Act, which appropriates $2.0 million from the Tobacco Settlement Fund for certain provider costs to counties with limited Mental Health, Mental Retardation, and Developmental Disabilities Services Fund balances. Discussion included:

Possible modification of the application for Risk Pool Funds to use for the provider reimbursement funds.

Legislative intent to use the funds for wages to service staff.

Limited to a 5.0% increase in reimbursements.

The administrative rules proceeding from the Risk Pool Board to the legislative Administrative Rules Committee directly.

The impact of the reimbursement funds upon the Risk Pool eligibility requirements.

* Established a subcommittee of Board members to draft proposed administrative rules relating to the $2.0 million appropriated for provider increases from the Tobacco Settlement Fund.
* Noted that the subcommittee reviewing the administrative rules relative to the annual application process for funds from the Risk Pool is meeting prior to the next meeting of the Risk Pool Board.

**May 31 Discussion** May 31: Met and discussed:



* Proposed administrative rules being developed for the $2.0 million in purchase of service rate increases. A draft is available for review and a final one is being developed for approval by the Board on June 8. The rules include requirements, criteria, and timelines for the $2.0 million appropriated from the Tobacco Settlement Fund.
* Possible changes to the Risk Pool Board’s responsibilities relating to the Mental Health Allowable Growth Risk Pool, relating to the application, changing the requirement of exceeding 105.0% of costs, adding “extraordinary” in addition to “unanticipated costs”, and using a cash basis rather than GAAP. Other definition changes and changes to the application form may also be considered.

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

STAFF CONTACT: Sue Lerdal (Ext. 17794)

State Soil Conservation Committee Meeting Held In Des Moines

**Committee Meeting** The State Soil Conservation Committee met in Des Moines on June 1. The meeting was called to order by Chairperson Mary Ann Drish.

**Presentations** The following presentations were made:

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Conservation Committee

* Madeline Meyer discussed the Long-Range Planning Subcommittee. The Subcommittee reviewed the legislation passed by the General Assembly in the previous year and proposed holding a two-day strategic planning meeting to recommend legislative proposals for next year. It was decided that the first meeting will be held in Ames on June 30th and the second meeting will be held on August 4th in Des Moines.
* Diane Thompson discussed the meeting held by the Water Resources Subcommittee. She explained that 16 applications had been received to close agriculture drainage wells. The estimated cost of this project is $5.6 million.
* Jim Gillespie provided an update on the Field Services staffing in the Division of Soil Conservation. He explained that the Division was coordinating computer training for all field staff. Some field offices would receive computer training using the Internet, and if this type of training is effective, more offices will use this approach.
* Dean Lemke provided an update on the Water Resources Bureau that included an update on the closing of agriculture drainage wells. He explained that the last contract in Pocahontas County, which covers 3,700 crop acres, is being completed.
* Jim Gulliford discussed projects related to the appropriation for the Water Quality Initiative. This included an expansion of the Iowa Watershed Program, implementation of buffer strips, implementation of the Conservation Resource Enhancement Program (CREP), and the Nutrient Management Program.
* Leroy Brown of the Natural Resources Conservation Service, gave an update on the number of acres accepted for the Conservation Reserve Program (CRP). He explained that 179,000 acres were accepted for the CRP in Iowa, and the rental rate is $103 an acre.

**Recommendation** The Committee voted to recommend to the Woodbury Conservation District that a high priority status be given to the Woodbury Wildlife Project.

**Election of Officers** The Committee held an election of officers. This included the election of Mary Ann Drish as Chairperson and Russ Brandes as Vice Chairperson.

**Next Meeting** The next meeting will be July 27 and 28. The Committee will tour an area in northern Iowa on July 27 and hold the monthly meeting on July 28.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Vertical Infrastructure Advisory Committee



**Advisory Committee Meeting** The Vertical Infrastructure Advisory Committee adopted a strategic plan on May 31 to address the preservation of the State’s buildings and monuments. The Plan includes definitions of routine maintenance and major maintenance developed by the Advisory Committee and establishes procedures for distributing appropriated funds to various State agencies.

