

# FISCAL UPDATE

September 30, 2003

## Legislative Services Agency

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

### LEGISLATIVE FISCAL COMMITTEE MEETING

#### Fiscal Committee



The Legislative Fiscal Committee met on September 23. The meeting is summarized below.

The Committee received an update of the August 9 Revenue Estimating Conference. The revised FY 2004 revenue estimate was adjusted upward by \$66.0 million, from \$5.119 billion to \$5.185 billion. The revised estimate also represents an increase of \$138.0 million compared to estimated FY 2003.

#### General Fund Balance

The Legislative Services Agency (LSA) presented the revised General Fund balances for FY 2003 and FY 2004, including the revised estimates for FY 2003 accruals and reversions. It was reported that FY 2003 accruals are estimated to be \$68.2 million below the original estimate. This will result in an estimated shortfall of \$63.9 million for FY 2003. The final numbers will not be available until October.

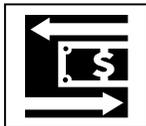
#### Built-in Increases

The Committee received an update of the estimated FY 2005 built-in budget increases estimated at \$236.1 million. The LSA will continue to refine the estimates and update the Committee in December.

#### Projected Fuel Costs

The Committee received information concerning the projected increase in natural gas and motor vehicle fuel costs and the potential effect on State agency budgets in FY 2004.

#### Appropriation Transfers



Two appropriations transfers were presented to the Committee:

- A transfer of \$499,000 from various Department of Inspections and Appeals programs to the Indigent Defense Program.
- A transfer of \$80,000 from the Department of Revenue to the Governor's Office.

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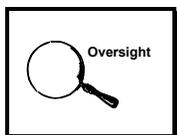
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- K-12 Funding** The Departments of Education and Human Services provided an update on the methodologies for funding the Department of Human Services (DHS) K-12 institutions from the School Aid formula for FY 2004.
- State Resource Centers** The DHS updated the Committee on the status of the Federal Department of Justice investigation into the operations of the Woodward and Glenwood State Resource Centers.
- Medical Assistance** The LSA presented information on FY 2003 Medicaid costs, the Healthy and Well Kids in Iowa (*hawk-i*) Program, projected Medicaid savings initiatives enacted in HF 619 (Veteran Eligibility Act), and the Federal Preferred Drug Plan Legislation.
- Senior Living Trust** The LSA updated the Committee on the current status of the Senior Living Trust Fund. It was reported that projected revenues in the Trust Fund are only sufficient to fund existing programs at the FY 2004 levels through FY 2005.
- Prison Population Trends** The Criminal Juvenile Justice Planning Division presented the Iowa Prison Population Forecast for FY 2003 through FY 2013.
- Correctional Facilities** The Department of Corrections gave an update of the expansion projects at the Luster Heights and Clarinda Correctional Facilities.
- Wind Energy** The Department of Commerce presented information on Iowa's wind energy generation capacity and potential capacity expansion.
- Reinvent Government** The LSA provided the Committee with a monthly update of the progress associated with the Reinvent Government initiatives.
- ICN Discussion Group** The Director of the Iowa Communications Network (ICN) updated the Committee on the alternatives reviewed by the ICN Ad Hoc Discussion Group. The Group is examining alternatives associated with the privatization of the ICN.
-  The icon shows a computer monitor, a tree, and a map of Iowa with the letters 'ICN' next to it.
- Next Meeting** The next meeting of the Legislative Fiscal Committee is October 21. Additional information is available upon request. All handouts from the meeting are available at:  
[http://staffweb.legis.state.ia.us/lfb/subcom/fiscal\\_comm/handouts.htm](http://staffweb.legis.state.ia.us/lfb/subcom/fiscal_comm/handouts.htm).
- More Information** Additional information is available from the LSA upon request.

