FISCAL UPDATE December 04, 2001

 Legislative Fiscal Bureau (515)-281-5279 FAX 281-8451

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November Meeting of the Council on Human Services

**Council Meeting** The Council on Human Services met November 14 and conducted the following business:

**Rules Adopted** The Council adopted the following administrative rules:

* Removes a county board of supervisors as the final appeal body for appeals under a county management plan regarding disability services. A recent court decision indicates that such a board is not an impartial decision-maker. Under the new rule, a county would need to determine the appeal system within the county, other than having a county board of supervisors be the final appeal body. Fiscal information indicates there is no fiscal impact.

Administrative

 **Rules**

* Changes to the Risk Pool Board mental health funding distribution definitions and eligibility criteria required by the action of the 2001 General Assembly Regular Session. Fiscal information indicates no fiscal impact. The impact will be changes to the criteria, which may affect the number of counties eligible for any funding available for awards by the Risk Pool Board.
* Revises policy governing determination of hardship eligibility and development of the Family Investment Agreement. A local income maintenance worker will determine the hardship, and the six-month Family Investment Agreement is to be developed by the family and Promise Jobs staff, similar to the process for regular Family Investment Program eligibility. Fiscal information indicates there is no fiscal impact.
* Revises rules governing conditions of participation, coverage, and payment for independent laboratories in response to Executive Order 8 requiring an assessment of rules. The Department of Inspections and Appeals notes that Medicare no longer has a certification program for independent laboratories. The revisions define an independent laboratory and update federal regulations reference. Fiscal information indicates no fiscal impact.
* Corrects a rule reference related to provider enrollment of lead investigation agencies. This corrects a cross reference to Department of Health rules. Fiscal information indicates no fiscal impact.

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* Updates prior authorization criteria for certain drugs, removes the drug dipryidamole from the list requiring prior authorization, and adds the drug palivizumab to the list. Fiscal Information indicates minimal fiscal impact.
* Changes to policies for rehabilitative treatment and support services contracting. Fiscal information indicates there is no fiscal impact.
* Revises the Department’s field operations service delivery. In October the Department and the Office of the Governor announced a reorganization of the Department. During the November 8 Special Legislative Session, the General Assembly enacted HF 764 (Department of Human Services Reorganization Act). Details regarding these changes are provided in the November 1 and November 14 edition of the ***Fiscal Update***.
* Reduces reimbursements to providers of service to the State Payment Program by 4.3% compared to the previous payments received during the first five months of FY 2002. Fiscal information indicates this action will save $355,000 in FY 2002.

**Notice for Action** Placed the following administrative rules on notice for action at future meetings:

* Eliminates the provisions of not counting toward the 60-month Family Investment Program limit a month for which all assistance is returned by the family or is reimbursed from support collections or overpayment recoveries. Fiscal information indicates there is no fiscal impact.
* Changes to Medicaid Program services for audiology and hearing aid services. Fiscal information indicates there is no fiscal impact.
* Changes rules relating to dental hygienist’s services in screening centers and corrects the instructions for submitting a screening center application. Fiscal Information indicates there is no fiscal impact.
* Revises policies for payment of transplants in conformance with federal regulations. Fiscal information indicates savings of $1.9 million based on historical information and national costs of pancreatic transplants.



* Revises polices relating to therapy in rehabilitation agencies. Fiscal information indicates there is no fiscal impact.
* Changes the implementation date for changing the nursing facility occupancy rate from 80 percent to 85 percent from July 1, 2002, to July 1, 2003. The correction is applied retroactively to July 1, 2001. Fiscal information indicates there is no fiscal impact.
* Revises various technical components of the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Program. Fiscal information indicates there is no fiscal impact.
* Revises policies of the Iowa Plan for Behavioral Health. Fiscal information indicates there is no fiscal impact.
* Revises various technical components to the grant programs related to child care. Fiscal information does not indicate specific information other than the impact would be 100.0% federally funded.
* Establishes accountability measures for nursing facilities and policy for achieving increased reimbursements. Fiscal information indicates a fiscal impact of $9.4 million.

**Legislative Changes** The Council approved the legislative changes desired and proposed for the 2002 General Assembly. A separate entry within this ***Fiscal Update*** reviews in detail the proposed changes.

**Members’ Concerns** Concerns of the members of the Council were discussed, including but not limited to:

* Mental Health parity for insurance coverage.
* Impacts that reimbursement rates using percentiles have on the DHS providers and private pay users of services.
* Impacts across-the-board reductions have on counties for possible elimination of the Medically Needy Program and the impact upon county relief programs.
* Decategorization funds impacted by the across-the-board reduction for child welfare programs.

