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

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

Department of Agriculture and Land Stewardship fY 2004 Budget Request

**FY 2004 Budget Request** The Department of Agriculture and Land Stewardship is requesting $16.0 million and 484.6 FTE positions from the General Fund for FY 2004. This is an increase of $1.1 million (6.3%) and no change in FTE positions compared to the estimated FY 2003 appropriation. Requests include:



* An increase of $607,000 to fund FY 2002 salary adjustments with General Funds. The Department’s General Fund appropriation was reduced by approximately 20.0% during FY 2002 and the request will restore funding.
* An increase of $210,000 to fund the Renewable Fuels Program that promotes the production and consumption of products manufactured from agricultural commodities. The funds will be used for promotional and educational activities.
* An increase of $254,000 to reimburse expenditures made by District Soil and Water Conservation Commissioners. Counties elect the Commissioners to administer conservation programs at the federal, State, and local levels. The Commissioners are not paid a salary, but the State reimburses them for approved expenses. This appropriation was reduced during FY 2002 and the request restores funding.

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**Environment First Fund** The Department of Agriculture and Land Stewardship is requesting $15.3 million from the Environment First Fund. This is an increase of $8.2 million (46.2%) compared to the estimated FY 2003 appropriation. Major requests include:

* $1.5 million for the Agricultural Drainage Wells Program. This is an increase of $1.5 million (100.0%) compared to the estimated FY 2003 appropriation.



* $850,000 for the Farm Demonstration Program. This is an increase of $350,000 (41.2%) compared to the estimated FY 2003 appropriation.
* $5.5 million for the Soil Conservation Cost Share Program. This is an increase of $2.0 million (36.4%) compared to the estimated FY 2003 appropriation.
* $3.2 million for the Watershed Protection Program. This is an increase of $500,000 (15.6%) compared to the estimated FY 2003 appropriation.
* $2.0 million for the Conservation Reserve Program. This is an increase of $2.0 million (100.0%) compared to the estimated FY 2003 appropriation.
* $2.0 million for the Conservation Reserve Enhancement and Protection Fund. This is an increase of $500,000 (25.0%) compared to the estimated FY 2003 appropriation.

**More Information** Additional information is available by contacting the Legislative Fiscal Bureau.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Department of Natural Resources FY 2004 Budget Request

**FY 2004 Budget Request** The Department of Natural Resources is requesting $15.8 million and 1,559.8 FTE positions from the General Fund for FY 2004. This is an increase of $640,000 (4.2%) and no change in FTE positions compared to the estimated FY 2003 appropriation. The increase is for Department operations. During FY 2002, the General Fund appropriation was reduced and the request restores funding to the Department.

**Restricted Capital Acct.** The Department of Natural Resources is requesting the following from the Restricted Capital Account of the Tobacco Settlement Trust Fund:

* A request of $3.0 million for the Destination Park located near Lake Rathbun. This is an increase of $2.0 million (33.3%) compared to the estimated FY 2003 appropriation.



* A request of $2.5 million for funding to Restore the Outdoors Program. This is no change in funding compared to the estimated FY 2003 appropriation.

**Environment First Fund** The Department of Natural Resources is requesting $29.0 million from the Environment First Fund. This is an increase of $20.6 million (71.3%) compared to the estimated FY 2003 appropriation. Major requests include:

* A request of $15.0 million for the Resource Enhancement and Protection (REAP) Fund. This is an increase of $13.0 million (86.7%) compared to the estimated FY 2003 appropriation.
* A request of $2.7 million for Marine Fuel Tax Capital projects, such as boat ramps. This is an increase of $400,000 (14.8%) compared to the estimated FY 2003 appropriation.
* A request of $5.0 million for the Lake Restoration Program. This is an increase of $4.7 million (93.0%) compared to the estimated FY 2003 appropriation.



* A request of $3.0 million for the Water Quality Monitoring Program. This is an increase of $395,000 (13.2%) compared to the estimated FY 2003 appropriation.
* A request of $2.0 million for State Park Operations. This is a new request for FY 2004.
* A request of $500,000 for air quality equipment. This is no change compared to the estimated FY 2003 appropriation.
* A request of $500,000 for the Water Supply Program. This is no change compared to the estimated FY 2003 appropriation.

**Fish & Wildlife Trust Fund** The Department of Natural Resources is requesting $30.0 million from the Fish and Wildlife Trust Fund to be used for operations in the Fish and Game Bureau. This is an increase of $850,000 (2.8%) compared to the estimated FY 2003 appropriation. The increase includes funding for:



* $750,000 for payment of unused sick leave for retiring Conservation Officers. There are 20 officers eligible for retirement during FY 2004.
* $100,000 to match federal funds to non-game wildlife research activities.

**More Information** Additional information is available by contacting the Legislative Fiscal Bureau.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Department of Cultural Affairs FY 2004 Budget Request

**FY 2004 **

**FY 2004 Budget Request** With the exception of a funding increase for Cultural Grants, the Department of Cultural Affairs’ FY 2004 budget request maintains the FY 2003 level of funding. The Department is also requesting General Fund replacement of the FY 2003 salary adjustment, which was funded from non-General Fund sources.

**General Fund General Fund** – The Department’s estimated FY 2003 General Fund appropriations total $4.9 million. For FY 2004, an increase of $75,000 is requested to fund an additional seven Community Cultural Grants and four Cultural Enrichment Grants. The Department has requested no change in funding for its other four budget units. The request for General Fund replacement of FY 2003 salary adjustment brings the Department’s total FY 2004 General Fund request to $5.1 million.

**Capital Requests Capital Requests** – The Department has also submitted requests for funding from the Rebuild Iowa Infrastructure Fund (RIIF) as follows:

* $150,000 for Battle Flags Preservation.
* $830,000 for the Historical Site Preservation Grant Program.

**More Information** For further information, please contact the Legislative Fiscal Bureau.

STAFF CONTACT: Robin Madison (Ext. 15270)

Department of Education FY 2004 Budget Request

**FY 2004 **

**FY 2004 Budget Request** The Department of Education is requesting funding increases for community colleges, school aid, and the Teacher Quality Program in FY 2004. In addition, they are requesting an increase for Vocational Education Secondary to correct an error made by the Department of Management (DOM) in FY 2003. For all other budget units, the Department’s request maintains the FY 2003 level of funding. The Department is also requesting General Fund replacement of FY 2003 salary adjustment, which was funded from non-General Fund sources.

**Annual & Standing Approps.** The Department’s FY 2004 General Fund request includes the following increases in annual and standing appropriations:

* $5.0 million for community college general aid (3.6%).
* $74,000 to restore FY 2003 furlough reduction made in error by DOM.
* $2.1 million for the Teacher Quality Program (5.3%) to maintain FY 2003 salary levels for beginning and career teachers.
* $50.3 million for school aid allowable growth (2.8%).

**General Fund General Fund** – With the request for General Fund replacement of FY 2003 salary adjustment, the total General Fund increase requested for FY 2004, not including school aid allowable growth, is $7.3 million. When allowable growth is included, the total increase is $57.7 million.



**Other Funds Other Funds** – The Department is requesting the following Rebuild Iowa Infrastructure Fund appropriations for FY 2004. Both requests maintain the FY 2003 level of funding:

* $600,000 for Enrich Iowa Libraries.
* $5.0 million for the Teacher Quality Program.

**IPTV Iowa Public Television (IPTV)** – The Iowa Public Broadcasting Board submitted an FY 2004 General Fund request that maintains the FY 2003 level of funding for operations at Iowa Public Television. Those requests are included in the preceding information on the Department of Education’s budget request.

**Other Critical Needs** In addition, the Board submitted to Governor Vilsack a letter requesting additional funding of critical needs as follows:

* $176,000 for utilities and maintenance of digital transmitters expected to be operational in FY 2004.
* $150,000 for the creation and distribution of digital educational and cultural programming.
* $243,000 to restore funding for the Regional Telecommunications Councils to the FY 2002 level.



**IPTV Capitals**  **IPTV Capitals Request** – The Board has also submitted the following requests for capital projects:

* $20.6 million to continue the conversion of nine transmitter sites to digital.
* $300,000 for an uninterruptible power supply to work in conjunction with the backup generator system to ensure continuous operation during power outages.

**More Information** For further information, please contact the Legislative Fiscal Bureau.

STAFF CONTACT: Robin Madison (Ext. 15270)

State Public Defender’s Office - FY 2004 General Fund Request

**FY 2004 **

**FY 2004 Budget Request** The Office of the State Public Defender is requesting $36.2 million and 202.0 FTE positions from the General Fund for the Office and the Indigent Defense Fund for FY 2004. This is an increase of $2.7 million and no change in FTE positions compared to the estimated FY 2003 appropriation. Highlights include:

* Office of the State Public Defender: An increase of $946,000 (6.2%) compared to the FY 2003 appropriation:

$230,000 to fund FY 2003 salary adjustment funds from the General Fund. Salary adjustment was funded from other funds in FY 2003; therefore, it is not part of the General Fund base budget for FY 2004.

$716,000 to fill all currently authorized FTE positions in order to avoid increased costs in the Indigent Defense Fund.

* Indigent Defense Fund: An increase of $1.7 million (9.5%) compared to the FY 2003 appropriation. The increase adds funds to pay private attorney claims at a level that assumes the Office of the State Public Defender will be fully staffed in FY 2004.

**More Information** Additional information is available by contacting the Legislative Fiscal Bureau.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Board of Parole’s FY 2004 General Fund Request

**FY 2004 **

**FY 2004 Budget Request** The Board of Parole is requesting $1.0 million and 16.5 FTE positions from the General Fund for FY 2004. This is an increase of $53,300 (5.5%) and 0.5 FTE position (3.1%) compared to the FY 2003 appropriation. Highlights include:

* $5,000 to fund FY 2003 salary adjustment funds from the General Fund in FY 2004. Salary adjustment costs were funded from other funds in FY 2003; therefore, it is not part of the General Fund base budget in FY 2004.
* $48,000 and 0.5 FTE position for a Clerk Specialist position and to fully fund a currently vacant Administrative Law Judge.