STAFF CONTACT: David Reynolds (Ext. 16934) Sue Lerdal (Ext. 17794)

**GOVERNMENT OVERSIGHT COMMITTEE MEETING**

**Oversight Meeting** The Government Oversight Committee met on September 16. The agenda included the following:



- Performance-Based Contracting for Energy Improvements in School Districts.

- Discussion of harassment charges in the State Attorney General's Office. The process used to investigate and make information available to the public was reviewed.
- Departments of Public Health and Human Services discussed the report "Overview of Collaboration Efforts and Response to the Proposed Merger of the Departments."
- Government Reinvention Update.

### Subcommittee Meetings



Four Subcommittees also met. They were as follows:

- Regulatory Reform – discussion on Department of Natural Resources permits and fees.
- Lottery – discussion of actions taken in last legislative session.
- Fly Ash – continued discussion of HSB 300 with government and industry representatives.
- Fleet Management – discussion of possible efficiencies between Executive Branch and Regents Institutions.

### Next Meeting

The next meeting is scheduled for October 13 and 14 in Des Moines.

### More Information

Additional information is available from the LSA upon request. An overview of the meeting will be available in the next issue of the Iowa Legislative Interim Calendar and Briefing on the web site at: <http://www.legis.state.ia.us/GA/80GA/Interim/2003/>.

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## PROPERTY TAX IMPLEMENTATION COMMITTEE INITIAL MEETING

### Property Tax



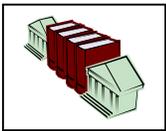
The Property Tax Implementation Committee met September 3. The meeting opened with introductions and comments. Members of the Committee are:

- Senator Bryan Sievers, Co-Chairperson
- Representative Jim Kurtenbach, Co-Chairperson
- Senator Herman Quirnbach
- Representative Don Shultz
- Michael Ralston, Director, Iowa Department of Revenue
- Richard Stradley, Iowa Department of Revenue
- Cynthia Eisenhauer, Director, Iowa Department of Management
- Randy Bauer, Iowa Department of Management
- Ted Tedesco, Ames Mayor and Iowa League of Cities
- Gary Bilyeu, Story County Assessor and Iowa State Association of Counties
- Jerry Shepler, Warren County farmer and Iowa Farm Bureau Federation
- Tim McGee, Lucas County Assessor and Iowa State Association of Assessors



- Mary Maloney, Polk County Treasurer and Iowa State Association of Treasurers
- Grant Veeder, Black Hawk County Auditor and Iowa State Association of Auditors
- Kim Dreher, Knapp Properties and Iowa Association of Realtors
- Curtis Rouse, Pioneer Hi-Bred Tax Director and Iowa Taxpayers Association
- Larry Sigel, School Finance Director, Iowa Association of School Boards
- Mark Schuling, Attorney and Shareholder, Brick, Gentry Law Firm
- Larry Countryman, CFO, Wilson Trailer and Iowa Association of Business and Industry
- Thomas K. Jarrett, Director of Taxes, Deere & Company

**Legislative Changes**



Representative Kurtenbach presented an overview of the property tax legislation contained in HF 692 (Taxation, Economic Growth and Development Act) and facilitated a discussion of issues. The issues were grouped into four subcommittees to examine those topics that were selected:

- Counties Subcommittee will address issues of implementation of the pilot project, focusing primarily on the land tax and square footage tax, the conversion of the tax base to the base year of the new system, implementation issues for equalization, and assessment limitations (including addressing the impact of the rollback in a revenue neutral conversion).
- Broad Implementation Issues Subcommittee will address equalization and rollback policy issues, credits and exemptions, Pay In Lieu of Taxes (PILOT) for governmental agencies and nonprofit organizations, Tax Increment Financing (TIF) and urban revitalization, and school financing.
- Property Tax Structure Subcommittee will examine the current items paid for by property tax, what should be paid for with property taxes, and performance measures.
- Definitional Issues Subcommittee will examine the definitions of property classes and categories, including agricultural property taxation, moving apartments and mobile home parks from commercial to residential property, various timeframes for filings and appeals at different levels of government, and treatment of recreational and green space property.