**Director’s Information** The Council received information from Director Rasmussen, including but not limited to:



* Review of the Special Legislative Session on November 8.
* Discussion of meetings with county boards on restructuring of Field Operations. Distribution of existing local administrative dollars and possible sharing of part-time offices between counties to create a joint full-time office are under consideration.
* Overview of “Medicaid Summit” with Legislators and other State experts on Medicaid issues including how to manage the projected shortfall in State funding and what services or eligibles might be reduced to stay within funds appropriated. The agenda includes discussion of forecasting strategies and what state-of-the-art models are available to project Medicaid.
* Layoff plans for all administrative areas to meet the across-the-board reductions of State funds are going to Department of Personnel the week of November 19.
* Discussed options in the Medical Assistance Program to meet the across-the- board reduction of $17.7 million. The National Governor’s Association is proposing an increase in federal match rate by 1.0% for all states. Approximately forty-three states have projected shortfalls in Medicaid.

**Budget Update** The Council received an update on the budget, including but not limited to:

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* Jan Clausen provided a list of appropriations for FY 2002 with the amount of State dollar reductions for the 4.3% across-the-board reductions.
* Field Operations was provided $3.0 million by HF 759 (FY 2002 Reappropriations Act) during the Special Legislative Session on November 8.
* Discussion was held regarding federal maintenance of effort issues in the areas of the Temporary Assistance for Needy Families, (TANF), Child Care, and State Supplementary Assistance and strategies to meet this requirement in FY 2002.

**Other Action** The Council:

* Received an update regarding Departmental communications.
* Heard from a member of the public about concerns regarding child care issues.

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

STAFF CONTACT: Sue Lerdal (Ext. 17794) Sam Leto (Ext. 16764)

Proposed Legislative Changes by the Department of Human Services

**Proposed Legislation** The Council on Human Services met November 14. In addition to various action items detailed in a separate entry within this ***Fiscal Update***, the Council approved the proposed legislation requested by the Department for the 2002 General Assembly.



**Adult, Children & Family** Adult, Children, and Family Services:

* Eliminate the requirement that a child adopted in a foreign country be “re-adopted” in Iowa. Section 600.15, Code of Iowa, would be amended. Fiscal information indicates no fiscal impact.
* Eliminate the requirement of the annual report by child placing agencies. Section 238.23, Code of Iowa, would be amended. Fiscal information indicates no fiscal impact.
* Increase the one-year child placing agency license to a three-year period. Section 238.9, Code of Iowa, would be amended. Fiscal information indicates no fiscal impact. There should be a savings of departmental staff time and travel costs which were not estimated by the Department.
* Increase the one-year foster care and child caring agency licenses to a three-year period. Section 237.5, Code of Iowa, would be amended. Fiscal information indicates no fiscal impact. There should be a savings of departmental staff time and travel costs which were not estimated by the Department.
* Modify the training requirements for licensed foster care or adoptive parents. Section 237.5A, Code of Iowa, would be amended. Fiscal information indicates no fiscal impact.
* Modify various definitions and regulations regarding child care facilities and homes. Sections in Chapter 237A and Section 225C.35, Code of Iowa, would be amended. Fiscal impact was not included with the information to the Council, but the extension of the license period should provide a savings of departmental staff time and travel costs which were not estimated by the Department.

**Economic Assistance** Economic Assistance:



* Eliminate the requirement that the Department pay a $0.07 per transaction fee for Electronic Benefit Transfer (EBT) transactions if the retailer owns the equipment. Fiscal information indicates a savings of $5,456 for the retailer fee and $27,174 in reduced costs of government-only terminals for FY 2003.
* Eliminate the well-being visit contract with the Department of Public Health and adopt emergency rules to eliminate well-being visits. Fiscal information indicates savings of appropriated Temporary Assistance for Needy Families (TANF) funds of $84,760 for FY 2002, and $297,496 for FY 2003.
* Eliminate Section 217.30, subsection 4, paragraph c, Code of Iowa, relating to publication of the quarterly recipient listing of persons receiving certain benefits. This is a technical correction to correspond with action taken by the 2000 General Assembly. Fiscal information indicates there is no fiscal impact.
* Add the definition of an Individual Development Account (IDA) to Section 541A.1, subsection 7, Code of Iowa, to bring into federal compliance. Also, amend Section 541A.3, subsections 1 and 5, to allow deposits of State savings refunds into the central Individual Development Account reserve account. Fiscal Information indicates there is no fiscal impact.
* Correct cross-reference in Section 239B.18, Code of Iowa, relating to Jobs Program participation. Fiscal Information indicates there is no fiscal impact.

**Child Support** Child Support Recovery Unit:



* Incorporate updates of federal Child Support Enforcement requirements for use of the National Medical Support Notice relating to standards for enforcement of medical support orders. Amends Chapter 252E and Sections, 252D.30, 252D.31 and 514C.9, Code of Iowa. Fiscal Information indicates there are costs associated to implement a new notice, system changes, forms and manual changes, and outreach to employers, which are budgeted in FY 2002.
* Based on recent Iowa Supreme Court decision, clarify and change how the receipt of Social Security Disability dependent’s benefits by a child affects enforcement of the parent’s child support obligation. Amends Section 598.22 and Chapters 252C, 252F, and 252H, Code of Iowa. Fiscal information was not provided.