**More Information** Additional information is available by contacting the Legislative Fiscal Bureau.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Department of Justice’s FY 2004 General Fund Budget Request

**FY 2004 **

**FY 2004 Budget Request** The Department of Justice is requesting $10.0 million and 234.5 FTE positions from the General Fund for FY 2004. This is an increase of $166,800 (1.7%) and no change in FTE positions compared to the estimated FY 2003 appropriation. Highlights include:

* Office of the Attorney General: An increase of $111,000 (1.5%) and no change in FTE positions compared to the estimated FY 2003 appropriation. The request is to fund FY 2003 salary adjustment from the General Fund in FY 2004. The FY 2003 salary adjustment was funded from other funds in FY 2003; therefore, it is not included in the FY 2004 General Fund operating budget.
* Office of the Consumer Advocate: An increase of $55,400 (2.1%) and no change in FTE positions compared to the FY 2003 appropriation. The request is to fund FY 2003 salary adjustment from the General Fund in FY 2004.

Pursuant to Section 475A.6, Code of Iowa, the Office of the Consumer Advocate’s General Fund authorization was increased by $311,000 during FY 2003. The increase permitted retention of existing staff to review the unusually high number of anticipated rate case reviews expected to occur during FY 2003. The Office of the Consumer Advocate bills utility companies for the costs of its services. The payments made by utility companies are deposited into the General Fund. Any change in General Fund expenditures changes General Fund receipts by the same amount.

The increase of $311,000 in FY 2003 has been deducted from the FY 2004 base budget because it is viewed as a one-time cost. However, the Office of the Consumer Advocate is requesting that these funds be restored to its base budget in FY 2004.

**Victim Comp. Fund** The Department of Justice is requesting 20.0 FTE positions from the Victim Compensation Fund in FY 2004, plus 2.0 FTE positions (Victim Witness Coordinators) to be reimbursed to the Office of the Attorney General. This is no change compared to the FY 2003 authorization.

**More Information** Additional information is available by contacting the Legislative Fiscal Bureau.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Department of Corrections FY 2004 Budget Request

**FY 2004 **

**FY 2004 Budget Request** The Department of Corrections (DOC) is requesting $253.7 million from the General Fund in FY 2004 for its operating budget. This is an increase of $17.5 million (7.4%) compared to the FY 2003 General Fund appropriation. Highlights include:

* An increase of $4.0 million to fund FY 2003 salary adjustment from the General Fund in FY 2004. In FY 2003, salary adjustment was funded from other funds. Therefore, it is not part of the General Fund operating budget in FY 2004. The request includes the eight Community-Based Corrections (CBC) District Departments, Central Office, and the nine institutions.



* An increase of $11.6 million for safety restoration. This request includes restoring the FY 2003 furlough reduction plus fully funding FY 2003 salary adjustment costs. The DOC and CBC District Departments received 41.0% of the estimated costs of FY 2003 salary adjustment. The request includes the eight Community-Based Corrections (CBC) District Departments, Central Office, and the nine institutions.
* An increase of $2.1 million to annualize the operating costs of the new 200-bed Critical Care Unit (previously named the Special Needs Unit) at Fort Madison. FY 2003 funding was based on opening the use of the beds in three phases. During FY 2004, all 200 beds will be in use all year.
* An increase of $500,000 for sewer and water needs. This includes:

$181,000 at the Iowa State Penitentiary at Fort Madison for increased City sewer rates, to hook Farm One into the City sewer system, and increased County land fill fees.

$319,000 at the Iowa Medical Classification Center at Oakdale to connect the water line and tower into the City of Coralville’s system.

IN01055_[1]

* A decrease of $657,000 to reflect the savings associated with installing a security fence at the Iowa State Penitentiary at Fort Madison, the Anamosa State Penitentiary, and the Mount Pleasant Correctional Facility. The fences are scheduled to be installed by January 2003. The FY 2003 General Fund appropriations to the Institutions reflected six months of savings. This requested reduction annualizes the savings associated with the new fences.

**Tobacco Trust** The DOC is requesting $1.7 million from the Healthy Iowans Tobacco Trust Account of the Tobacco Settlement Trust Fund in FY 2004. This is no change compared to FY 2003. The request includes:

* $1.1 million for partial operating costs of the Critical Care Unit at Fort Madison.
* $127,000 for a Day Program in the Second CBC District Department.
* $35,000 for a Drug Court in the Third CBC District Department.
* $192,000 for a Drug Court in the Fourth CBC District Department.
* $256,000 for a Drug Court in the Fifth CBC District Department.

**Pooled Tech. Acct.** The DOC is requesting $1.2 million from the Pooled Technology Account to fund the institutions’ portion of the Iowa Corrections Offender Network (ICON) system.

**Capital Projects** The DOC is requesting funds in FY 2004 for the following capital projects:

* $333,000 for an electrical system power upgrade at Fort Madison. The request provides the third year of funding for a seven-year lease-purchase agreement. This project was funded from the Rebuild Iowa Infrastructure Fund (RIIF) in FY 2003.



* $7.5 million from the Restricted Capital Fund of the Tobacco Settlement Trust Fund for the second phase of construction of a 170-bed Special Needs Unit at Oakdale. The DOC received $4.1 million in FY 2003 for this project from the Fund. The facility is being built to comply with a federal court order. Total construction costs range from approximately $24.0 million to $35.0 million over four years. Costs will vary depending upon whether or not the power plant replacement is included.
* $7.5 million from the Restricted Capital Fund for an alternative proposal to construct the Oakdale Special Needs Unit. Total construction costs are estimated at approximately $24.0 million over four years. This alternative assumes the power plant will be replaced with funds from a separate budget.
* $1.2 million from the RIIF for the Oakdale power plant replacement through a 15-year lease-purchase agreement. If this request is approved, total construction costs for the facility decrease to $24.0 million.

**FY 2004 **

* $52.6 million from the Restricted Capital Fund for major maintenance needs at the eight CBC District Departments and the nine Institutions.
* $6.5 million from the Restricted Capital Fund to replace the Davenport Residential Facility that is currently rented by the Seventh CBC District Department. Due to an air quality issue, the District Department is currently seeking either land to build a new facility or a facility that can be renovated to meet the District Department’s needs.
* $2.8 million from the Restricted Capital Fund for the Second CBC District Department to fund the relocation and expansion of the residential facility at Fort Dodge.
* $3.3 million from the Restricted Capital Fund for renovation of the dietary facility at the Anamosa State Penitentiary.

**More Information** Additional information is available by contacting the Legislative Fiscal Bureau.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Iowa Law Enforcement Academy FY 2004 Budget Request

**FY 2004 Budget Request** The Iowa Law Enforcement Academy is requesting $1.0 million and 30.1 FTE positions from the General Fund for FY 2004. This is an increase of $27,100 (2.8%) and no change in FTE positions compared to the FY 2003 appropriation.

**FY 2004 **

**Increase** The major request was for $27,100 to fund FY 2003 salary adjustment funds from the General Fund in FY 2004. Salary adjustment costs were funded from other funds in FY 2003; therefore, it is not part of the General Fund base budget in FY 2004. This amount would be used to maintain .40 FTE or the partial funding of an instructional position. This position is currently filled.

**More Information** Additional information is available by contacting the Legislative Fiscal Bureau.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

**FY 2004 **

Department of Public Defense FY 2004 Budget Request

**FY 2004 Budget Request** The Department of Public Defense is requesting $6.1 million and 323.3 FTE positions for FY 2004. This is an increase of $101,000 (1.7%) and 8.0 FTE positions compared to the FY 2003 appropriation.

**Military Division Military Division -** The Military Division is requesting $5.0 million and 298.0 FTE positions. This is an increase of $92,000 (1.8%) and 8.0 FTE positions compared to the FY 2003 appropriation.

* An increase of $91,000 to fund FY 2003 salary adjustment funds from the General Fund. Salary adjustment was funded from other funds in FY 2003; therefore, it is not part of the General Fund base budget for FY 2004.

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* An increase of 8.0 FTE positions that will be funded with $428,000 in federal funding for crash and rescue staff at the Sioux City Air Base. These 8.0 FTE positions will be added to the State Table of Organization, but the funding will be federal.

**Emergency Mgmt. Div. Emergency Management Division -** The Emergency Management Division is requesting $1.1 million and 25.3 FTE positions for FY 2004. This is an increase of $9,500 (0.9%) and no change in FTE positions compared to the FY 2003 appropriation. The $9,500 would be used to fund salary adjustment funds from the General Fund. Salary adjustment was funded

from other funds in FY 2003; therefore, it is not part of the General Fund base budget for FY 2004.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Department of Public Safety FY 2004 Budget Request

**FY 2004 **

**FY 2004 Budget Request** The Department of Public Safety is requesting $62.1 million and 953.0 FTE positions from the General Fund for FY 2004. This is an increase of $4.2 million (7.2%) and an increase of 2.2 FTE positions (0.2%) compared to the FY 2003 appropriation.

Highlights include:

**Criminal Investigation Division of Criminal Investigation** – An increase of $1.1 million and no change in FTE positions compared to FY 2003.

* An increase of $275,000 to fund FY 2003 salary adjustment funds from the General Fund. Salary adjustment was funded from other funds in FY 2003; therefore, it is not part of the General Fund base budget for FY 2004. This request would maintain 4.0 FTE positions for Special Agents.

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* An increase of $833,000 to restore funds that were eliminated by the across-the-board reduction and furlough reductions from FY 2003. This request would maintain 15.0 FTE positions for criminalists. All but one of these fifteen positions are currently filled.

**Narcotics Enforcement Division of Narcotics Enforcement** – An increase of $299,000 and no change in FTE positions compared to FY 2003.



