

# FISCAL UPDATE

February 24, 2003

## Legislative Fiscal Bureau

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### ADMINISTRATION AND REGULATION APPROPRIATIONS SUBCOMMITTEE MEETINGS

#### Subcommittee Meetings

The Administration and Regulation Appropriations Subcommittee met February 18 - 20.

#### State Auditor

On February 18, the Subcommittee heard presentations and discussed the following:



- State Auditor David Vaudt, and Deputy Auditor Warren Jenkins, presented the FY 2004 budget request for the Office. They explained that the Governor had recommended a status quo budget for both the General Fund appropriation and receipts. They explained that this would reduce the number of hours of audit time for non-reimbursable audits.
- Representative Bruce Hunter was introduced as the new member of the Subcommittee.
- Dean Lerner, Department of Inspections and Appeals, explained the Governor's FY 2004 recommendations for the Department.

#### Administrative Services

On February 19, the Subcommittee heard presentations and discussed the following:

- The Governor's recommendation for the director of the proposed Department of Administrative Services, Mollie Anderson, explained the Governor's FY 2004 recommendations for the new Department. The Governor is recommending \$18.3 million in funding, including \$1.0 million in current standing appropriations. This is a decrease of \$377,000 compared to the estimated FY 2003 appropriation for the agencies that would be merged into the new Department. The decrease is the result of a reduction for the Iowa Communication Network (ICN) due to the anticipated availability of Non-General Fund revenue.
- The Legislative Fiscal Bureau (LFB) provided the Subcommittee with a topical presentation on the Department of Commerce General Fund Fees and Appropriations.

#### State Treasurer

On February 20, the Subcommittee heard presentations and discussed the following:

- The Deputy Treasurer of the State, Stefanie Devin, explained the Governor's FY 2004 recommendations for the Department.

#### **IN THIS ISSUE:**

Appropriations Subcommittee Meetings:  
Administration/Regulation, pg. 1  
Health/Human Services, pg. 2  
Justice System, pg. 2  
Trans/Infrastructure/Capitals, pg. 3

Government Oversight Committee Mtg., pg. 4  
SF 36 - Signed by Governor, pg. 5  
HF 170 - Identity Theft, pg. 6  
Board of Regents Meeting, pg. 6

- Cynthia Eisenhauer, Director, Department of Management (DOM), explained the Governor's FY 2004 recommendations.

**More Information**

Copies of agendas, minutes, and selected materials distributed to Subcommittee members are available on the LFB web site at:  
[http://staffweb.legis.state.ia.us/lfb/subcom/admin\\_reg/admin\\_reg.htm](http://staffweb.legis.state.ia.us/lfb/subcom/admin_reg/admin_reg.htm).

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**HEALTH AND HUMAN SERVICES APPROPRIATIONS  
SUBCOMMITTEE MEETINGS**

**Subcommittee Meetings**

The Health and Human Services Appropriations Subcommittee met February 18-20. The following was discussed:

**Dept. Human Services**

Representatives of the Department of Human Services Service Area Managers answered members' questions regarding various items regarding the caseloads, duties, and child welfare concerns.

**Dept. of Elder Affairs**

Director Mark Haverland, Department of Elder Affairs, reviewed the recommendations from the Governor's Task Force on the Department of Elder Affairs.

**Welfare Hearing**

Members were encouraged to attend the federal hearing on Welfare Reform held in Des Moines on February 20, and the Senate Health and Human Services Subcommittee formally met that same day and reviewed the recommendations from the Program Elimination Commission relating to the Departments of Elder Affairs, Public Health, Human Services, the Veterans Commission, and the Veterans Home.

**More Information**

Copies of agendas, minutes, and selected materials distributed to Subcommittee members are available on the LFB web site at  
[http://staffweb.legis.state.ia.us/lfb/subcom/human\\_serv/human\\_serv.htm](http://staffweb.legis.state.ia.us/lfb/subcom/human_serv/human_serv.htm)

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**JUSTICE SYSTEM APPROPRIATIONS SUBCOMMITTEE  
MEETINGS**

**Subcommittee Meetings**

The Justice System Appropriations Subcommittee met February 18 and 19 and heard the following presentations:

**Dept. of Justice**

Attorney General Tom Miller presented an overview of the Department of Justice's functions and duties, and presented the Department's FY 2004 budget proposal.