**Medical Services** Medical Services:

* Eliminate Section 249A.20, Code of Iowa, relating to federal Medicare Resource Based Relative Value Scale (RBRVS) to reimburse non-institutional health providers. Fiscal information indicates there would be an increase in payments of 13.0% if the Section were not eliminated.
* Changes Medicaid Buy-In coverage from Balance Budget Act of 1997 provisions to Ticket to Work Incentives Improvement Act of 2000 to meet federal requirements. Amends Section 249A.3, subsection 2, paragraph a, Code of Iowa. Fiscal information indicates no significant impact in the number of eligibles; however, there could be costs for changes in the computer system.
* Add carryover language to nursing facility conversion and long-term care service development grants in the Senior Living Program. Amends Chapter 249, Code of Iowa. Fiscal information indicates there is no fiscal impact.
* Modify portions of the Code of Iowa relating to Healthy And Well Kids in Iowa (*hawk-i)* Program. The changes are technical to allow clarifications requested by the *hawk-i* Board*.*  Fiscal information indicates there is minimal fiscal impact.

**More Information** Additional information as well as copies of the handout are available upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Sam Leto (Ext. 16764)

Teacher Quality and Student Achievement Program Participation

**HF 476 – Teacher Quality** The Department of Education has received responses from school districts regarding participation in the Teacher Quality and Student Achievement Program Act (HF 476). School districts had four options during the current school year:

* Option 1 – Mentoring and Induction Program. School districts without first-year beginning teachers did not need to participate this fiscal year. Three hundred fifty-three school districts will implement this Program during this school year. The FY 2002 appropriation for this Program was $2.4 million.



* Option 2 – Career Paths Program. Participation in Option 1 is a prerequisite for participation in this option. Three hundred forty-five school districts will implement this Program during this school year. The FY 2002 appropriation for this Program was $31.2 million.
* Option 3 – Team-based Variable Pay Pilot Program. Fifteen districts applied for participation in this Program. After the applications were reviewed, 18 buildings in 10 school districts (including one entire school district), representing approximately 7,100 students, were approved for participation in this Program. The FY 2002 appropriation for this Program was $1.0 million.
* Option 4 – No participation in any of the above options. Eighteen school districts chose not to participate in Option 1 and 26 school districts chose not to participate in Option 2. All school districts must participate in Option 2 by the start of FY 2003. School districts that have chosen not to participate this school year will have their funds for the Career Paths Program preserved for FY 2003.

**More Information** For a list of school districts that are participating, please contact the Legislative Fiscal Bureau.

STAFF CONTACT: Shawn Snyder (Ext. 17799)

Child Abuse Reporting Interim Study Committee

**Interim Meeting** The Child Abuse Reporting Interim Study Committee held its second meeting on November 28, 2001, and reviewed the action from the first meeting and made recommendations to the General Assembly. Although the exact wording of the recommendations may change prior to the issuance of the Final Report of the Committee, the recommendations related to the following:



* A long-term goal is the implementation of a centralized child abuse reporting intake system with a highly trained professional staff and a single telephone number, as funding becomes available in the future.
* The Department of Human Services (DHS) is to develop additional training for intake personnel, including but not limited to, on-the-job training.
* Local DHS staff may continue to receive child abuse reports directly, with the right to consult with the centralized intake system (when created) if the local staff desires to consult with the centralized intake system staff.
* It is a legislative issue to be determined as to the decisions regarding “acceptance” or “rejection” of a child abuse report, for investigation purposes.
* When funding is available, a FTE position should be added to work with the existing “after normal business hours” intake process.
* The DHS should coordinate a movement toward utilizing the Alliance of Information and Referral Systems (AIRS) 2-1-1 telephone number for a centralized child abuse intake system, with both public and private funding.

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

LSB STAFF CONTACT: John Pollak (Ext. 13818) Rick Nelson (Ext. 25822)

LFB STAFF MONITOR: Sue Lerdal (Ext. 17794)

LOTTERY REVENUES AND EXPENDITURES THROUGH OCTOBER



**October Rev./Exp.** Through October, FY 2002 Lottery game revenues increased $12.0 million from the FY 2001 level. Lottery prize expenses increased $6.2 million, operating expenses increased $0.7 million, and transfers to State funds increased $5.5 million. The following table details revenues, expenditures, and balances of the State Lottery. Rows and columns through October may not add, due to rounding.

**Comparison to FY 2001** Fiscal year sales through October, compared to the same time period of FY 2001, were as follows:

* Instant ticket sales decreased $2.1 million (8.0%).



* Pick 3 sales increased $171,000 (13.7%).
* Multi-State Powerball sales increased $14.7 million (116.2%).
* Rolldown sales decreased $76,000 (12.3%).
* Freeplay Replay sales decreased $183,000 (58.5%).
* Cash 4 Life sales decreased $481,000 (100.0%).
* Daily Game sales increased $16,000 (1.2%).
* Pull-tab sales decreased $21,000 (0.2%).

**Ticket Sales** Total Lottery sales through October were $63.4 million, an increase of $12.0 million (23.3%) compared to October 2000. July through October 2001 sales for the Daily Game, Powerball, and Pick 3 were above sales for the same period during FY 2001.