* An increase of $67,000 to fund FY 2003 salary adjustment funds from the General Fund. Salary adjustment was funded from other funds in FY 2003; therefore, it is not part of the General Fund base budget for FY 2004. This request would maintain 1.0 FTE position for a Special Agent.
* An increase of $232,000 to restore funds that were eliminated by the across-the-board reduction and furlough reductions from FY 2003. This request would maintain 4.0 FTE positions for Special Agents. All but one of these four positions is currently filled.
* The Division of Narcotics Enforcement received $553,000 in federal money for a Hot Spot Grant for narcotics enforcement. The Department of Public Safety added 2.0 FTE positions to the State Table of Organization which will be funded from federal money.
* The Division of Narcotics Enforcement received $97,000 in federal money for a Money Laundering Grant through the Attorney General’s Office. The Department of Public Safety added 1.0 FTE position to the State Table of Organization, which will be funded from federal money. This is an 18-month grant that the Attorney General’s Office must reapply, for which could result in the FTE position being funded from the General Fund in the future.

**Iowa State Patrol Iowa State Patrol** – An increase of $2.7 million and 5.0 FTE positions compared to FY 2003.

* An increase of $759,000 to fund FY 2003 salary adjustment funds from the General Fund. Salary adjustment was funded from other funds in FY 2003; therefore, it is not part of the General Fund base budget for FY 2004. This request would maintain 14.0 FTE positions for State Troopers.

IN00012_[1]

* An increase of $1.9 million to restore funds that were eliminated by the across-the-board reduction and furlough reductions from FY 2003. This request would maintain 35.0 FTE positions for State Troopers. All but one of these 35 positions is currently filled. There are currently 407 uniformed State Patrol Officers.
* The Iowa State Patrol received $478,000 in federal money for a Traffic Safety Grant for Seat Belt Safety. The Department of Public Safety added 1.0 FTE position to the State Table of Organization, which will be funded with federal money.

**Sick Leave Payout Sick Leave Payout Fund** – A decrease of $56,000 compared to FY 2003. This appropriation funds the sick leave banks of retiring officers of the Department of Public Safety. Pursuant to Section 70A.23, Code of Iowa, officers are entitled to payment of health/life/dental insurance premiums from the accrued value of sick leave upon retirement.

**More Information** Additional information is available by contacting the Legislative Fiscal Bureau.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Iowa Communications Network FY 2004 Budget Request

**FY 2004 **

**FY 2004 Budget Request** The Iowa Communications Network is requesting $500,000 and 105.0 FTE positions from the General Fund for FY 2004. This is a decrease of $502,000 (50.1%) and no change in FTE positions compared to the FY 2003 appropriation. The Iowa Communications Network is decreasing its video subsidy request because video usage of the K-12 users is eligible for Universal Service Fund reimbursement.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Board of Parole - FY 2002 Legislative Intent Language

**Intent Language – Parole Bd.** The LFB identified one section of intent language in SF 530 (FY 2002 Justice System Appropriations Act) enacted by the General Assembly in 2001 for the Board of Parole. The language required the Board of Parole to continue a pilot program for probation revocations in the Sixth Judicial District Department of Correctional Services. Data to evaluate the project is to be collected and maintained.



**Court Ruling** The Iowa Supreme Court ruled on February 27, 2002, that the pilot project violated the separation of powers doctrine. The Supreme Court also ruled that the decision does not “apply retroactively to cases in which a final decision has been rendered unless the case is pending on appeal and the issue was preserved.” The Board of Parole immediately discontinued the pilot project as soon as the Iowa Supreme Court rendered its decision.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Judicial Branch - FY 2002 Legislative Intent Language

**Intent Language** The Legislative Fiscal Bureau (LFB) identified fourteen sections of intent language in SF 530 (FY 2002 Justice System Appropriations Act) enacted by the General Assembly in 2001 for the Judicial Branch. The Judicial Branch was in compliance with all but three sections of intent language.



**District Court Office Hours** Section 1.6 of Senate File 527 (FY 2002 Judicial Branch Appropriations Act) stated that the Judicial Branch should operate clerks of district court offices in all 99 counties. The offices were to remain accessible to the public as much as reasonably possible (i.e. 8:00 a.m. to 4:30 p.m., Monday through Friday). During the last half of FY 2002, it was necessary for the Judicial Branch to close some offices to the public for relatively short periods of time to allow offices an opportunity to catch up on paperwork. The reduction in hours open to the public in FY 2002 affected approximately 60 clerks of court offices.



**ICIS Data** Section 1.10 of Senate File 527 (FY 2002 Judicial Branch Appropriations Act) stated that the Judicial Branch provide Iowa Court Information System (ICIS) data to the Department of Corrections (DOC) for the Iowa Corrections Offender Network (ICON) data system. The Judicial Branch provided data daily from ten counties requested by the DOC. The Judicial Branch was prepared to provide data from the remaining 89 counties whenever DOC indicated they were ready to receive the statewide information from ICIS. As of February 2002, at the request of the Department of Corrections, the Judicial Branch ceased providing data from ICIS to the Department of Corrections for ICON. The Judicial Branch remains ready to transmit data as soon as DOC is ready to receive information.

**Study Committee** Section 22 of Senate File 530 (FY 2002 Justice System Appropriations Act) requested a legislative study committee to meet during the 2001 interim regarding involuntary hospitalization and involuntary commitment hearings. The Committee was never established and therefore no study took place.

**More Information** Additional information is available by contacting the Legislative Fiscal Bureau.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Iowa Law Enforcement Academy- FY 2002 Legislative Intent Language

**Intent Language** The Legislative Fiscal Bureau (LFB) identified three sections of intent language in SF 530 (FY 2002 Justice System Appropriations Act) enacted by the General Assembly in 2001.

**Training Re: Alzheimer’s** Section 10.1 of Senate File 530 (FY 2002 Justice System Appropriations Act) specifies that it is the intent of the General Assembly that the Iowa Law Enforcement Academy offer training for law enforcement officers in recognizing and responding to persons with Alzheimer’s disease.

* **Non-compliance** – The training is not currently being provided due to the time constraint of other required curriculum in the basic Academy. The class on Persons with Special Needs usually reviews Alzheimer’s disease.

**Vehicle Swap** Section 10.2 of Senate File 530 (FY 2002 Justice System Appropriations Act) allows the Law Enforcement Academy to annually select any vehicles from the Department of Public Safety.

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* This year, due to high mileage on the Department of Public Safety’s vehicles, the Law Enforcement Academy chose not to swap vehicles. The Academy plans to continue this process once Public Safety retires some vehicles that are in better shape.

**Study Committee** Section 22 of Senate File 530 (FY 2002 Justice System Appropriations Act) requested a legislative study committee to meet during the 2001 interim regarding involuntary hospitalization and involuntary commitment hearings.

* The Committee was never established and therefore no study took place.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Department of Public Safety - FY 2002 Legislative Intent Language

**Intent Language** The Legislative Fiscal Bureau (LFB) identified five sections of intent language in SF 530 (FY 2002 Justice System Appropriations Act) enacted by the General Assembly in 2001 for the Department of Public Safety. The Department was in compliance with all but two sections.

**Elderly Crime Unit** Section 13.2 of SF 530 (FY 2002 Justice System Appropriations Act) allowed the Division of Criminal Investigation to add 2.0 FTE positions to create an Elderly Crime Unit. The FTE positions were contingent upon receipt of federal funds.

* No federal funding was obtained and therefore no positions were added. However, two special agents in the Division of Criminal Investigation were assigned to assist in these investigations.

**Study Request** Section 22 of SF 530 (FY 2002 Justice System Appropriations Act) requested a study be conducted in the 2001 interim regarding involuntary hospitalization and involuntary commitment hearings.

* The Committee was never established and therefore no study took place.

**More Information** Additional information is available from the Legislative Fiscal Bureau.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Department of Human Services - FY 2002 Legislative Intent Language

**Intent Language** The Legislative Fiscal Bureau has identified 76 sections of intent language in HF 732 (FY 2002 Human Services Appropriations Act) passed by the 2001 General Assembly, one section in SF 537 (FY 2002 Healthy Iowans Tobacco Trust Fund Appropriations Act), five sections in HF 740 (Senior Living Programs Act), for the Department of Human Services (DHS), and 7 sections in SF 525 (FY 2002 Block Grant/Federal Funds Appropriations Act) for the DHS, for a total of 89 sections of intent language for FY 2002. The DHS complied with 82, is in the process of complying with one, six are included in the “Other” category, and zero are in non-compliance.



**Cost Report Reviews** Section 5.4(b) of HF 740, relating to a compilation and analysis of information regarding the growth of direct care costs, increased acuity, residential care needs, and provider cost reports for nursing facilities, and reporting results to the General Assembly. The work is in process and cost report reviews utilizing case-mix reimbursement are under way. When the reviews are completed, analysis will be done by the department for compliance with legislative intent. Results of the analysis are to be sent to the General Assembly. There is no due date in the legislation.



**Electronic Benefits Transfer** Section 3.1(e)(1) of HF 732, relating to statewide implementation of the Electronic Benefits Transfer (EBT) Program for food stamps to meet federal requirements, did not meet the target date of October 1, 2002. Due to delays in the request for proposal (RFP) process caused by lack of bidders, the Department requested an extension of time from the federal government. The waiver was granted and full implementation is planned for October 2003. The new RFP process was instituted and the successful bidder has been selected.

* Section 14, Subsection 17, relating to the Judicial Branch financial claiming process for Title IV-E (federal foster care-related funds) did not receive federal approval in FY 2002.
* Section 14, Subsection 19, relating to a subsidized guardianship program did not receive federal waiver in FY 2002 to enable the creation of the program.
* Section 16 providing a contingent appropriation for a central intake unit for child protection and relating activities did not occur when the unit was not created by statute.
* Section 28, Subsection 4 relating to expenditure of certain funds from federal financial participation leveraging relating to child protection efforts did not receive federal approval in FY 2002.
* Section 31.1(a)(5), relating to implementing a state maximum allowable cost (SMAC) list for prescription drugs in the Medical Assistance (Medicaid) Program by October 1, 2001, and a report identifying the contracting process utilized to implement the State Maximum Allowable Cost (SMAC) Program, to the General Assembly by January 14, 2002. The report was filed by the Department on August 23, 2002, and outlined the progress, reasons for the delays, and timeframes for implementation of the Program.
* Additional information is available upon request.