**Pilot Project**



The Department of Revenue reported that four counties had volunteered to participate in the property tax implementation pilot project. The first three to volunteer were Woodbury, Cerro Gordo, and Warren counties, which were selected to be the pilot project participants required by the legislation. Dickinson County also volunteered for the pilot project and will be allowed to participate.

**More Information**

Additional information is available from the LSA upon request. Future meetings of the Committee will be on call, depending on the needs of the subcommittees. The Co-Chairpersons will each convene two subcommittees' meetings. Information about the Property Tax Implementation Committee is available from the Department of Revenue web site at: <http://www.state.ia.us/tax/taxlaw/proptaxcomm.html>.

## STATE BOARD OF EDUCATION MEETING

### State Board of Education

#### Administrative Rules

The State Board of Education met September 11 and 12. Highlights of the meeting include:

- Review of proposed Administrative Rules:
  - Supplementary Weight (Regional Academies) – The changes establish procedures for school districts to generate minimum funding for resident students attending shared classes in a regional academy and to set maximum funding for all districts hosting a regional academy.
  - Iowa Public Charter Schools – The Chapter establishes the criteria and point weighting system for the criteria for the State Board consideration of applicants of a charter school. The Department received federal funding for charter schools of \$1.1 million for FY 2004, and anticipates \$1.3 million in FY 2005 and \$1.8 million in FY 2006.
  - Funding for Children Residing in State Institutions or Mental Health Institutes – The rules allow for the funding of education for children in Department of Human Services institutions in a manner similar to the State funding for public schools.
  - Career Academies – The Chapter is replaced in accordance with statutory changes. High school students will have access to career academies and will have the opportunity to enroll in college-credit career and technical courses while in high school that will transfer to a two-year associate degree program at a community college or other post-secondary institution.
- Review for reapproval of the Cornell College practitioner preparation programs.
- Presentation by Judy Jeffrey, Administrator, Division of Early Childhood, Elementary and Secondary Education; and Hunter Moorman, Director of the Education Policy Fellowship Program at the Institute for Educational Leadership in Washington. The Report examined newly developed programs for administrator (principal and superintendent) preparation and recommended full approval for the Iowa Principal Leadership Academy (an AEA and School Administrators of Iowa cooperative) and the Iowa State University programs. Conditional approval was recommended for Drake University, University of Iowa, and the University of Northern Iowa programs.
- Update on No Child Left Behind. One school has reached the second level, i.e., has been labeled as a School in Need of Assistance (SINA) for a second year. The discussion focused on how schools demonstrate quality so as not to receive sanctions. Reports are available on the Department of Education web site.
- Discussion of the policy development agenda and master calendar as an approach to policy development and for addressing priorities. The Board also discussed its strategic plan.
- Update on Iowa Learning Online (previously the Iowa Virtual Academy) by Pam Pfitzenmaier, Director, Educational Telecommunications, Iowa Public Television. The presentation examined the availability of online courses, the software platform for online classes, course development, online teacher accreditation, “brokering” courses to match schools needing classes with those available, and publicizing Iowa Learning Online.
- Presentation on Iowa’s Adult Literacy Program Benchmark Projection Report for Program Year 2004. The Report examined the Adult Education and Family Literacy Act and the indicators and performance measures used.



**Joint Meeting**

The Board held a joint meeting with the Board of Educational Examiners. Key issues discussed included cooperative action by the Boards, teacher quality, and communication with the General Assembly about the quality and the standards applied to Iowa teachers.