**Routine Maintenance** Routine Maintenance

**FY 2001 Appropriation** The General Assembly appropriated $2.0 million to the Department of General Services for routine maintenance in FY 2001. The Advisory Committee recommended the funds be allocated to the various State agencies based on the gross square foot of building space. The State agencies receiving routine maintenance funds includes only those supported by the Department of General Services. Agencies receiving Routine Maintenance Funds are listed on the table below.



**Definition** The Plan requires State agencies to develop individual routine maintenance plans which identify the preliminary use of the funds in conformance with the definition for routine maintenance. The following definition of routine maintenance was adopted by the Advisory Committee:

*“Expenditures made for the regular upkeep of physical properties (i.e., land, buildings, and equipment) including recurring, preventive, and on-going maintenance necessary to delay or prevent the failure of critical and non-critical building systems and equipment. For purposes of this definition, building operational costs are not considered routine maintenance.”*

**Major Maintenance** Major Maintenance



**FY 2001 Appropriations** The General Assembly appropriated $10.5 million to the Department of General Services for major maintenance in FY 2001. The Advisory Committee adopted a system of priorities to be used for evaluating and recommending vertical infrastructure projects, including major maintenance, requested by State agencies. The priorities include:

1. Emergency repairs necessary to preserve the lives, health, and safety of citizens, residents, state workers, and visitors.
2. Projects currently funded and work is in progress and interruption of the work would result in an incomplete project or is otherwise fiscally imprudent.
3. Non-emergency repairs, which includes projects that do not pose an immediate threat to life safety but are resulting in exponential damage to the structure.
4. Facility renovation work that is not for pure aesthetic or functional reasons. Repairs designed to alleviate life safety issues or exponential damage shall be an integral part of the renovation work.
5. New construction if replacement of an existing facility is more cost effective than repairs to alleviate life, health, and safety issues or exponential damage.



**Agency Responsibilities** Each State agency will be responsible for establishing a list of prioritized projects which will be submitted to the Department of General Services. Each project will include information justifying the need for the project. The Department of General Services will establish a consolidated and prioritized list of projects from all State agencies for presentation to the Advisory Committee. A revised project funding distribution schedule will be prepared based on recommendations developed and approved by the Advisory Committee. Major maintenance projects will also be required to meet the following definition adopted by the Advisory Committee:

*“Expenditures made beyond the regular, normal upkeep of physical properties (i.e., land, buildings, and equipment) for the repair or replacement of failed or failing building components as necessary to return a facility to its currently intended use, to prevent further damage, or to make it compliant with changes in laws, regulations, codes or standards.”*

**Allocated Funds** Prior to the FY 2001 major maintenance funds being allocated to the State agencies, the Plan allocates $225,000 to support the Vertical Infrastructure Program and $445,000 to the Department of General Services to cover a projected budgetary shortfall for project management services. The remainder of the funds, $9.8 million, will be allocated for projects.

STAFF CONTACT: David Reynolds (Ext. 16934)

Iowa Communications Network (ICN) Video Classroom Update



**ICN Classrooms** The Iowa Communications Network (ICN) added four interactive video classrooms during May, Mormon Trail High School in Garden Grove, Mount Pleasant High School, Fayette Public Library, and the Des Moines Public East Side Library. This brings the total number of classrooms to 714. 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 725. 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**

|  |  |
| --- | --- |
| Area Education Agencies | 17 |
| Community Colleges | 96 |
| K-12 School Districts | 377 |
| Other Education | 7 |
| Libraries | 38 |
| Medical Facilities | 9 |
| Private Colleges | 18 |
| Regents Institutions | 29 |
| National Guard | 56 |
| State Agencies | 48 |
| Federal | 15 |
| Miscellaneous | 4 |
| Classrooms Total | 714 |

**Website** This information is updated weekly and is available on the Internet at <http://www.icn.state.ia.us/about/clickmap/clickmap.htm>**.** If you would like a copy of the complete 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)

FY 2001 School District Budget Guarantee Amounts

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**FY 2001 Budget Guarantee** Senate File 2111, Budget Guarantee Act, provided school districts the opportunity to approve a budget guarantee for FY 2001 that would allow the district to receive additional funds that guarantees the FY 2001 regular program cost is equal to 100.0% of the FY 2000 total program district cost. School districts that planned on using the guarantee were required to notify the Department of Management (DOM) within 30 days of the enactment of this legislation.