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

October Meeting of the Council on Human Services

**Council Meeting** The Council on Human Services met October 9 and conducted the following business:

**Rule Changes Approved** The Council approved the following administrative rule changes:

* Policy change to eliminate limited Medicaid eligibility for two 100% federally funded coverage groups within the Medical Assistance (Medicaid) Program effective January 1, 2003, due to federal inaction to appropriate necessary funding. The fiscal impact is a loss of $1.0 million federal funds.

Administrative

**Rules**

* Policy change to the time limits for processing applications for the Home and Community-Based Services Ill and Handicapped and mental retardation waivers in the Medical Assistance (Medicaid) Program. There is no fiscal impact anticipated.
* Changes to regulations for various child care homes that serve six or fewer children currently. Although statutory changes specified that the law took effect October 1, administrative rules changes implementation date is scheduled to be December 1. Funding information has not been included.
* Permitting certain foster care homes to exceed the licensed capacity under certain conditions. Funding information has not been included.

**Future Consideration of Rules** The Council approved the initial process for administrative rules to be considered at a future meeting:



* Implementation of a fee for privately operated Intermediate Care Facilities for the Mentally Retarded (ICF/MR), to be assessed at 6.0% of total revenues. The fiscal impact is estimated revenues of $3.7 million annually for the Medical Assistance (Medicaid) Program.
* Clarification of policy that nursing facilities participating in the funding of the Iowa Senior Living Trust Fund are allowed to receive an administration fee annually. There is fiscal impact of $5,000 per participating nursing facility annually from the Senior Living Trust Fund.
* Change of policy in the Family Investment Program (FIP) for payment of benefits via direct deposit to a financial institution or by electronic funds transfer. There is no fiscal impact anticipated.
* Changes to foster and adoptive parent training requirements. No fiscal information was provided.

**Director’s Comments** The Council heard from Director Rasmussen regarding visits being made to field offices and information received from the staff. She indicated the focus has been on future budget reductions and the impact on service delivery.

**Member Concerns** Concerns of the Council members included:

* Child care providers’ issues regarding proposed changes in child care administrative rules for regulation and licensure.
* Concern from field staff regarding differences in management approaches between service area managers.
* Pay classification for the service area managers compared to previous classification prior to the reorganization.
* Possible access to any national child abuse registry information.

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

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

State Soil Conservation Committee Holds Meeting

**Committee Meeting** The State Soil Conservation Committee held a teleconference meeting on October 3. Chairperson Russ Brandes called the meeting to order.

**Presentations** The following presentations were made:

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State Soil Conservation Committee

* Jim Gillespie, Division of Soil Conservation, reported there was a total of 50,000 acres receiving $643,000 in the Buffer Strip Option One Initiative for FY 2002. He also reported there was a total of 93,000 acres receiving $96,000 in the Pilot Wetland Program of the Buffer Strip Initiative Program for FY 2002.
* Bill McGill, Division of Soil Conservation, reported the conservation districts will be reporting any remaining FY 2002 financial incentive balances. Unused funds will be reallocated to the districts. Funds totaling $618,000 from the Resource Enhancement and Protection Fund (REAP) will be allocated to conservation districts on November 15, 2002.
* Ken Towe, Division of Soil Conservation, explained there were two vacant Environmental Specialist positions in the Mines and Minerals Bureau. The Bureau has started the hiring process to fill one position.
* Bill Ehm, Division Administrator, reported that contracts for the Integrated Demonstration Farm Management Program would be finalized by mid-October. Funding for this Program is from the Environment First Fund.

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* Marty Adkins, Natural Resource Conservation Service (NRCS), provided an update on the federal Farm Bill. Iowa received $18.2 million for the Wetlands Reserve Program for federal FY 2002. Of that amount, $15.0 million was obligated and the remaining $3.2 million was returned to the United States Department of Agriculture for redistribution. Adkins reported the rules and regulations for distribution of Farm Bill funds for federal FY 2003 were in the development stages.

**Next Meeting** The next meeting will be held in Marshalltown on November 19.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Environmental Protection Commission Holds Permit Hearings and Monthly meeting



**Permit Hearing** The Environmental Protection Commission held a permit hearing on October 9 to review two draft construction permits that were issued by the Department of Natural Resources (DNR) to animal confinement operators. The following was discussed:

* The first draft permit discussed was issued to Fremont Farms in Poweshiek County. Fremont Farms requested a permit to approve the expansion of their existing poultry operation near Malcom. The expansion would increase the existing operation by adding three additional buildings and increasing the total number of birds to 5.2 million. Citizens living near the operation expressed concern that there is a serious fly problem due to the Fremont Farms operation. The Department reported that Fremont Farms had met all legal requirements and had no violations regarding their National Pollutant Discharge Elimination System (NDPES) permit. The Commission voted to affirm the draft permit issued by the Department.
* The second draft permit discussed was issued to Natural Pork Production in Adair County. Natural Pork Production requested a permit for a new swine operation near Greenfield, with a total capacity of 6,000 hogs. Citizens living near the operation were concerned that there would be inadequate water resources and the operation’s hog manure would be applied on highly-erodible soil. The Department reported that Natural Pork Production had met all of the legal requirements for the permit. The Commission voted to deny the permit with five members voting against the permit and four members voting for the permit.

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**Commission Meeting** The Environmental Protection Commission held their monthly meeting in Des Moines on October 21. Chairperson Kathryn Murphy called the meeting to order. The following was discussed:

* Wayne Gieselman, Environmental Services Division Administrator, asked the Commission to approve a contract with Iowa State University (ISU) for the Iowa Industries of the Future Program. The Center for Industrial Research and Service at ISU will implement the Program by working with manufacturers to improve productivity, increase energy efficiencies, and reduce waste. The cost of the contract is $90,000 and will be funded with federal funds. The contract was approved.

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* Gieselman asked the Commission to approve a contract with the State Public Policy Group to research, design, and implement a Statewide landfill ban on used oil filters. The Group will review model landfill ban procedures that have been previously used by other government entities and report the results of the used oil filter test case. The contract is for $50,000 and will be funded with funds from the Solid Waste Alternatives Program. The contract was approved.
* Gieselman asked the Commission to approve an amendment to the Administrative Rules regarding waste tire facilities that prohibits an open burning within 300 feet of a waste tire stockpile. The change requires a permitted waste tire facility to locate an above-ground waste tire stockpile site at least 300 feet from the nearest property boundary. Currently, there are no above-ground waste tire stockpiles in Iowa. The amendment was approved.
* Gieselman asked the Commission to approve the Notice of Intended Action to amend Chapter 65, Iowa Administrative Code, regarding animal feeding operations as outlined in the passage of SF 2293 (FY 2003 Animal Agriculture Act). The Notice was approved by the Commission and the changes include:

Adds and amends definitions related to animal feeding operations.

Changes separation distances for land application of manure in proximity to designated areas.

Rescinds the use of the interim matrix for scoring of new animal confinement operations and replaces this requirement with the master matrix.

Updates the requirements for the submission and update of manure management plans.

Updates the requirements for on-site inspections of animal confinement operations and the application review process for construction permits.

Updates the separation distances from animal confinement operations to buildings and public areas.

* Gieselman asked the Commission to approve the Final Rule regarding the certification of well contractors. The Final Rule was approved by the Commission and changes include:

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Creating a new certification category for contractors who plug large-diameter wells as a Certified Well Plugging Contractor.

Outlines certification fees, renewal fees, and continuing education requirements.

Decreases the continuing education requirements for Certified Well Drillers.

* Gieselman asked the Commission to approve the Final Rule regarding private well construction permits. The Final Rule was approved by the Commission and changes include:

Increases the fees for State-issued private well permits and specifies a portion of the fee collected at the county level be submitted to the Department of Natural Resources.

Requires construction permits be obtained for significant modifications to existing wells.

Allows the DNR to contract for private well permits in counties that do not issue permits.

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Requires the numbering and identification of private wells.

* Gieselman asked the Commission to approve a contract with Quality Consulting, Inc., for the Private Well Tracking System. The System is an online internet system that allows users to enter data regarding the construction of new wells or work completed on existing wells. The cost of the contract is $38,000 and will be funded with money from the Water Protection Fund and the Grants to County Program Fund. The contract was approved.
* Dave Wornson, Legal Services Staff, asked the Commission to approve a Notice of Intended Action regarding the “Rules of Practices in Contested Cases” in the Iowa Administrative Code. The Notice changes the rules to reflect the reorganization of the Department. The Notice was approved.
* Wornson asked the Commission to approve a Notice of Intended Action regarding “Public Records and Fair Information Practices” in the Iowa Administrative Code. The Notice adopts the definitions for the terms *emission data* and *effluent data* that are used in air quality and water quality regulations.
* Wornson asked the Commission to refer three cases to the Attorney General for legal action. The Commission approved the referrals.
* Mary Skopec, Water Monitoring Supervisor, asked the Commission to approve the following contracts:

A contract for $1.3 million with the University Hygienic Laboratory for ambient water quality monitoring for FY 2003. The contract includes surface water monitoring and sampling of 81 streams. The contract will be funded from the Environment First Fund. The contract was approved.

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A contract for $25,000 with the University of Northern Iowa for a survey to be completed at McLoud’s Run near Cedar Lake. The study will provide information on the levels of chlordane contamination and the effects on the trout population. Funding is from the Environment First Fund. The contract was approved.

A contract for $36,000 with the University of Northern Iowa to conduct pesticide monitoring of streams from February 1, 2003, through April 30, 2003. The purpose of the contract is to provide additional information regarding insecticide contamination in Iowa streams. Funding is from the Environment First Fund. The contract was approved.

A contract for $76,000 with Iowa State University to complete a study to determine the economic values of recreational activity provided by Iowa lakes and the value of prospective water quality improvements to the lakes. This is payment for the first year of a three-year contract. Funding is from the General Fund, Environment First Fund, and Fish and Game Protection Fund. The contract was approved.