**More Information**

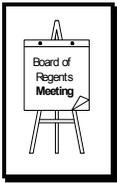
Additional information is available from the LSA upon request.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

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**BOARD OF REGENTS MEETING**

**Regents Meeting**



The Board of Regents met September 16 and 17 at Iowa State University in Ames. Significant agenda items included:

Student body presidents and each of the institutional heads addressed the Board regarding possible changes in the current tuition policy. The current tuition policy has not been addressed since December of 1997. Possible issues identified for change include:

- Statutory timing. Statute currently requires the Board to set tuition rates no later than November for the subsequent school year. The Board will approve tuition rates for the 2004-2005 school year at the November meeting.
- Basis for charging tuition. Current tuition policy allows for charging undergraduate resident rates at a fixed amount for 12 credits per term and over. Possible changes could allow for differential tuition, such as charging a per hour rate for actual hours taken, charging based on field of study, or by student level.
- Student fees. Student fees could be adjusted for various reasons, such as cost of academic programs.

**Funding Requests**



The Board approved the FY 2005 following funding requests:

- Salary Funding. Full funding for salary increases was approved as the highest priority request. No specific dollar amount was requested. Salary funding increases for the Board of Regents have ranged between \$18.0 million and \$35.0 million in the past several years.
- Operations. The Board approved a formal budget request of a \$12.0 million increase for faculty restoration at the institutions. The recommended request was significantly lower than the \$38.0 million recommended by the Board Office. The Board determined the Board Office recommendation was too high, given the State's fiscal circumstances. However, the Board approved forwarding the balance of the request totaling \$26.0 million to the General Assembly as an informal guide for areas to fund, if additional funds become available.
- Tuition Replacement. The need for FY 2005 is \$23.8 million. A portion of this is expected to be funded from tobacco settlement funds.
- Capital Appropriations Requests. The Board approved a total request of \$67.5 million for FY 2005 for fire safety and deferred maintenance. If funded, these projects would be matched by \$17.3 million in private giving. Capital projects are typically funded by the Rebuild Iowa Infrastructure Fund (RIIF).
- Five-year Capital Plan. The Board approved a five-year capital plan (FY 2005-FY 2009) totaling \$379.7 million to be funded by capital appropriations or Academic Revenue Bonds. If funded, these projects would be matched by \$97.1 million in private giving.

**Reallocation Policy**

The Board revised the reallocation policy and reduced the required percentage from 2.0% to 1.0%.

**Banking Committee**



The Banking Committee and Board approved the following:

- \$25.0 million of Dormitory Revenue Bonds for the University of Iowa (SUI).
- \$7.0 million of Regulated Materials Facility Revenue Bonds for Iowa State University (ISU).
- \$8.0 million of Academic Building Revenue Bonds for ISU. These bonds would be sold to replace the project notes that were issued in July 2002 to provide interim financing for the ISU Engineering and Teaching and Research (Phase II) Project. This funding was necessary because of a change in appropriations by the General Assembly and will increase the need for Tuition Replacement by approximately \$750,000 annually.
- A resolution to repay ISU from a future Utility System bond issue for expenditures associated with the Utilities – Power Plant Turbine Generator (#6) Project. This resolution is necessary under Internal Revenue regulations to assure maximum reimbursement. The Project total is \$12.0 million.
- Authorization for the SUI to assist with the formation of a captive mutual insurance company for the purpose of providing medical liability insurance, within defined limits, for the participants of the Carver College of Medicine Faculty Practice Plan. The SUI was also authorized to purchase surplus notes in the amount of \$20.0 million from the company to be formed to meet the statutorily required insurance surplus.



**Retirement Programs**



The Board first approved the Phased Retirement Program in 1982. The Program was continued to June 30, 2007, by action of the Board in July 2001. There were 30 new participants in the Program during FY 2003. Through June 30, 2003, 576 faculty and staff have participated in the Program and there are 92 active participants. The Early Retirement Incentive Program (ERIP) expired on June 30, 2002. However, the Board allowed each institutional head to decide if the Program should be extended to faculty and staff that were eligible for the Program on June 30, 2002, and request participation by June 30, 2004. Each institutional head agreed to the extension and 146 employees entered the Program in FY 2003. In addition, a total of 197 faculty and staff left the Board of Regents institutions through regular retirement.