**Civil Rights Comm.**

Director Corlis Moody, Civil Rights Commission, presented an overview of the Civil Rights Commission and the FY 2004 budget request.

**Dept. of Public Safety**

Commissioner Kevin Techau, Department of Public Safety, presented an overview of the Department, its functions and duties, and the FY 2004 budget request.

**More Information**

Copies of the agendas, minutes, and selected materials distributed to Subcommittee members are available on the LFB web site at:  
<http://staffweb.legis.state.ia.us/lfb/subcom/justice/justice.htm>.

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**TRANSPORTATION, INFRASTRUCTURE, AND CAPITALS  
APPROPRIATIONS SUBCOMMITTEE MEETINGS**

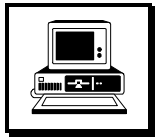
**Subcommittee Meetings**

The Transportation, Infrastructure, and Capitals Appropriations Subcommittee met February 18 and 19 and heard the following:

**State Fair Authority**

Gary Slater, Iowa State Fair Authority, presented a brief overview of the improvements that have been made to the State Fair facilities with State appropriations and private funds. The State has appropriated a total of \$32.0 million for State Fair improvements. The Governor is recommending \$500,000 for improvements to facilities in FY 2004. The FY 2004 funding would be used for paving of parking areas, electrical and storm sewer upgrades, and improvements for compliance with the Americans with Disabilities Act.

**Information Technology**



The Information Technology Department presented the Integrated Information for Iowa (I/3) project, which was partially funded in FY 2003. The I/3 project is an integrated computer system that will provide a centralized database with State government operations in the areas of budget, finance, electronic procurement, human resources, payroll, and benefits. The total cost of the project is estimated to be \$13.6 million. Of this, \$4.4 million was appropriated in FY 2003, the Governor is recommending \$6.1 million for FY 2004, and an additional \$3.1 million will be needed in FY 2005 to complete the funding.

The Information Technology Department also presented the Governor's FY 2004 recommendation for funding the Pooled Technology Account. The Pooled Technology Account provides centralized funding for technology projects for State agencies. In addition, the Information Technology Department works with the Information Technology Council to coordinate the procurement of technology for State agencies. The Information Technology Council reviewed and ranked projects totaling \$76.0 million for FY 2004. The Governor is recommending \$4.1 million for FY 2004 for the Pooled Technology Account.

**Board of Regents**

Representatives of the Board of Regents and the Presidents and Superintendents of the Universities and Special Schools presented the top capital appropriation requests for FY 2004. The Board of Regents' priority requests are listed below:

- \$14.9 million for fire, environmental safety, and deferred maintenance at all Regents' institutions. This request has become the top priority due to General Fund budget reductions.
- \$15.6 million for the renovation of Coover Hall and for the construction of an addition to upgrade classroom and research space for the College of Electrical and Computer Engineering at Iowa State University. The State funds would be matched with \$10.0 million in private gifts.



- \$7.0 million to replace portions of the University of Northern Iowa's (UNI) electrical distribution system.
- \$19.9 million to begin renovating the Chemistry Building at the University of Iowa. An additional \$12.1 million would be needed in FY 2005 and FY 2006 to complete the project.
- \$2.6 million to begin renovation of facilities of the College of Veterinary Medicine and construct additional space for the Veterinary Teaching Hospital. An additional \$37.4 million in FY 2006 and FY 2007 would be needed to complete the project.
- \$5.7 million for the renovation of science buildings at the University of Northern Iowa. An additional \$5.2 million would be needed in FY 2005 to complete the project.

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### **GOVERNMENT OVERSIGHT COMMITTEE MEETINGS**

#### **Government Oversight**

The Government Oversight Committee met on February 18 and 19 and discussed the following:

#### **Senior Living Trust**

Senior Living Trust Fund – The Legislative Fiscal Bureau (LFB) staff provided a memorandum responding to the previous meeting's questions and responded to new questions. The Committee requested information regarding the rates of interest earned, types of investments producing the interest, and the amount being spent on seniors in the Medicaid Program.

#### **State Agreement**



State Reinvention Agreement – The LFB staff provided the Committee with copies of agreements between the Department of Management (DOM) and the Public Strategies Group (PSG). The current Master Agreement period began September 1, 2002, and continues until August 31, 2005, with the option for three one-year extensions. Staff from the DOM and the PSG provided the Committee with an overview of work being done and projects being considered to improve State Government services and to produce State General Fund savings. Committee Members discussed the Request for Proposal (RFP) process utilized and requested additional information from the DOM and the PSG about the RFP process for the Master Agreement.