**Notifications Received** There were 114 school districts eligible to receive the FY 2001 budget guarantee. Of those eligible school districts, 107 districts notified the DOM that they planned to use the budget guarantee. One district will use the budget guarantee at 70.0% rather than the 100.0% allowed by the Act.

**Estimated Cost** The cost of this Act for the 107 districts that will use the budget guarantee is approximately $6.6 million. This funding will be entirely funded through local property taxes.

**More Information** Approved district-by-district budget guarantee amounts are available upon request from the Legislative Fiscal Bureau.

STAFF CONTACT: Shawn Snyder (Ext. 17799)

**21ST Annual Governor’s Conference on Aging**



**Conference on Aging** On May 15 and 16, the Department of Elder Affairs hosted the Governor’s Conference on Aging at the University Park Holiday Inn in West Des Moines. An estimated 555 people attended the Conference. The theme of this year’s Conference was “Images of Aging: Past, Present, and Future”. Keynote speakers were Dr. Robert L. Bender, Bobbie Staten and Reverend Jonna Jensen. On May 15, Governor Tom Vilsack addressed the luncheon and gave special recognition to eight of Iowa’s centenarians. An award ceremony followed, emceed by Ed Wilson, TV Channel 13, in which awards were given to 13 individuals and/or organizations recognized for outstanding volunteerism and leadership.

STAFF CONTACT: Russ Trimble (Ext. 14613) Valerie Thacker (Ext. 15270)

Community Economic Betterment Account Awards

**CEBA Awards** Section 15.317(4), Code of Iowa, requires awards made by the Department of Economic Development (DED) through the Community Economic Betterment Account (CEBA) to be utilized by the company within two years of the date of the award. The Section states:



*“Assistance approved by the board shall be utilized by the business within two years of the date of the approval of the assistance. Funds not utilized in accordance with this subsection shall revert to the control of the board. The business may reapply for assistance in that case.”*

The Section was added to the Code of Iowa in HF 512, FY 1996 Economic Development Appropriations Act. The Notes on Bills and Amendments (NOBA) annotation paraphrased for that portion of the Act reads:

*“This Section requires companies receiving awards through CEBA to use the funds within two years of approval or the funds revert to the control of the Board and the company must reapply.”*

*“This will ensure that the DED does not encumber funds for extended periods of time for projects not ready to proceed. During FY 1995 the Department recaptured funds that were awarded in FY 1990. When implemented, this may increase the funds available for current, active projects.”*



CEBA AWARDS

**Financial Assistance** CEBA financial assistance is awarded to local governments on behalf of the applying business. After the DED Board approves a CEBA award, the Department, the local government, and the business enter into a contract which requires certain thresholds to be reached before the award can be drawn from the State. When the thresholds are achieved, the Department transfers the funds to the local government who in turn transfers it to the business. Until the thresholds are achieved, the money remains in the Strategic Investment Fund. Interest on that fund, and therefore interest on awards that have not been drawn, accrues to the State General Fund.

**Legislative Request** At the request of Legislators, the Legislative Fiscal Bureau asked the Department to examine projects that have award dates more than two years old, but the money had not yet been distributed to the community/company. At the April and May meetings of the Economic Development Board, the CEBA/New Jobs and Income Program Review Committee addressed the status of 22 projects with award dates in excess of two years old. The Committee voted to recapture the awards of 19 projects and to allow three projects to retain the right to the awards. When an award is recaptured, the money is returned to the pool of funds available for future CEBA awards.

**Fiscal Impact** The fiscal impact of the recapture of the 19 awards is an increase of $2.6 million in funds available for future CEBA projects.