**FCC Grant**

The Board approved ISU's request to file an application for a construction permit with the Federal Communications Center grant for a 250-watt FM translator station in the Osceola area on a commercial frequency to be used by radio station WOI. The Board also approved a request by the University of Northern Iowa (UNI) to file applications for commercial translators in Iowa City and West Des Moines to be used by radio station KUNI.

**Governance Report**

The Annual Governance Report on Academic Program Reviews and Student Outcomes Assessment is an extensive report that includes reviews of 13 academic programs at SUI, 16 academic programs at ISU, and nine academic programs at UNI during the 2001-2002 academic year.

**Energy Conservation**

The annual Energy Conservation Report provided information on FY 2003 energy use and costs, and energy conservation measures taken at the Board of Regents institutions.

**Next Meeting** The next meeting of the Board is scheduled for October 15 and 16 at the University of Iowa in Iowa City.

**More Information** Additional information is available from the LSA upon request.

STAFF CONTACT: Mary Shipman (Ext. 14617)

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## **COLLEGE STUDENT AID COMMISSION MEETING**

### **College Student Aid**



The College Student Aid Commission met on September 15 at the Commission office in Des Moines. Significant agenda items included:

- Postsecondary Registration Applications. The Commission had a lengthy discussion regarding renewal registration applications for Hannibal LaGrange College and Southwest Minnesota State University to operate in Iowa. Action was postponed until clarification or certain information can be obtained.
- Budget Request for FY 2005. The Commission approved requesting increased funding for the following budget items:
  - Iowa Tuition Grant Program – \$48.3 million. This represents an increase of \$1.9 million (4.1%) compared to the estimated FY 2004 appropriation. This level of funding would provide grants to approximately 600 more students.
  - Work Study Program - \$2.8 million. This is an increase of 100.0% compared to the estimated FY 2004 appropriation. Funding for this Program was nullified for FY 2002 through 2004. This level of funding would restore this Program to the FY 2001 funding level.
  - Osteopathic Forgivable Loan Program - \$250,000. This is an increase of 100.0% compared to the estimated FY 2004 appropriation. Funding for this Program was eliminated in FY 2003 and FY 2004. This Program was last funded in FY 2002 at \$250,000. Des Moines University has submitted a proposal to the Commission that states if the Program receives State funding of \$200,000, the University will provide a \$200,000 match.
  - Vocational-Technical Tuition Grant/Accelerated Career Education (ACE) Grant Programs - \$2.6 million. The Commission is proposing that funding for the ACE Grants (\$225,000) be folded into the appropriation for Vocational-Technical Tuition Grants. The total funding of \$2.6 million represents an increase of \$224,000 for the Vocational-Technical Tuition Grant Program and a decrease of \$224,000 (elimination of funding) for the ACE Grant Program.
  - The funding request for all other budget units within the Commission for FY 2005 was made at the FY 2004 level. These include:
    - Scholarship Program (State of Iowa Scholars) - \$477,000
    - Iowa Grant Program - \$1.0 million
    - National Guard Education Assistance Program - \$1.2 million
    - Osteopathic Physician Recruitment Program - \$355,000
    - Teacher Shortage Forgivable Loans - \$472,000
    - Administration - \$306,000



**Next Meeting** The next meeting of the Commission is scheduled for November 8.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Mary Shipman (Ext. 14617)

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**EDUCATION TELECOMMUNICATIONS COUNCIL MEETING**

**Council Meeting**



The Education Telecommunications Council met September 22. The agenda included a discussion of the status of the Iowa Virtual Academy, now known as Iowa Learning Online, and the Iowa Virtual School Program (IAVSP), an online home-schooling opportunity being offered by the Pocahontas School District in conjunction with K12.com, a private company.