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**Estimated Transfers** The July Revenue Estimating Conference (REC) projected FY 2002 Lottery profit transfers to the General Fund will total $32.5 million. Actual profit transfer for FY 2001 was $35.4 million. Therefore, the REC is currently estimating General Fund Lottery transfers will be $2.9 million (8.2%) lower in FY 2002 than in FY 2001. Through October, FY 2002 transfers to the General Fund are $5.4 million (60.9%) above FY 2001.

**Sales Tax** In addition to the amount transferred to the State as profits, the Lottery has transferred $3.2 million in sales tax during FY 2002.

STAFF CONTACT: Ron Robinson (Ext. 16256)

State Board of Education’s November Meeting



**Board Meeting** The State Board of Education held its regular meeting on November 14, at which time the Board received and discussed the following reports:

* Community College Licensure Task Force Recommendations
* Fall 2001 Community College Credit Student Enrollment Report
* 2001-2002 Academic Year Community College Tuition and Fees Report
* The Annual Condition of Education Report - 2001

**Presentations** The Board also heard presentations in regard to criteria for Iowa teaching standards, the advantages and disadvantages of norm-referenced standardized testing in assessing school districts, and collaborative student achievement assessment modules and professional development offered by the AEAs.

**Legislative Agenda** The Department of Education presented a draft of its 2002 legislative agenda. The draft includes proposals for legislation to reduce some of the Department’s responsibilities or to pass costs along to local school districts. The proposals involved areas such as Chapter 290 appeals to the State Board regarding local open enrollment decisions, the K-12 accreditation process, school bus inspections, and a variety of other routine oversight and record-keeping responsibilities.

**More Information** For further information, contact the Legislative Fiscal Bureau at 281-5270 or the Department of Education at 281-5296.

STAFF CONTACT: Robin Madison (Ext. 15270)

College Student Aid Commission Meeting - November



**Commission Meeting** The College Student Aid Commission met on November 8. Significant agenda items included:

* Registration Application for Viterbo College – Viterbo College, doing business at Viterbo University of LaCrosse, WI, applied for renewal of registration as a postsecondary institution in Iowa. A Committee of Approvals recommended the application be approved since the institution met all the statutory and regulatory requirements required.
* Scholarship and Grant Program Reductions – Second semester grant amounts for several Commission Programs will need to be adjusted due to the Governor’s 4.3% across-the-board reduction. These include:
* Tuition Grant Program – Second semester awards will be reduced from $2,000 to approximately $1,740. The Commission will request a transfer of $411,000 from the Scholarship and Grant Reserve Fund. The total reduction is $1.3 million. If the Reserve Fund transfer is approved, the reduction to the Program will be $900,000.



* Vocational-Technical Tuition Grant Program – Second semester awards will be reduced from $244 to approximately $235. The reduction is $107,000.
* Iowa Grant Program – The Commission will recall $46,000 already paid to colleges.
* Osteopathic Forgivable Loans – The reduction of $4,300 will result in a reduced ending balance.
* Osteopathic Physician Recruitment – One less scholarship will be awarded. The reduction is $16,000.
* Teacher Shortage Loans – The Program will rely on repayment revenues to replace the reduction of $21,000.
* Chiropractic Loans – Awards will be reduced from $4,300 to $4,100. The reduction is $4,000.
* Vocational-Technical Tuition Grant Proposal – Community college financial aid officers recommend an improved method of distributing Vocational-Technical Tuition Grants. The proposal would direct a larger share of the Grant funding to those not receiving Pell Grant assistance. It would also increase the amount of financial aid used to fund direct education expenses and reduce Pell Grant refunds.
* Guarantor Servicing Proposal – The Commission has contracted with USA Group Guarantee Services since 1979. USA Group became SallieMae Guarantee Services with the acquisition of USA Group in July 2000. The Commission approved authorizing Executive Director Nichols to negotiate extending the current contract with SallieMae (formerly USA Group) through October 31, 2002. The Commission also authorized Mr. Nichols to pursue a 28E Agreement with the Iowa Student Loan Liquidity Corporation to create an Iowa-based guarantor service provider.
* Public Information Services – The Commission approved extending the communication services contract with Erickson-Mellan for one year at not more than $70,000. The current contract was awarded following completion of a competitive bid process in January 2000.

STAFF CONTACT: Mary Shipman (Ext. 14617)

Board of Regents Meeting - November

**Board Meeting** The Board of Regents met at the University of Northern Iowa on November 14 and 15. Significant agenda items included:

**Banking Committee**The Banking Committee, and subsequently the Board, approved the following:



* Sale of $4.8 million refunding bonds for Iowa State University (ISU) Memorial Union.
* Sale of $5.6 million in Field House Revenue Bonds for repairs and improvements to the UNI-Dome at the University of Northern Iowa (UNI).
* Proposed Bond Schedule totaling $147.5 million for calendar year 2002 as follows:

January - $15.1 million for ISU residence system. The Committee and Board authorized the Executive Director to fix the sale date for these bonds that will be used to construct a new community center for the Union Drive neighborhood.