* Rick Kelley, Assistant Director of the University Hygienic Laboratory, provided an overview on the operations of the State Hygienic Laboratory. The Laboratory has three facilities, with one located in Iowa City and two located in Des Moines. The Laboratory provides a number of public health and environmental services under two organizational units. The Disease Control Division provides consultation, training, and testing for evidence of infectious agents. The Environmental Quality Division provides testing and monitoring for State and federal agencies.

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**Next Meeting** The Commission will have their next monthly meeting on November 18 in Des Moines.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Board of Regents Meeting - October

**Board Meeting** The Board of Regents met on October 16-17 at the University of Northern Iowa in Cedar Falls. Significant agenda items included:

* Annual Student Financial Aid Report – The percentages of the three types of financial aid are shown below:



|  |  |  |
| --- | --- | --- |
| **Type of Financial Aid** | **Percentage of Total**  **Dollar Value of Awards**  **2000-2001** | **Percentage of Total**  **Dollar Value of Awards**  **2001-2002** |
| Grants | 24.4% | 24.7% |
| Loans | 52.1% | 53.8% |
| Employment | 23.5% | 21.5% |

* Tuition Policies and Proposed Rates – Increases in tuition and fees were proposed at the September meeting. Base tuition for resident undergraduate students is proposed to increase from $3,692 to $4,342 at each of the three universities. This is an increase of $650 (17.6%). During the October meeting, each of the university presidents and representatives of each of the university student governments were allowed to comment and make presentations.
* Fall Enrollment Report (Part I) – Fall enrollment is presented in two reports to the Board. The first, in October, contains general information on enrollment and trends. The second, in November, provides additional enrollment detail. The Fall 2002 headcount enrollment is at an all-time high of 71,521 students. The full-time equivalent (FTE) enrollment increased from 62,176 to 63,622. This is an increase of 1,446 (2.3%).
* Annual Distance Education Report – The distance education report included courses for Summer 2001, Fall 2001, and Spring 2002. During this time the Regents institutions provided the following (2000-2001 figures in parenthesis):

Credit courses and programs

60 credit programs, including degree, certificate, and endorsement (60)

3,496 individual courses/sections (2,586)

45,154 total student enrollments (35,125)

Noncredit continuing education courses – 474,757 total student enrollments (515,296)

* Comprehensive Fiscal Report for FY 2002 – The Report compares actual revenues and expenditures with the Board-approved final revised budgets. The first year for the Report was FY 1997. Below are the results for FY 2002.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Final**  **Revised**  **Budget** | **Actual** | **Variance**  **Over/(Under)** | **Actual**  **As %**  **of Budget** |
| REVENUES |  |  |  |  |
| *Appropriations* |  |  |  |  |
| General | $ 640,047,904 | $ 640,057,236 | $ 9,332 | 100.0% |
| Other | 271,266 | 267,933 | (3,333) | 98.8% |
| *Resources* |  |  |  |  |
| Federal Support | 15,351,872 | 15,716,908 | 365,036 | 102.4% |
| Interest | 3,384,000 | 3,224,820 | (159,180) | 95.3% |
| Tuition and Fees | 300,396,300 | 298,810,494 | (1,585,806) | 99.5% |
| Reimbursed Indirect Costs | 52,718,321 | 53,488,875 | 770,554 | 101.5% |
| Sales and Service | 489,198,279 | 488,497,725 | (700,554) | 99.9% |
| Other | 3,120,899 | 3,137,655 | 16,759 | 100.5% |
| TOTAL REVENUES | $ 1,504,488,841 | $ 1,503,201,646 | $(1,287,195) | 99.9% |
|  |  |  |  |  |
| EXPENDITURES |  |  |  |  |
| Salaries | $ 1,051,991,022 | $ 1,059,615,706 | $ 7,624,684 | 100.7% |
| Prof./Scientific  Supplies | 279,072,626 | 271,373,651 | (7,698,975) | 97.2% |
| Library  Acquisitions | 19,453,946 | 19,905,142 | 451,196 | 102.3% |
| Rentals | 7,493,047 | 7,878,641 | 385,594 | 105.1% |
| Utilities | 53,631,985 | 53,905,432 | 273,447 | 100.5% |
| Building Repairs | 16,525,021 | 12,285,907 | (4,239,114) | 74.3% |
| Auditor | 1,200,738 | 1,068,582 | (132,156) | 89.0% |
| Equipment | 22,612,394 | 22,262,816 | (349,578) | 98.5% |
| Aid to Individuals | 52,508,062 | 54,433,728 | 1,925,666 | 103.7% |
| TOTAL EXPENDITURES | $ 1,504,488,841 | $ 1,502,729,605 | $(1,759,236) | 99.9% |



* Annual Salary Report – The State allocation to the Regents for incremental funding of the State’s salary policy for FY 2003 was $25.0 million. This is approximately $8.0 million less than the funding needed to fully fund the salary policy. Institutional salary policies based on the State salary policy and approved by the Board provided that faculty and professional and scientific staff increases would average 3.0% plus incremental steps, which generally provide for average pay increases of 4.0%. Bargaining agreements result in some variations among the institutions. Due to the wage delay in place at the University of Northern Iowa (UNI), salary increase data will be presented at the January Board meeting.

Average faculty increases for FY 2003 are as follows: SUI 3.76%; Iowa State University (ISU) 3.1%; Iowa School for the Deaf (ISD) 3.2%; and the Iowa Braille and Sight Saving School (IBSSS) 3.7%. Average increases for professional and scientific staff are as follows: SUI 4.0%, ISU 2.9%, ISD 2.5%, and IBSSS 3.5%. Average increases for Regents merit staff are as follows: SUI 7.1%, ISU 5.8%, ISD 5.2%, and IBSSS 5.4%.

Faculty salaries are compared with salaries in the university peer groups and athletic conferences based on survey data published by the American Association of University Professors. The ranking data is shown in the table below.

|  |  |  |
| --- | --- | --- |
| **Peer Group Rankings** | | |
|  | FY 2002 | | FY 2003 |
| SUI | 8th of 11 | | 9th of 11 |
| ISU | 11th of 11 | | 11th of 11 |
| **Athletic Conference Rankings** | | |
| SUI – Big 10 (public) | 5th | | 7th |
| ISU – Big 12 | 4th | | 5th |



* Annual Regents Merit System Report – There are approximately 8,000 employees in 300 job titles within the Regents Merit System. During FY 2002, the average salary was $29,464. Base salaries increased 3.0% and step increases averaged 1.0%. Approximately 50.0% of the merit employees were at step 10 of the salary scales.
* Report on Organizational Review - The Board received information regarding recommended changes to statutory requirements.
* National Report Card on Higher Education - The Board Office staff reviewed the recently released results of “Measuring Up 2002,” also known as the higher education report card. The Report was issued by the National Center for Public Policy and Higher Education. The Center is a private, nonprofit organization that receives funding from a consortium of national foundations, including the Pew Charitable Trusts and the Ford Foundation. Iowa’s results by category include:

Preparation – B. A high percentage of Iowa high school students take upper-level math and science courses. The percentage of Iowa 8th graders that score well on national math assessments is very high. The proportion of 12th graders that take and score well on college entrance exams is good. Nationally, Iowa ranked 18th in this category.

Participation – B+. The percentage of young Iowa adults (ages 18 to 24) that enroll in college-level education remains high. Iowa ranked 9th in this category and was the third-best performing state in the high school-to-college rate.

Affordability – C. Iowa ranked 11th nationally and was the third-best performing state in undergraduates’ low reliance on debt to finance higher education.

Completion – A. A high percentage of Iowa freshmen at four-year colleges and universities return for the sophomore year. A large percentage of first-time, full-time students earn a bachelor’s degree within five years of finishing high school. Iowa ranked 6th in this category.

Benefits – C+. The Report stated that “the proportion of Iowa residents who have a bachelor’s degree has improved since ‘Measuring Up 2000’,” began but remains fair. The State has low economic benefits. Iowa residents contribute substantially to the civic good, particularly as measured by the percentage who vote.” Iowa ranked 21st in this category. Iowa was the fourth-best performing state in quantitative literacy.



* Banking Committee Report – The Committee and the Board approved the following resolutions:

Sale and award of $9.5 million of Dormitory Revenue Refunding Bonds, Series UNI 2002. The low bid for the bonds was an interest rate of 3.87%, which will result in a present value savings of $953,000.

Authorized the Executive Director to fix the sale date for up to $25.0 million in Hospital Revenue Bonds for SUI.

**Next Meeting** The next Board meeting will be held November 13-14 at Iowa State University in Ames.

STAFF CONTACT: Mary Shipman (Ext. 14617)

October Meeting of the Mental Health and Developmental Disabilities Commission

**Commission Meeting** The Mental Health and Developmental Disabilities Commission met October 1 and conducted the following business:



* Approved various waivers and accreditations.
* The Commission heard from representatives of the Olmstead Real Choices Consumer Task Force, relating to the Olmstead U.S. Supreme Court Decision regarding administering services in integrated settings for those who are disabled. The Department of Human Services (DHS) has received a $1.4 million grant to fund systems change activities and changes in the current delivery system. The DHS is in the process of contracting with the University of Iowa Center of Disabilities and Development to operate the grant. The discussion also included a review of the proposed Governor’s Executive Order requiring State government departments to accommodate those with disabilities.
* A representative of the DHS discussed:

The use of the $3.7 million from the federal Community Mental Health Block Grant, including:

Community Mental Health Centers receive 44.0%.

Providers without a community mental health center locally receive 5.0%.

Community Mental Health Center grants: 10.0%.

Consumer-Related Groups: 12.0%.

Competitive Grants: 23.0%.

Administration: 6.0%.

Status of the Personal Assistance Services expenditures being added to the State Medicaid Plan (process for which Medicaid services are added and changed to the Iowa Medicaid Program). As of August 2001, the annual estimated State cost to add these services to the Medicaid Program was $6.9 million. A revised estimate has been requested from the DHS by the Legislative Fiscal Bureau.

An explanation of the possible use of psychology-related staff from the State Mental Health Institutes by local providers.

An explanation of the FY 2004 Council on Human Services budget request.

An agenda item for the October 14 meeting of the Legislative Program Elimination Commission relating to substance abuse and mental health issues.