**Program Availability**



The Pocahontas Program is available to any Iowa resident student through open enrollment. Due to open enrollment deadlines, the Program was open only to kindergartners for the 2003-2004 school year, but it will be expanded to grades K-8 in 2004-2005. Approximately 40 students are enrolled this year.

**Program Funding**

The Department of Education has evaluated IAVSP and determined that it does not qualify for full state aid but does qualify for the Home School Assistance Program that provides 60.0% funding for enrollees. The Department anticipates that this decision will be challenged. Under the agreement with K12.com, the Pocahontas District will retain 3.0% of the funds for each student and remit the remainder to the company.

**Iowa Learning Online**

The Department of Education and IPTV continue to develop Iowa Learning Online, formerly known as the Iowa Virtual Academy. The General Assembly did not appropriate funds for the effort in the 2003 Legislative Session, but funds from the federal Star Schools grant and the Carver Trust have been used to begin the development of three web-enhanced high school science classes that will be offered at no cost to Iowa school districts. An advisory committee and web site have been established, training for teachers interested in distance learning is being developed, and existing web-based classes from other states are being reviewed for possible use. Refer to the web site at: <http://www.statenet.iptv.org/>.

**Other Agenda Items**



Other items on the Council's agenda included a presentation by John Gillespie, Executive Director of the Iowa Communications Network (ICN), regarding the Task Force that is considering proposals for the future of the network.

**More Information**

Additional information is available from the LSA upon request. For more information regarding Iowa Learning Online, refer to their web site at: <http://www.iavsp.org/>.

STAFF CONTACT: Robin Madison (Ext. 15270)

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**FY 2003 APPEALS BOARD DECISIONS SUMMARY**

**State Appeals Summary**

The following is a summary of the State Appeals Board decisions for FY 2003. Chapter 25 of the Code of Iowa provides the State Appeals Board with the ability to approve claims against the State.

<u>Department</u>	<u>Amount</u>
Agriculture	\$ 24,233
Corrections	568,519
General Services	170,091
Human Services	126,087
Personnel	55,000
Board of Regents	252,947
University of Iowa Hospitals	1,949,776
Judicial Branch	2,858
Natural Resources	197,482
Public Health	4,000
Public Safety	57,301
State Fair Authority	9,080
Workforce Development	814,407
	<hr/>
FY 2003 Total	<u>\$ 4,231,781</u>

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Mary Shipman (Ext. 14617)

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**SEPTEMBER MEETING OF THE COUNCIL ON HUMAN SERVICES**

**Human Services**

The Council on Human Services met September 15 and 16 and conducted the following business:

**Admin. Rules**

The Council approved the following administrative rules:



- Changes to recoupment of overpayments to recipients within the Healthy and Well Kids in Iowa (*hawk-i*) Program. The total annual estimated cost due to the Department of Inspections and Appeals is \$15,000, with approximately \$3,000 from State funds. The Department did not calculate a savings due to improvements within the recoupment process.
- Continuation of a pilot project relating to parental child support obligations. The continuation extends the annual \$100,000 cost from Temporary Assistance to Needy Families.
- Decreases the drug-dispensing fee for pharmaceuticals. The total annual savings is projected at \$5.6 million, with \$2.1 million from State funds.
- Changes pharmaceutical and physician visit co-payments. The total annual savings is projected at \$2.3 million, with \$900,000 from State funds.
- Changes the intergovernmental transfer and supplemental payment adjustments for publicly owned teaching hospitals. The total annual savings is \$13.5 million due to additional federal revenues incorporated into the FY 2004 budget.
- Changes reimbursement limits for Medicare crossover claims for hospitals and hospital-based nursing facilities. The total annual savings is estimated at \$11.7 million, with \$4.3 million from State funds.