February - $15.0 million for the University of Iowa (SUI) utility system.

March - $12.9 million for Maucker Union at UNI.



April - $15.6 million for academic building refunding at SUI.

May - $11.0 million for parking at ISU.

May - $5.0 million academic building refunding at UNI.

June - $13.5 million for facilities (health science) at SUI.

September - $25.8 million for facilities (medical education) at SUI.

October - $11.2 million for athletics at SUI.

October - $11.2 million for parking at SUI.

November - $11.2 million for facilities (Careers Center) at SUI.

* Electronic Bidding. The General Assembly enacted legislation that allows for electronic bidding in the 2000 Legislative Session. The Committee and the Board approved authorizing electronic bidding for bonds beginning in January 2002.
* Investment and Cash Management Report. On September 30, 2001, the Regents’ combined operating and endowment portfolios exceeded $1.1 billion. The market value of the combined operating portfolios was $835.3 million. The market value of the endowment portfolio was $305.5 million.
* Selection of Master Lease Provider. The Board has operated through Wells Fargo as a result of RFP processes in 1991 and 1996. The current agreement expires December 1, 2001. The Board received proposals from Wells Fargo, GE Capital, and US Bank. The Board approved continuing the contract with Wells Fargo.
* Employee Compensation Endowment. The Committee and Board authorized establishment of an endowment to receive proceeds (stock) resulting from the demutualization of Principal Financial. These proceeds are the result of insurance policies the Regents universities have held with Principal for a number of years. The value of the stock received is expected to be significant, possibly $100.0 million or more. The Board intends to allow the institutions to use the funds in the Endowment to support employee benefits.

**Strategic Plans**Each of the institutions presented preliminary reports on strategic plan progress. Additional information regarding this agenda item can be found on the Board’s website under Items 5a through 5e at <http://www2.state.ia.us/regents/meetings/DocketMemos/01Memos/nov01/novdocket.htm>

**Fall Enrollment**Fall Enrollment – Part II – The second part of the Fall Enrollment Report contains information about student characteristics, such as quality of new freshmen and enrollment by category, such as transfer students, gender, residence, off-campus, international students, age, and disabilities. The Report also provides enrollment projections. Enrollment at the Regents institutions has increased from 53,589 in Fall 2000 to 55,137 in Fall 2001. This is an increase of 1,548 (2.9%). For Fall 2001, the mean ACT scores for entering freshmen at Regents universities range from 22.9 to 24.7. This compares favorably to the national mean of 21.0 and a State mean of 22.0.

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**FY 2002 Budgets**Revised FY 2002 Budgets – The Regents institutions provided information regarding how each would absorb the 4.3% across-the-board reduction ordered by Governor Vilsack. This information is available on the Regents website at <http://www2.state.ia.us/regents/meetings/DocketMemos/01Memos/nov01/novgd11.pdf>

**Reports Received *The Board received the following reports:***

* ***Governance Report on Student Retention and Graduation Rates*** – The three Regents institutions continue to graduate more than 60.0% of entering full-time freshmen within six years. This compares favorably with the 56.0% nation average among NCAA Division I schools (both public and private).
* ***Annual Report on Economic Development and Technology Transfer*** – The universities reported advances in many activities associated with economic development and technology transfer and short-term declines in a few areas. The Report is available on the Board’s website at <http://www2.state.ia.us/regents/meetings/DocketMemos/01Memos/nov01/novgd08.pdf>



REPORTS

* ***Governance Report on Fire and Environmental Safety*** – From FY 1993 through FY 2001, fire safety projects (excluding major renovations) totaled $30.5 million for general fund facilities at the Regents institutions. The institutions indicated that $5.7 million is needed to correct fire safety deficiencies identified in past inspections by the State Fire Marshal.
* ***Governance Report on Deferred Maintenance*** – From FY 1993 through FY 2001, deferred maintenance totaling $103.3 million was completed by the Regents institutions. The estimated amount of deferred maintenance in general fund facilities and utilities, as identified by the institutions is $146.4 million.
* ***Governance Report on Purchasing*** –The Report provides information to allow the Board to review purchasing compliance with statutory requirements related to Iowa-based businesses, targeted small businesses, and Iowa Prison Industries. The Report also includes information regarding cooperative purchasing, conflict of interest vendors, and vendor complaints.
* ***Annual Report on Fringe Benefits*** (FY 2001) – The Report provides information regarding insurance, retirement, vacation, and sick leave programs at the Regents institutions. Total employer cost of insurance and retirement programs was $296.2 million for FY 2001, which is approximately 28.0% of non-student payroll. This compares to an average cost of 18.0% to 35.0% for fringe benefits at comparable institutions, according to the most recent AAUP survey. Cost by Program includes:
* $181.9 million for retirement
* $93.2 million for health insurance
* $24.1 million for other insurance (life, long-term disability, accidental death, and dental)
* $-3.0 million for interest received on cash reserves maintained by carriers

**Tuition/Fee Increases**The Board gave final approval to an 18.5% increase in base tuition for resident undergraduate tuition. The base tuition will be $3,692 for Fall 2002, an increase of $576 compared to Fall 2001.