An update on the revised mental health and developmental disabilities web page within the DHS web site.



* Rrecommended an 11.115% allowed growth rate for the Mental Health Allowed Growth FY 2005 appropriation line-item. This is equal to an increase of $25.9 million, from the FY 2004 appropriation found in HF 2623 (Omnibus Budget Act I) of $19.1 million to $45.0 million for FY 2005. The Commission is required to submit a recommendation by November 15. A copy of the formal report is scheduled to be discussed at a subgroup meeting of the Commission on October 23. The $45.0 million recommendation is parallel to the request of the Iowa State Association of Counties made at the meeting of the Commission.
* Discussed the status of the five workgroups that the Commission has established relating to the redesign of the mental health service system in the State. The workgroup relating to legal settlement and State cases is scheduled to meet October 16.
* Discussed the status of the residential care facility advocate issue from a presentation at the September meeting.
* Discussed the necessary steps to develop the annual report and the biennial report required by statute of the Commission.
* Discussed the decertification status of various clients at the Woodward State Resource Center and the remedies planned for that from action by the Department of Inspections and Appeals. The decision may impact up to 300 individuals currently residing in Intermediate Care Facilities for the Mentally Retarded (ICF/MRs) State-wide.
* Discussed the possible process which may occur for the new appointments as of November 1 to the Commission under the merger of the Commission with the State County Management Committee.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

October Meeting of the Medical Assistance Advisory Council

**Council Meeting** The Medical Assistance Advisory Council met on October 2 and conducted the following business:



* Reviewed the number of persons eligible for the Medical Assistance Program (Medicaid) in FY 2002 and the estimated FY 2002 expenditures.
* Reviewed proposed administrative rules relating to the Hospital Trust Fund and the federal disproportionate share program funding changes due to the statutory inclusion of certain health facilities serving children.
* Reviewed the historical data representing five years of revenues received from the pharmaceutical rebate program operated by the federal government.
* Discussed the June recommendations made to the Governor and legislators regarding the use of a tobacco tax revenue increase and the avoidance of Medicaid revenue shortfalls via establishment of a trust fund.
* Received information regarding the FY 2004 Council on Human Services budget request.
* Discussed the possible changes adding various time-release antidepressants to the prior authorization list under consideration by the Drug Utilization Review Commission.
* Discussed the proposed administrative rule changes relating to Medicaid targeted case management discussed at the Iowa Plan Advisory Committee which would require prior authorization for certain targeted case management activities.
* Discussed possible support of proposed action by the Council on Human Services to reestablish the link between Medicaid and Medicare provider reimbursement rates when impacted by the Resource Based Relative Value Scale (RBRVS) included in the FY 2004 Council budget request. The staff from the Department of Human Services (DHS) indicated that the FY 2004 rate increase would be an average of 3.0% for those providers impacted by the proposed link to the Scale.
* Discussed possible support of a recommendation to increase Medicaid reimbursement rates for those providers not receiving an increase under the proposed link to the Resource Based Relative Value Scale for FY 2004, did incur a reimbursement decrease in FY 2001, and did not receive a proposed reimbursement rate increase within the FY 2004 Council on Human Services budget request.
* Discussed the status of the FY 2003 Medicaid expenditures compared to available revenues. Staff from the DHS indicated that the DHS estimated range for an FY 2003 shortfall was between $45.0 million and $85.0 million and that the DHS had not yet discussed the possible range with staff from the Department of Management and the Legislative Fiscal Bureau as has been occurring since the Medicaid Summit in late 2001. Staff from the DHS announced that there would be $6.0 million remaining within the FY 2002 Medicaid funds, which by statute are required to be deposited into the Senior Living Trust Fund.
* Discussed the FY 2004 budget process, with the staff from the DHS indicating the Governor plans to hold budget hearings in various locations around the State and the General Assembly will need to address the
* Medicaid shortfall, with the Governor’s only option being to order an across-the-board reduction for all appropriations from the State General Fund.

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

Drug Utilization Review Commission Report

**Report Issued** The Drug Utilization Review Commission issued a report on October 1 regarding strategies to reduce the State cost for prescription drugs. The Report was required within HF 2627 (FY 2003 Omnibus Budget Act II). The Report reviews established cost containment strategies that State government participates in and makes the following recommendations for additional cost containment:



REPORT

* Expansion of the existing drug prior authorization efforts.
* Provide an educational project regarding atypical antipsychotic medications.
* Establish a preferred drug list (formulary) for selected therapeutic categories.
* Return the Drug Utilization Review Program to full funding.
* Expand the provider education, web site usage, medication cost information, and uses of a preferred drug list.
* Expand pharmaceutical case management services.
* Expand prospective quantity limits.
* Place a time moratorium on payment for new drugs without significant therapeutic benefit.
* Expand case management efforts.
* Establish a graduated co-payment system for pharmaceuticals.

**Copies Available** Each of the recommendations are delineated with additional information within the report. A copy of the report is available at the LFB web site at: [http://staffweb.legis.state.ia.us/lfb/subcom/human\_serv/interim\_2002 htm](http://staffweb.legis.state.ia.us/lfb/subcom/human_serv/interim_2002%20htm) or upon request from the LFB.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

October Meeting of the Child Care Advisory Council

**Council Meeting** The Child Care Advisory Council met October 10 and conducted the following business:



* Discussed the FY 2004 Council on Human Services budget request, which included an additional FTE position for child care licensure and inspection duties.
* Discussed the status of the administrative rules for child care homes which have been delayed from an October 1 implementation to December 1. Information regarding the definition to comply with the 35 square feet per child requirement was reviewed. An Iowa Communications Network (ICN) presentation is tentatively scheduled for December 13 to provide compliance information relating to the transition to the administrative rules to the various child care professionals.
* Discussed information regarding the Child Care Resource and Recovery Statewide efforts.
* Discussed the possible changes in the utilization of available federal funds for an additional staff person for technical assistance and licensure in lieu of start-up grants and emergency funds. The discussion was included in the December meeting agenda.
* Heard information regarding the Smart Start technical assistance being provided to the empowerment areas.
* Received a report on the planned Early Childhood Summit.

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

STAFF CONTACT: Sue Lerdal (Ext. 17794)

Stun Guns on Iowa University Campuses

**Stun Guns at Universities** Officers at all three Iowa universities have been granted permission to carry a high-tech type of stun gun called the M-26 Taser. The Taser is a $600 gun that when fired, emits an electric shock effective up to 21 feet. The shock causes a series of uncontrollable muscle spasms that will drop a person to the ground.

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**Name Change** In addition to the new Tasers, the University of Iowa and Iowa State University have also changed the name of their public safety divisions to use the word “police” instead of “public safety”. New badges and car decals will be issued with the police wording; however, the University of Northern Iowa will maintain the term public safety on their badges and car decals.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

State Appeal Board Claim - Department of Corrections

**Claim Paid** The Legislative Fiscal Bureau (LFB) has been notified that the State Appeal Board paid two claims that total $11,000 to settle an alleged sexual harassment and assault claim filed by an employee of the Anamosa State Penitentiary. As part of the settlement, the correctional officer who filed the claim is now employed at the Iowa Medical Classification Center at Oakdale.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Department of Justice - FY 2003 FTE Positions

**Positions Eliminated** Division XI, Section 214 of HF 2627 (FY 2003 Second Omnibus Appropriations Act), required any FTE position that had been vacant for 12 months or more to be deleted from the agency’s table of organization. The Department of Justice eliminated 8.0 FTE positions:

* 2.0 FTE positions from the Office of the Attorney General (one full-time and two part-time positions).
* 1.0 FTE position from the Prosecuting Attorney Training Coordinator allocation (two part-time positions for the Area Office of Drug Control Policy Prosecuting Attorneys).
* 5.0 FTE positions from the Office of the Consumer Advocate.

**More Information** Additional information is available by contacting the Legislative Fiscal Bureau (LFB).

STAFF CONTACT: Beth Lenstra (Ext. 16301)

New Commander for the 132nd Fighter Wing Division of the National Guard

**New Air Guard Commander** Colonel Gregory Schwab will become the new commander of the Iowa Air National Guard’s 132nd Fighter Wing. Colonel Schwab replaces Colonel Douglas Pierce who is being reassigned as the Vice-Commander of the Iowa National Guard at Camp Dodge.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Iowa Department of Public Defense FY 2001 Annual Report

**Annual Report** The Iowa Department of Public Defense submitted their annual report to the Legislative Fiscal Bureau (LFB). The following is a summary of information contained in the report.



**Military Division**  Military Division - During FY 2001, the Military Division received a State appropriation of $4.8 million and federal reimbursements of $15.6 million. The total budget for the Military Division was $20.9 million. Most contracts provide for a joint sharing of yearly costs of a 75% federal and 25% State basis. Overall during FY 2001, the Iowa National Guard (Army and Air) was supported by 97.1% ($218.9 million) federal funds and 2.9% ($6.6 million) State funds.

**Personnel** Personnel - During FY 2001, the Iowa National Guard employed 1,548 federal full-time support personnel, 929 Army National Guard, and 619 Air National Guard. In addition, the Iowa National Guard had 291 State employees in the Military Division, 128 Army National Guard, 124 Air National Guard, and 39 Emergency Management personnel.

**Missions & Projects** Missions and Projects

* The Iowa National Guard performed State service for a total of 3,934 mandays. The types of duty included Montana forest fires; Texas fires; winter storms in Western, Southwest, and Central Iowa; the water outage in Libertyville; and the flooding in Eastern Iowa.
* The Counterdrug Task Force conducted 619 missions utilizing 12,296 workdays/mandays. The Midwest Counterdrug Training Center conducted 12 courses, training over 1,000 law enforcement members from 33 different States.
* The Drug Demand Reduction Program conducted 80 missions serving over 45,050 youth institutions of learning.
* The National Guard STARBASE Program served 610 youth at summer camp and over 7,000 youth during the school year. The Program ended as of October 1, 2002.