- Changes requirements for home and community-based waiver services for persons with mental retardation. The annual cost estimate may result in expenditures of \$35.8 million, with \$1.0 million from State funds. The estimated remainder is \$22.8 million in federal funding and \$12.1 million from county funds. However, county funds of \$21.3 million may be saved if counties are already paying for the services, which now would be matched to federal funds, decreasing the amount of county contribution.
- Permits certain nurse practitioners to be patient managers under portions of the Medicaid Program. Unspecified nominal savings are projected.
- Changes to child care assistance to allow families with incapacitated parents to receive childcare assistance without hospitalization or outpatient treatment requirements. There are no costs associated with this change.
- Continues the FY 2003 reimbursement rates for rehabilitative treatment services for FY 2004. There are no costs associated with this continuation.
- Changes requirements of child care facility record checks for criminal and child abuse. There are no costs associated with this change.



### Budget Request

The Council approved the following budget requests for FY 2005. The total approved increase compared to the FY 2004 appropriation is \$5.2 million.

- Economic Support: An increase of \$2.9 million compared to the FY 2004 appropriation to replace decreased child support recovery collections in the Family Investment Program due to caseload declines.
- DHS Institutions:
  - A decrease of \$218,000 compared to the FY 2004 appropriation for the Civil Commitment Unit for Sexual Offenders.
  - An increase of \$1.8 million compared to the FY 2004 appropriation for the Glenwood Resource Center. This includes an increase of \$2.0 million for clients without a county of legal settlement and a decrease of \$191,000 for a technical adjustment related to federal funds.
  - An increase of \$636,000 compared to the FY 2004 appropriation for the Woodward Resource Center. This includes an increase of \$856,000 to replace lost revenue due to the decertification of 15 clients and a decrease of \$221,000 for a technical adjustment related to federal funds.
  - An increase of \$110,000 for the Juvenile Facility at Toledo and \$208,000 for the Juvenile Facility at Eldora for substance abuse treatment.
- The Council also approved a letter urging support for additional needs identified by the Department. The additional needs total \$97.0 million, including:
  - \$78.0 million for Medical Assistance and *hawk-i* caseload and utilization increases.
  - \$2.3 million for Medical Contracts.
  - \$2.0 million for the Mental Health Institutes and the Civil Commitment Unit for Sex Offenders.
  - \$3.4 million for the Department of Justice settlement at Glenwood and Woodward.



- \$4.5 million for Child and Family Services, primarily for Adoption Subsidy increases.
- \$2.1 million for Field Operations and General Administration for additional staff and salary adjustment funding.
- \$4.7 million for Mental Health Allowed Growth.
- Approved a new Table of Organization for the Department.
- Approved a parks and road plan as required to receive federal Department of Transportation funds for the institutions within the Department.

**More Information**

Additional information is available from the LSA upon request.

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**CHILD WELFARE AND JUVENILE JUSTICE SYSTEM  
REDESIGN – BETTER RESULTS FOR KIDS IN THE 21ST  
CENTURY UPDATE**

**Child Welfare Redesign**

On September 3, the Department of Human Services (DHS) presented the first draft of the redesign of Iowa's child welfare and juvenile justice systems to the Stakeholder Panel created to represent a wide spectrum of perspectives in child welfare and juvenile justice.

**Draft Copy**



Copies of the first draft of the redesign, as well as other materials related to the redesign may be accessed via the DHS web site at: <http://www.dhs.state.ia.us/BetterResultsforKids/default.asp>. The Steering Committee was established by Director Kevin Concannon, DHS, to advise and consult on all aspects of the redesign.

**Public Hearings**

In order to gather additional public comment regarding the first draft, two public hearings were held, one via the Iowa Communications Network (ICN) and one was held at Drake University on September 9. In addition to feedback from the Stakeholder Panel and the Steering Committee, comments were received from DHS and Juvenile Court Systems employees and providers. A provider interface panel meeting was also held on September 10.

**Draft Comments**



Comments on the first draft were due on September 12. The DHS plans to provide a second, revised draft of the redesign on September 22 that will also be available via the DHS web site, with comments due by September 25.