**Early Retirement**The Board Office and the institutions proposed the following principles for designing future early retirement programs. The institutions are expected to analyze their needs relative to early retirement programs and report back to the Board in February 2002.

**More Information** Additional information, including the entire text of items mentioned above, regarding the November Board of Regents meeting is available on the Board’s website at <http://www2.state.ia.us/regents/meetings/DocketMemos/01Memos/nov01/novdocket.htm>

**Next Meeting** The Board will not meet in December. The next Board meeting is scheduled as a conference call on January 16, 2002. The next regular Board meeting is scheduled for February 20-21, 2002, at the University of Iowa.

STAFF CONTACT: Mary Shipman (Ext. 14617)

Board of Regents Office Relocated



**Board Office Relocated** The Regents Board Office will be relocated to 11260 Aurora Avenue in Urbandale on December 7. The Board Office has been located at 100 Court Avenue in Des Moines since they vacated the Ola Babcock (Old Historical) Building prior to the renovation project. Beginning Monday, December 10, the Board Office staff can be contacted at the following address:

 Board of Regents, State of Iowa
 11260 Aurora Avenue
 Urbandale, IA 50322-7905

**Phone Number** The Board will no longer be on the local mail route of the Capitol Complex; however, the telephone numbers for Board Office staff will not change. The main phone number is 515-281-3934 and the fax number is 515-281-6420.

STAFF CONTACT: Mary Shipman (Ext. 14617)

Legislative Oversight Committee Meeting



**Oversight Meeting** The Legislative Oversight Committee met on November 14 in Room 19 of the Capitol Building. The Committee heard presentations on and discussed the following:

* Mary Jones, Department of Health, presented the Committee with information regarding security at the six state labs in Iowa. She gave an overview of the security guidelines set forth by the Center for Disease Control (CDC) and Office of Health and Safety (OHS).
* Debbie O’Leary and Paul Carlson, Information Technology Department (ITD), presented an overview of ITD’s FY 2002 budget and a review of expenditures. They also discussed proposed rate increases for services.
* Roger Baysden, Department of Corrections, presented the Committee with a report on furniture purchases from Iowa Prison Industries. He stated that to achieve the hard labor requirement for inmates, the Iowa Legislature adopted Section 904.808, Code of Iowa – State Purchasing Requirements, which requires that a product produced by the Industry not be purchased from a source other than Iowa Prison Industries by any State agency, unless it is an emergency purchase or Iowa Prison Industries cannot meet the specifications



* Stan Kuhn, Department of General Services (DGS), presented a report on why the DGS is not renewing State contracts for modular office furniture systems, except for Targeted Small Business contracts.
* Dennis Applegate, Jr., OSE, Inc., presented information regarding the cancellation of contracts for office furniture from his company by the State of Iowa and the impact this will have on his organization.
* Steve Morris, Department of Workforce Development, presented a report regarding discontinuation of the janitorial services contract with a private vendor. Mr. Morris explained that the Department based its decision on the fact that even though the new contract with DGS has increased costs compared to the private vendor, the agency will realize an overall net savings.
* Jane Barto, Department of Workforce Development, presented the Committee with an overview of several new technology projects being implemented. She explained that the technology will provide single-contract inquiry and problem solution, self-service options for customers, integrate workflow across the entire organization, increase automation in document management, and use a case management approach.

**Next Meeting** The next meeting of the Committee is scheduled for 10:00 a.m. on December 12 in Room 19 of the Capitol Building.

**More Information** Copies of agendas, minutes, and handouts from Oversight Committee meetings are available on the Legislative Fiscal Bureau web site at: <http://staffweb.legis.state.ia.us/lfb/subcom/oversight/oversight.htm>.

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

Environmental Protection Commission Meeting

**Commission Meeting** The Environmental Protection Commission held their monthly meeting November 19. The following issues were discussed:



* Director Jeff Vonk discussed the Town Meeting that was held November 16, in Des Moines, sponsored by the University of Iowa Environmental Health Sciences Research Center. A number of health issues relating to animal confinement operations were discussed. The Director also explained the Department reduced a number of part-time positions as a result of the 4.3% budget reduction that became effective November 1, 2001, and that the Department’s reorganization plan would be presented at the December meeting.
* The Commission was asked to approve a contract for $50,000 with the Center for Health Effects of Environmental Contamination at the University of Iowa, to study private wells located in incorporated areas that do not have municipal drinking water systems. There are 140 Iowa towns that rely on private wells rather than municipal systems. The contract was approved.
* The Commission was asked to approve a Final Rule Change regarding the discarding of appliances. The Change establishes a permitting program and outlines the responsibilities of facilities that process old appliances. The Commission approved the Final Rule Change.
* The Commission was asked to approve a Notice of Intended Action regarding the handling and disposal of special wastes. The proposed rule allows landfill managers to develop and submit special waste acceptance criteria that identify the special waste disposal practices for their facility. The Notice of Intended Action was approved.
* The Commission was asked to approve a contract with the University of Iowa’s Hygienic Laboratory for environmental monitoring and other services. The cost of the contract is $347,000 and the services include: water quality monitoring, water supply monitoring, waste monitoring, and waste management assistance. The Commission approved the contract.
* The Commission was asked to approve a Notice of Intended Action that would update air quality rules to conform to federal regulation changes. The rules would include reference to five new national emission standards for hazardous air pollutants and would require persons building emission units to notify the Department prior to construction. The Notice of Intended Action was approved.
* A hearing was held regarding the Department’s issuance of a conditional permit to Swine Graphics Enterprises. The permit would allow the company to begin construction of the hog confinement operation in Clarke County but specified the operation needed sufficient water supplies prior to populating the site with hogs. Local residents, the Clarke County Board of Supervisors, and Swine Graphics Enterprises made presentations to the Commission. The Commission members voted not to support the permit that was issued by the Department of Natural Resources.