**Emergency Management** Emergency Management Division - During FY 2001, the Emergency Management Division received a $1.1 million State appropriation, $1.7 million in federal funds, and $612,000 in private funds. For FFY 2001, the Federal Emergency Management Agency (FEMA) allocated $1.7 million in Emergency Management Performance Grant money to the State, which the Emergency Management Division, in turn, allocated $836,000 to 67 participating local emergency management agencies. Local agency requests for federal funding in FFY 2001 total $4.4 million. There was approximately a $3.6 million shortfall in federal funding. Iowa continues to meet a funding shortfall for mitigation activities as well. The funding shortfall is estimated to be approximately $70.8 million. Hazard mitigation type incidents include: flood property acquisitions/relocations/evaluations, storm water, back-up power generators, storm warning devices, storm shelters, flood control, flood protections, and flood planning.

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**Projects** Projects -

* From April 8 through Mary 29, 2001, 23 counties were declared disaster areas by the President. These counties had damage from severe storms, flooding, and/or tornadoes. The American Red Cross assisted 882 individuals and spent approximately $1.0 million in disaster assistance. There were 50 incidents in Iowa that the Emergency Management Division responded to. The following is a list of disasters in the State:

NA00386_[1]

Thunderstorm 3

Chemical/Biological 2

Contaminated Water 2

HAZMAT 10

Search and Rescue 2

Natural Gas 2

Rail 13

Tornado 3

Flood 7

Wind 6

* New National Oceanic and Atmospheric Administration (NOAA) weather transmitters were added in Lancaster, Medill, LaPlata, Missouri, Burlington, Fairfield, and St. Ansgar. The Project is close to completion. New sites were surveyed in Marshalltown, Iowa Falls, Montezuma, Albia, Ringsted, Leon, and Fenton.
* During FY 2001, the E911 Program expanded the Enhanced 911 service in the State for both wireline phone and wireless communications. Approximately 99.1% of Iowans have Enhanced 911 service, with the remainder of the State having basic 911 service.

**More Information** Additional information is available from the LFB.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Judicial Branch 2001 Annual Report

**Annual Report** The Legislative Fiscal Bureau (LFB) received the Judicial Branch’s FY 2001 annual report.



**Appellate Courts Appellate Courts** - In calendar year 2001, the number of cases in the appellate courts decreased by 2.0% from 2000, and the number of dispositions increased 4.0%. Forty-seven percent of the civil cases decided in appellate court concerned domestic relations. The next most numerous types of civil cases disposed of by formal opinion at the appellate level were torts, administrative law, contracts, and post conviction relief. Ninety-one percent of Supreme Court opinions and 96% of Court of Appeals rulings were unanimous.

**Supreme Court Action** The Supreme Court disbarred one attorney, revoked the licenses of two attorneys, suspended the licenses of 26 lawyers, reprimanded 23 attorneys, and admonished one attorney in 2001. The court also suspended one judge.

**District Court District Court** – In calendar year 2001, there were 158,573 civil and criminal cases filed in Iowa District Court. This is a 5% increase from 2000. Fifty-five percent of the civil filings involved domestic relations. Juvenile petitions increased by 15% from the 10,836 filed in 2000. Over one million cases were filed and disposed of in the Iowa District Court in 2001.

**Dispositions Dispositions** – Civil and criminal dispositions were down by 3% from 161,958 in 2000 to 156,346 in 2001. Iowa judges also handled 83,805 criminal cases in 2001 compared to the 91,505 handled in 2000. Approximately 18% of all civil actions and 2% of all indictable criminal cases were disposed of by a contested trial to jury or court.

**Copies Available** Copies of the Judicial Branch annual report are available from the LFB or on the Judicial Branch web site at <http://www.judicial.state.ia.us>

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Governor Appoints Interim Director for the Department of Human Rights

**New Interim Director** On October 3, the Governor appointed Kathryn Baumann-Reese as the Interim Director for the Department of Human Rights after the resignation of Rose Vasquez, who has taken a job in the private sector.

**Background** Baumann-Reese currently serves as the Administrator of the Deaf Services Division, Department of Human Rights. She previously served as Interim Director for the Department in 1998-99 and has worked for the Department since June 1987. Prior to working for the Department, she worked as a teaching assistant and staff interpreter at Northcentral Technical College in Wausau, Wisconsin.

**Qualified Candidates Sought** The Governor’s Office is seeking the names of qualified candidates to serve as the next Director for the Department.

STAFF CONTACT: Lisa Burk (Ext. 17942)

Senior Living Trust Fund Projections



**Fund Projections** The Legislative Fiscal Bureau (LFB) has compiled projections for the Senior Living Trust Fund. The Fund was established to receive deposits from intergovernmental transfers that resulted from the State’s ability to draw down federal matching funds calculated as if all nursing facilities in the State are reimbursed at the federal Medicare rate, which is higher than the Iowa Medicaid rate.

**FY 2001 – FY 2005** The Fund is a time-limited revenue source and it is estimated that deposits into the Fund will cease after the first quarter of FY 2004 due to the phase-out of the intergovernmental transfer mechanism. Current estimates assume that if appropriations for future fiscal years continue at the FY 2003 levels and appropriations for conversion grants resume after FY 2003, the Fund may be depleted in FY 2005. The following table shows the revenues and expenditures for the Fund beginning with FY 2001 and projected to FY 2005.



**Provisions for Repayment** The General Assembly appropriated a total of approximately $84.5 million from the Senior Living Trust Fund to supplement Medicaid in FY 2002 and FY 2003 and made the following provisions for repayment:

* House File 2245 (FY 2002 Medicaid Supplemental Appropriations Act) required the remaining FY 2002 Hospital Trust Fund balance, after the appropriation to Medicaid, be transferred to the Senior Living Trust Fund. In June 2002, approximately $13.2 million was transferred to the Fund.
* House File 2627 (FY 2003 Second Omnibus Appropriations Act) required all FY 2002 State funds remaining from Medicaid be transferred to the Fund. In September 2002, approximately $6.0 million was transferred to the Fund.
* House File 2627 also requires that all FY 2003 State funds remaining from Medicaid be transferred to the Fund.
* House File 2075 (FY 2002 Endowment Reimbursement Act) transfers $35.5 million from future excess revenues of the Economic Emergency Fund to the Senior Living Trust Fund, after the Economic Emergency Fund has reached its maximum balance as required by the Code of Iowa, and the first $40.0 million of excess funds are transferred to the Endowment for Iowa’s Health Account. The current estimate assumes this repayment of the Senior Living Trust Fund will not occur before FY 2008.

**More Information** For more information regarding the Senior Living Trust Fund, contact the Legislative Fiscal Bureau.

STAFF CONTACT: Lisa Burk (Ext. 17942)

Highway Construction Contracts

**Construction Contracts** The Department of Transportation (DOT) notifies the Legislative Fiscal Bureau of all highway construction contracts in excess of $5.0 million for informational purposes. Two contracts totaling $12.4 million were awarded in July, and two contracts totaling $24.8 million were awarded in August.

**July July**



* **Pottawattamie County:** Contract awarded to Cedar Valley Corp. of Waterloo for $5.8 million. The project includes replacing approximately 5 miles of new pavement along I-80 from the Madison Avenue interchange to approximately 1.5 miles from the north city limits in Council Bluffs.
* **Decatur County:** Contract awarded to Henningsen Construction, Inc., of Atlantic for $6.6 million. The project includes resurfacing approximately 44 miles of asphalt along I-35 from the Missouri state line, north to US Highway 34.

**August August**

* Polk County: Contract awarded to Jensen Construction Co. of Des Moines for $16.8 million. The contract includes the following I-235 projects:



$2.2 million – 3rd Street bridge replacement.

$2.7 million – 2nd Avenue bridge replacement.

$6.4 million – Widening of bridge over the Des Moines River.

$5.3 million – Pavement replacement on 2nd Avenue and 3rd Street, including the ramps.

$246,000 – New traffic signals on 2nd Avenue and 3rd Street, including the ramps.

* Marion County: Contract awarded to Fred Carlson Co., Inc., of Decorah for $8.0 million. The project includes adding approximately 8 miles of new pavement along Iowa Highway 5 at the Pleasantville Bypass.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

State Auditor Special Investigation - Johnson County Mental Health/Developmental Disabilities Department



**Auditor’s Special Report** The State Auditor released a report of a special investigation of the Johnson County Mental Health/Developmental Disabilities Department. The report related to concerns that expenditures had been made in order to decrease the County’s balance in the Mental Health Services Fund for FY 2002. House File 2627 (FY 2003 Omnibus Budget Act II) provides certain mental health funds to be distributed based upon the percentage of a county’s Mental Health Services Fund balance to the percentage of a county’s gross expenditures for FY 2003, based upon the FY 2002 Funds’ balances in the 99 counties.

**Findings** The Auditor’s report indicates $459,000 of unallowable disbursements, $314,000 in questionable disbursements, and $257,000 for prepayment of expenses by the Director of the Johnson County Mental Health/Developmental Disabilities Department and the Johnson County Board of Supervisors.



**Unallowable Disbursements** The $459,000 of unallowable disbursements included the purchase of a van, supplies, equipment, computers and software, and bonuses to service providers. The questionable disbursements related to paying individuals employed by other counties, judicial districts, and providers to perform quality assurance audits, expedited purchase of services, stock- piling equipment and supplies, and research to determine record and file retention requirements. The prepayment of expenses relating to independent contractors to perform a survey, data entry, analysis of a home and community based waiver, and other special projects, to purchase of software from another county, registration for conference attendance in FY 2003, conference travel, mental health services to be provided in FY 2003, and reference material purchased prior to availability of reference material.

**Recommendations** The Report provides recommended control procedures for the Johnson County Mental Health/Developmental Disabilities Department to eliminate the situation from occurring in the future. The Report also provides specific detail regarding the unallowable disbursements, questionable disbursements, and prepayment of expenses. A copy of the Report is available upon the web site of the State Auditor at <http://www.state.ia.us/government/auditor/reports> or at the LFB web site at [http://www.staffweb.legis.state.ia.us/lfb/subcom/human\_serv/interim\_ 2002.htm](http://www.staffweb.legis.state.ia.us/lfb/subcom/human_serv/interim_2002.htm).