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Lottery Revenues and Expenditures Through April



**FY 2000 Lottery Revenues** Through April, FY 2000 Lottery game revenues decreased $348,000 from the FY 1999 level. Lottery prize expenses decreased $737,000, operating expenses decreased $1.0 million, and transfers to other State funds increased $1.7 million. The following table details revenues, expenditures, and balances of the State Lottery. Rows and columns may not add, due to rounding.

**FY Sales** Fiscal year sales through April, compared to the same time period of FY 1999, were as follows:



* Instant ticket sales increased $765,000 (1.1%)
* Iowa Lotto/Supercash/Pick 3 sales increased $223,000 (7.4%)
* Multi-State Powerball sales increased $173,000 (0.4%)
* Multi-State Daily Millions/Cash 4 Life sales decreased $690,000 (20.3%)
* Daily Game sales increased $163,000 (4.3%)
* Pull-tab sales decreased $1.2 million (5.2%)

**April Sales** Total Lottery sales for April were $15.3 million, an increase of $1.2 million (8.6%) compared to April 1999. April 2000 sales for Powerball and Pick 3 were above sales for April 1999.



**REC Projections** The April Revenue Estimating Conference (REC) projected FY 2000 Lottery profit transfers to the General Fund will total $35.5 million. Actual profit transfer to the General Fund for FY 1999 was $36.5 million. Therefore, the REC is estimating General Fund Lottery transfers will be $1.0 million lower in FY 2000 than in FY 1999. Through April, fiscal year General Fund transfers are $1.7 million above FY 1999. With two months remaining in the fiscal year, it is currently projected Lottery revenues deposited to the General Fund in FY 2000 will exceed REC projections by $2.0 to $2.5 million.

**Sales Tax Paid** In addition to the amount transferred to the State as profits, the Lottery has transferred $7.1 million in sales tax during FY 2000.

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Congress Passes Agricultural Risk Protection Act



**Federal Action** The House and Senate agreed to the Conference Report for H. R. 2559 (Agricultural Risk Protection Act) on May 25. This legislation will provide up to $7.1 billion in federal funds for farmers experiencing losses from decreased crop prices. The legislation makes changes to federal crop insurance programs by making it easier and less expensive for producers to buy insurance over the next five years.

**Topics in Conference Report** Several topics are included in the Conference Report:

* Increases the subsidies on premiums for the purchase of crop insurance and encourages farmers to consider the purchase of other insurance products. Allows producers of specialty crops to participate in the program.
* Provides $7.1 billion in economic assistance to farmers for market losses due to decreased grain prices and lower export levels.
* Includes a biomass and research development program for the production of low-cost bio-based industrial products. This will include a grant program to assist researchers.
* Consolidation of existing statutory authorities for the inspection of plants and animals. Authorizes civil penalties to those interfering with animal inspections by the United States Department of Agriculture.

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Possible Federal Funding Changes for Rehabilitative Treatment Services (RTS).



**Federal Funding Changes** The Treatment Component of Child Welfare Services Work Group has proposed a change to the federal level of participation for Rehabilitative Treatment Services (RTS). The federal Health Care Financing Administration (HCFA) has expressed concerns regarding the State of Iowa “overbilling” Medicaid (Title XIX) for Residential Treatment Services. The proposal submitted to the Health Care Financing Administration includes an adjustment of 2.44% (the federal government would reimburse the State of Iowa 2.44% less than currently being reimbursed) on July 1, 2001. This rate would be based upon the approval of Iowa’s request for a 1915(b) waiver, which involves establishing a capitation rate for Medicaid’s reimbursement based upon historical data. The waiver requested separately has not yet been approved by the Health Care Financing Administration.



**Impact on Iowa** In separate documentation requested from the Department of Human Services, based upon FY 1998 data and the FY 2001 budget for the Rehabilitative Treatment Services, if the federal government approves the funding adjustment, the FY 2002 budget would require an additional $634,000 from State funds to retain the FY 2001 service funding. This is an increase of $46,000 from initial estimates presented with the funding adjustment request due to changes in the distribution of funds within the FY 2001 budget for the four Rehabilitative Treatment Services (family preservation, group care, family foster care, and family centered services).

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

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