**Next Meeting** The next meeting will be held on December 17 in Des Moines.

STAFF CONTACT: Deb Kozel (Ext. 16767)

State Soil conservation Committee Meeting

**Committee Meeting** The State Soil Conservation Committee met in Des Moines November 1.

**Presentations** The following presentations were made:

** State Soil Conservation Committee**

* Jim Gillespie, Division of Soil Conservation, reported that there would be additional funding for some Conservation Districts as money that was not expended in the previous year would be reallocated. Gillespie also reported that Iowa was leading the nation in the number of contracts in the Conservation Reserve Program (CRP) and that there were 192 contracts in place for the Buffer Strip Initiative.
* Bill McGill, Division of Soil Conservation, reported that there would be additional funding for some Conservation Districts from the redistribution of unused funds form the Resource Enhancement And Protection (REAP) Practices Fund. Requests totaled $227,000 for these funds and the actual amount to reallocate is $150,000.
* Dean Lemke, Division of Soil Conservation, reported that a project is underway at Cedar Lake in Madison County that would remove nitrates through wetlands. This Project is being considered under the Conservation Reserve Enhancement Program (CREP). The Project would remove nitrates that flow into the Winterset drinking water supply. Lemke also reported the federal Environmental Protection Agency (EPA) would be touring the agriculture drainage well area on November 15 and 16.
* Ken Towe, Acting Director of the Soil Conservation Division, explained that the Department has revised its budget for FY 2002 due to lower receipts and this information would be available after the Legislative Special Session that will be held on November 8. He also discussed the possibility of an early retirement program that would allow persons retiring to be paid for all of their sick leave over a four-year period. This Program would also be reviewed during the Legislative Special Session.
* Bill Ehm, Department of Natural Resources, discussed that there were six Total Maximum Daily Load (TMDL) calculations being implemented by the Department. These would be completed by the end of the year. The waterbodies included Rock Creek Lake in Jasper County, Bob White Lake in Wayne County, Yellow Smoke Lake in Crawford County, Lake Miami in Monroe County, Arrowhead Pond in Pottawattamie County, and Silver Lake in Delaware County. He also stated that the next listing of impaired waterbodies would be submitted to the Environmental Protection Agency in October 2002.
* Lyle Asell, Department of Natural Resources, explained that information from the Geographic Information System (GIS) would be available for use by the Soil Conservation Division. He explained the information would be helpful for modeling watersheds. Asell explained that the Department of Natural Resources was being reorganized and a plan was being submitted to the Governor next week.
* John Sellers, Committee Member, provided an update on the Chariton Valley Biomass Project. Currently there are 50 switchgrass producers in Wayne, Lucas, Appanoose, and Monroe Counties that sell their crop to be used by Alliant Energy’s generation station in Ottumwa.

**Next Meeting** The next meeting will be December 13 in Marshalltown.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Anti-Money Laundering Grant Program

**Federal Grant Received** The Office of the Attorney General has received notice of a grant award from the U.S. Department of Justice, Office of Justice Programs. The 18-month award for $270,000 will provide one Assistant Attorney General for the Office, plus a Special Agent and a Criminal Analyst for the Department of Public Safety. The grant will enable Iowa to establish a program to detect, prevent, and suppress money laundering.

**Task Force** The grant award will permit the creation of a coordinated, inter-agency Financial Crimes Task Force composed of the one Assistant Attorney General, the Special Agent and Criminal Analyst, plus the Internal Revenue Service will make an agent available on a part-time basis. This agent will serve as the liaison with the Los Angeles High Intensity Financial Crimes Area Project, which is developing intelligence-led policing procedures to detect, monitor, investigate and prosecute money-laundering crimes. One of the first tasks will be development of a threat assessment geared specifically to money laundering followed by identifying the money laundering systems in Iowa.