STAFF CONTACT: Sue Lerdal (Ext. 17794)

*Issue Review* Released - Iowa’s Tobacco Settlement



***Issue Review*** The Legislative Fiscal Bureau (LFB) has recently released an ***Issue Review*** entitled “Iowa’s Tobacco Settlement: Review of Securitization and Legislation”. The ***Issue Review*** includes:

* Background information.
* Information regarding tobacco industry payments.
* Summary of legislation enacted by the General Assembly in 2002.
* Future funding issues.

**Endowment Account** The Endowment for Iowa’s Health Account of the Tobacco Settlement Trust Fund was originally envisioned to be used as a stable funding source for future appropriations related to health care programs. However, the General Fund now owes the Endowment $93.5 million for the transfers, deappropriations, and appropriations made from the Endowment by the General Assembly in 2001 and 2002. These actions have reduced the Endowment’s long-term earnings potential. Also, the commitment to repay the Endowment from the General Fund restricts future General Assemblies’ ability to set funding priorities. The transfers, deappropriations, and appropriations made from the Endowment have also made it necessary for the Department of Management to closely monitor the monthly cash flow of the Endowment. Allocating appropriations from the Endowment during the first six months of the fiscal year has been further complicated by two factors:

* The FY 2003 beginning balance is lower than originally anticipated.
* The majority of the dedicated revenue sources (i.e., wagering taxes and residual payments) will not begin to be received until approximately December 2002.

**Restricted Capital Fund** The Restricted Capital Fund must be expended by the end of FY 2007. Once this Fund is depleted, certain debt service payments (prison infrastructure bonds and a portion of the Regent’s academic revenue bonds) will need to be paid from an alternative source, such as the General Fund.

**More Information** For further information regarding Iowa’s tobacco settlement, please refer to the LFB web site at <http://staffweb.legis.state.is.us/lfb/> for the following ***Issue Reviews***:

* Iowa’s Tobacco Settlement, dated October 8, 2001.
* Iowa’s Tobacco Settlement: Review of Securitization and Legislation dated October 17, 2002.
* Restricted Capital Funds Account of the Tobacco Settlement Trust Fund dated October 11, 2002.

Copies may also be requested from the LFB.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

*Issue Review* Released - Restricted Capital Funds Acount of the Tobacco Settlement Trust Fund

***Issue Review*** The LFB recently released an ***Issue Review*** that provides information on the Restrictions associated with the tax-exempt bond proceeds in the Restricted Capital Fund as well as projected cash flow estimates of the Fund.



**Background**  The Restricted Capital Fund was established to receive $540.0 million in tax-exempt bond proceeds that resulted from the Tobacco Securitization process. The ***Issue Review*** discusses four of the more significant restrictions on the use of the bond proceeds. These include:

* Types of projects that can qualify for funding with the proceeds.
* Required spending schedule of bond proceeds from FY 2002 to FY 2007.
* Average Economic Life Test for projects funded with the bond proceeds.
* Restrictions on the use of the bond proceeds to replace funds previously designated for capital project.

**Capital Projects Funding** The ***Issue Review*** includes a discussion of capital projects funding over the next six years. The following shows the projected cash flow for the Fund beginning with FY 2002 and projected to FY 2007 (the year all proceeds must be expended). The ***Issue Review*** discusses the table in greater detail.



STAFF CONTACT: David Reynolds (Ext. 16934)

*Issue Review* - Judicial Branch Revenue



***Issue Review*** The Legislative Fiscal Bureau (LFB) recently released an ***Issue Review*** that provides information on the distribution of Judicial Branch revenue to the General Fund and other funds in State government. In FY 2002, the Judicial Branch generated $79.6 million in revenue. This was an increase of $5.2 million, or 7.0%, compared to FY 2001.

**Copies Available** Copies of the ***Issue Review*** may be obtained from the LFB or by visiting the web site at: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

*Issue Review* - Governor’s Office of Drug Control Policy



***Issue Review*** The Legislative Fiscal Bureau (LFB) recently released an ***Issue Review*** that provides information on the role of the Governor’s Office of Drug Control Policy as it relates to substance abuse and statewide coordination of efforts for prevention, treatment, and enforcement.

**Information Provided** In addition, information regarding funding sources, the Drug Abuse Resistance Education (DARE) Program, federal grant administration responsibilities, the substance abuse prevention programs offered by the Office, and alternatives for the General Assembly to consider in regard to the Office are provided.

**Copies Available** Copies of the ***Issue Review*** may be obtained from the LFB or by visiting the web site at: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Lisa Burk (Ext. 17942)

*Issue Review* Released: State Vehicle Fleet



***Issue Review*** The Legislative Fiscal Bureau has recently released an ***Issue Review*** relating to the State Vehicle Fleet. The ***Issue Review*** includes:

* Background information on the State fleet.
* Assignment policies of the Department of General Services (DGS) Fleet and Mail Division.
* Under-utilization of State fleet vehicles.
* Billing for assigned and motor pool vehicles.
* Mileage reimbursement for use of personal vehicles.
* Funding alternatives and potential efficiencies.

**Outsourcing Cost Analysis** The ***Issue Review*** also provides a cost analysis of outsourcing the State vehicle fleet. The sale of 2,630 State fleet vehicles to a private leasing firm, in its entirety, could provide an estimated $16.9 million in one-time revenue and eliminate approximately $11.0 million in annual maintenance and other expenses.It would cost approximately $766,000 per year to lease 100 vehicles for 264 days per year each, at $29.00 per day. It would cost approximately $21.2 million per year to lease 2,530 vehicles each month for a year, at $698 per month. The total annual cost to lease 2,630 vehicles (the size of the current fleet) vehicles would be approximately $24.0 million annually. It could cost less if the number of vehicles required was reduced or a better rate was obtained from a private leasing company.

**Copies Available** A copy of the ***Issue Review*** is available from the web site at <http://staffweb.legis.state.ia.us/lfb/> or by requesting a copy from the Legislative Fiscal Bureau.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223) Ron Robinson (Ext. 16256)

*ISSUE REVIEW* RELEASED - IOWA PRIORITY PROGRAM



***Issue Review*** The LFB recently released an ***Issue Review*** on the Iowa Priority Program. The ***Issue Review*** provides a background of how the Iowa Priority Program came to be, and identifies who the major players are in the Program and what roles they play. It concludes with an illustration of the Iowa Priority Program’s budget and concerns that have developed with the implementation and operation of the Program. Below are some highlights of the ***Issue Review***:

* According to data compiled by PRIME Institute for Families USA, the projected expenditure per senior for calendar year 2002 is approximately $1,500.
* The Department of Public Health estimates there are 274,000 Iowa seniors who do not have an insured drug benefit and are not enrolled in Medicaid. This is the target population for Iowa Priority.
* A federal grant of $1.5 million was set aside for the Iowa Department of Public Health in the FFY 2000 Labor, Health and Human Services Appropriations Act, “for the establishment and operation of a mercantile prescription drug purchasing cooperative or non-profit corporation demonstration”.
* The Iowa Prescription Drug Corporation, a not-for-profit 501C.3, was formed and the Corporation and the Iowa Department of Public Health entered into a grant agreement.
* The Corporation is governed by an eight-member board of directors.
* The Iowa Priority Program was formally launched in January 2002.
* The key players in the Iowa Priority Program are the Iowa Department of Public Health, the Iowa Prescription Drug Corporation, Argus Health Systems, Inc., pharmaceutical manufacturers, Iowa retail pharmacies, and enrollees in the Program.
* Argus Health Systems, Inc., of Kansas City is the Pharmacy Benefits Manager for Iowa Priority. Argus is responsible for: Entering into agreements with pharmaceutical manufacturers and negotiating discounts/rebates, providing electronic claims adjudication, and providing call center services, providing pharmacy network contracting. Argus is paid a claims processing fee by the Iowa Prescription Drug Corporation.
* 748 of the 800 (93.5%) Iowa Retail pharmacies have joined Iowa Priority. Iowa pharmacies provide discounts in accordance with the network agreement established by Argus, offer the less expensive, generic drugs when possible, and perform reviews of all prescription and over-the-counter medications, as well as herbal remedies, an enrollee takes – called Brown Bag Assessments. The pharmacy is reimbursed by the Iowa Prescription Drug Corporation, through Argus, for each Brown Bag Assessment done.
* Pharmaceutical Manufacturers were expected to play a large role in providing discounts to enrollees in Iowa Priority. However, during the first 3 months of the Program, no manufacturers had signed contracts. On March 21, 2002, Merck and Bristol Meyers Squibb both signed contracts with Argus. On May 11, 2002, Schering-Plough Corporation signed a contract. If an enrollee’s physician prescribes a preferred drug made by one of these manufacturers, the enrollee will receive a discount at the pharmacy. The pharmacy is then reimbursed for the manufacturer’s discount.
* Enrollees pay an annual membership fee of $20 and receive a coupon for a free brown bag assessment. Currently, there are over 24,000 enrollees in the Program, 15% of whom have requested and received a Brown Bag Assessment. Actual enrollment in the Program has fallen short of projected enrollment since February 2002. Enrollees are issued a membership card that is scanned each time they get their prescription filled. The claim processing system then compares the usual and customary charge for that pharmacy to the dispensing fee table in the network agreement. The enrollee will be charged the lesser of the two prices.
* Two main concerns have been voiced regarding the implementation and operation of Iowa Priority. First, the enrollees have complained that they are not seeing a significant discount, if any. Second, the pharmacists are unhappy due to the fact that the Iowa Prescription Drug Corporation terminated the original pharmacy network contract and replaced it with one that reduced the pharmacy dispensing fees by 44.4% for brand name drugs and by 50.0% for generic drugs.

**Copies Available** Copies of the ***Issue Review*** may be obtained from the LFB or by visiting the LFB web site at: <http://staffweb.legis.state.ia.us/lfb>.

STAFF CONTACT: Russ Trimble (Ext. 14613)

This document can be found on the LFB web site: <http://staffweb.legis.state.ia.us/lfb/fupdate/fupdate.htm>