#### **Future Agenda**

On February 25, Dan Winegarden, Iowa Finance Authority, is scheduled to provide information regarding life science enterprises.

#### **More Information**

Copies of agendas, minutes, and selected materials distributed to Subcommittee members are available on the LFB web site at:  
<http://staffweb.legis.state.ia.us/lfb/committee/oversight/oversight.htm>.

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### **SENATE FILE 36 SIGNED BY THE GOVERNOR**

#### **Non-Medicaid Supp.**



The Governor signed SF 36 (FY 2003 Non-Medicaid Supplemental Appropriations Bill) on February 17. The Act makes FY 2003 General Fund supplemental appropriations of \$19.5 million as follows:

- Department of Human Services - \$8.9 million for:

- Child and Family Services - \$5.7 million for:
  - Shelter Care Services - \$1.0 million increase
  - Family Centered Services - \$1.6 million increase
  - Family Preservation Services - \$7,000 decrease
  - Adoption Services - \$29,000 decrease
  - Adoption Subsidies - \$1.8 million increase
  - Family Foster Care - \$518,000 increase
  - Group Care - \$60,000 increase
  - Independent Living - \$70,000 increase
  - Replace lost federal funds - \$638,000 increase
- Mount Pleasant Mental Health Institute - \$165,000 to maintain the 30-bed Substance Abuse Treatment Program.
- Glenwood and Woodward State Resource Centers - \$3.0 million for the operating budgets.
- Department of Corrections - \$6.6 million for the nine Institutions, four of the eight Community-Based Corrections (CBC) District Departments, and Central Office. Funding includes:
  - \$1.6 million for support budget increases at the Anamosa State Penitentiary and the Iowa State Penitentiary at Fort Madison.
  - \$5.0 million to restore furlough reductions for the nine Institutions, the First, Second, Third, and Eighth CBC District Departments, and Central Office.
  - The Bill includes language that permits the Department to retain federal receipts in excess of \$3.4 million. The Department currently holds federal detainees, and the U.S. Marshal's Office and the U.S. Bureau of Prisons reimburses the General Fund approximately \$3.4 million. Language in the Bill permits the Department to retain any amount in excess of \$3.4 million. The language may generate no more than \$200,000 in FY 2003. The Department plans to use these funds to partially offset the furlough reductions at the Newton and Fort Dodge Correctional Facilities.
- Office of the State Public Defender - \$2.3 million for the Indigent Defense appropriation due to the increasing number of cases and claims.
- Department of Public Safety - \$1.7 million to restore the furlough reductions in the Divisions of Administration, Criminal Investigation, Narcotics Enforcement, and the Office of the State Fire Marshal, and the Iowa State Patrol.

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**HOUSE 170 – IDENTITY THEFT - PASSES THE HOUSE**

**Identity Theft Bill**



The House of Representatives passed HF 170 on February 19. The Bill amends the definition of identity theft to mean fraudulent use or attempt to use identification information of another person with the intent to obtain credit, property, or other benefit. House File 170 also expands the definition to include the intent to obtain any benefit from the identity theft.

There were 116 offenders convicted for identity theft in FY 2002. The Bill will result in more convictions; however, no readily available data exists to determine that number. To the extent that additional convictions do occur, there will be a correctional impact on the prisons, jails, and Community-Based Corrections (CBC).

**Fiscal Impact**

The fiscal impact of HF 170 cannot be determined due to insufficient information. The State's cost for one aggravated misdemeanor conviction ranges from \$1,100 to \$4,600. The State's cost for one Class D felony conviction ranges from \$1,600 to \$8,200.

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**BOARD OF REGENTS TELEPHONIC MEETING**

**Board of Regents**

The Board of Regents held a telephonic meeting on February 19 originating from the Board Office in Urbandale. The main agenda item for the meeting was approval of a resolution for the sale and award of \$6.1 million of Utility System Revenue Refunding bonds for the University of Iowa. The bonds are being refunded to capitalize on low interest rates. The anticipated present value savings from the refunding is expected to be \$400,000.

The next meeting of the Board is scheduled for March 11 and 12 at Iowa State University in Ames.

**More Information**

Additional information about this and other meetings can be viewed on the Board's web site at: <http://www2.state.ia.us/regents/Meetings/meetings.html>

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