STAFF CONTACT: Beth Lenstra (Ext. 16301) Jennifer Dean (Ext. 17846)

Department of Justice - Federal Funds Update

**Federal Funds** The Department of Justice is anticipating receipt of $6.1 million in federal funds for FY 2003. This is an increase of $144,000 compared to anticipated federal fund receipts in FY 2002. The funds are used for the Department’s Victim Assistance Program (Victim Compensation Fund and Victim Assistance Grants). The Victim Compensation Fund’s receipt of federal funds is anticipated to be $950,000, an increase of $19,000 (2.0%) compared to anticipated federal receipts in FY 2002. Federal funds for Victim Assistance Grants during FY 2003 is anticipated to be $5.2 million, an increase of $125,000 (2.1%) compared to anticipated federal receipts in FY 2002.

****STAFF CONTACT: Beth Lenstra (Ext. 16301)

Legislative Fiscal Committee

**Fiscal Committee** The Legislative Fiscal Committee met on November 27 in Des Moines. The agenda included:



* A revenue update from Dennis Prouty, LFB, including a discussion of the built-in increases.
* Discussion of HF 759, the FY 2002 Appropriations Adjustment Act (Special Session) and the impact of the across-the-board reductions on the receipt of federal funds.
* Tobacco Securitization Update by Beth Lenstra and Dave Reynolds, LFB.
* Review of criminal justice population trends for the last 10 years by Lettie Prell, Criminal Juvenile Justice Planning Division, and Jennifer Dean and Beth Lenstra, LFB

Case load data in the Court System, CBC, and Prison System

Impact of criminal sentencing policies and practices

General Fund Expenditures for the last 10 years

***Issue Review*** – Crime Bills from the 2001 Legislative Session

Iowa Prison Population Forecast FY 2002 - 2011



* Judicial Branch – David Boyd, Deputy State Courts Administrator; and Linda Murken, Second Judicial District CBC Director.

Case load comparison of the eight judicial districts within the Court System

Comparison of salaries and duties of District Judges, District Associate Judges, and Magistrates - ***Issue Review****: “Overview: Iowa Judicial Branch”*

Potential impact of re-drawing the boundaries of the eight judicial districts

* Department of Public Safety - E. A. “Penny” Westphal, Director

FY 2002 budget reduction details and explanation of “national obligation” for each division

Federal funding update – sources and uses of funds for the current fiscal year, with projected expiration dates

* Department of Corrections

Impact of FY 2002 budget reductions

County Confinement Account – outcome of negotiations with counties, average cost per day by county, average length of stay in local jails pending revocation hearing

Prison infrastructure needs

**Next Meeting** The next meeting will be December 17 (Monday) in Des Moines. The tentative agenda includes:

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Dec.

17

* Revenue Update – update on December 7 Revenue Estimating Conference
* Cash Flow Analysis
* Salary Bill discussion – discussion of the total cost of last session’s salary bill in FY 2003
* State Debt Report
* Veterans Home Report to the Fiscal Committee on budgeting and funding
* Federal Funds Update - Phil Buchan, State/Federal Office in D.C.
* Department of Education - discuss the federal education bill and what the impact is on Iowa
* Update on FY 2002 Budget
* Tobacco Securitization

STAFF CONTACT: Holly Lyons (Ext. 17845)

What’s New on the LFB Web site?

 *Most LFB files are in pdf format and require (*[*Adobe Acrobat Reader*](http://www.adobe.com/products/acrobat/readstep.html)*).*

**Monthly Receipts Letter** The November receipts letter issued on Monday, December 3, reflects year-to-date FY 2002 revenue increased by 0.2% compared to FY 2001. The letter can be accessed at: <http://staffweb.legis.state.ia.us/lfb/mrmemo/mrmemo.html>

**Daily Receipts** The Daily Receipts program is updated daily with the daily **deposit and withdrawal activity for all Iowa General Fund accounts reflected in the charts and data.** <http://staffweb.legis.state.ia.us/lfb/receipts/daily.html>

**Fiscal Update** The previous **Fiscal Update** was published November 14: <http://staffweb.legis.state.ia.us/lfb/fupdate/fupdate.htm>

***Issue Reviews*** The following ***Issue Reviews*** were recently published on the web site:

* Cattle Feedlots
* Crime Bills from the 2001 Legislative Session
* Dependent Adult and Elder Abuse
* Iowa’s Energy Conservation Financing Programs
* Iowa’s System of Libraries
* Iowa’s Tobacco Settlement
* Iowa Veterans’ Home
* Overview: Iowa Judicial Branch
* Parking Structure Construction Proposal
* Update on Excursion Gambling Boats, Pari-Mutuel Racing, and Slot Machines at Racetracks for FY 2001.

 These can be accessed at: <http://staffweb.legis.state.ia.us./lfb/IRVIEW/irview.htm>

**Oversight Committee** The agenda and handouts from the November 14 Oversight Committee can be accessed at: <http://staffweb.legis.state.ia.us/lfb/subcom/oversight/oversight.htm>

**Fiscal Committee** The agenda and handouts from the November 27 Fiscal Committee can be accessed at: <http://staffweb.legis.state.ia.us/lfb/committee/fiscalcomm/fiscalco.htm>

STAFF CONTACT: Glen Dickinson (Ext. 14616)

This document can be found on the LFB web site:

<http://staffweb.legis.state.ia.us/lfb/fupdate/fupdate.htm>