**Next Meeting**

The next meeting of the Steering Committee is scheduled for October 6, and the next Stakeholder Panel meeting is scheduled for October 30. Director Concannon is expected to make final recommendations regarding the redesign on October 15.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

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## SEPTEMBER MEETING OF THE MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES COMMISSION

### Business Conducted



The Mental Health and Developmental Disabilities Commission met on September 17 and conducted the following business:

- Reviewed a draft of an executive summary outline for the planned Report of Recommendations for the Mental Health Redesign due in December.
  - Statewide public hearings are being scheduled in October by the Lieutenant Governor to solicit public input regarding the preliminary recommendations.
  - The preliminary recommendations may be revised based upon public input.
  - Hearings are tentatively scheduled for Dubuque, Cedar Rapids/Iowa City, Mason City, Des Moines, and Sioux City. Hearing dates were not released.
  - Copies of the outline and related material from two of the work groups are available at:  
[http://staffweb.legis.state.ia.us/lfb/subcom/human\\_serv/interim\\_2003.htm](http://staffweb.legis.state.ia.us/lfb/subcom/human_serv/interim_2003.htm).
- Delayed action regarding the FY 2006 mental health allowable growth funding recommendation.
- Department of Human Services Director Concannon provided an overview of the FY 2005 formal budget request by the Council on Human Services.
- Received information from Director Concannon regarding the status of the Request for Proposals (RFPs) for the managed care Iowa Plan and the fiscal agent for Medicaid.
- Approved various provider accreditations.
- Adopted Administrative Rule changes submitted by the Risk Pool Board (mental health allowed growth duties).

### Next Meeting

The next meeting of the Commission is scheduled for October 16.

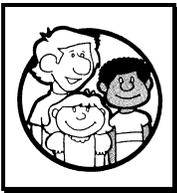
### More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

## LEGISLATIVE MONITORING COMMITTEE ON CHILD WELFARE REDESIGN HOLDS MEETING

### Child Welfare



The Legislative Monitoring Committee appointed to oversee the project to redesign Iowa's child welfare and juvenile justice system met on August 18 and conducted the following business:

- Received presentations on the current child welfare system from the following individuals:
  - Evan Klenk, Department of Human Services (DHS), Service Area Manager
  - Marilyn Lantz, Chief Juvenile Court Officer, Fifth Judicial District
  - Jim Ernst, Executive Director, Four Oaks, Cedar Rapids
  - Gail Barber, Judicial Branch Court Improvement Project

- Dick Moore, Administrator, Division of Criminal and Juvenile Justice Planning, Department of Human Rights
- Heard remarks from DHS Director, Kevin Concannon, regarding the status of the redesign.
- Received an update from Mary Nelson, DHS, regarding Iowa's federal Child and Family Services review.
- Discussed spreadsheets provided by Lisa Burk, Legislative Services Agency, Fiscal Services Division, which outlined State and federal revenues and expenditures for Child and Family Services for Actual FY 2002 and Estimated FY 2003.

**Additional Members**

Additional members have been appointed to serve on the Monitoring Committee since the meeting on August 18. Members include Senators Tinsman, Veenstra, Seymour, Hatch, and Ragan, and Representatives Heaton, Boal, Upmeyer, Foege, and Heddens.

**Next Meeting**

The next meeting is scheduled for September 24.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

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**SENIOR LIVING COORDINATING UNIT HOLDS QUARTERLY MEETING**

**Senior Living Unit**



The Senior Living Coordinating Unit met on September 19 and conducted the following business:

- Greg Anliker, Department of Elder Affairs, provided home and community-based services and unmet service needs reports.
- Rose Boccella, Department of Human Services (DHS), provided an update on nursing facility conversion grants.
- Mark Haverland, Department of Elder Affairs, reported on the following:
  - Proposed legislation for Continuous Care Retirement Communities.
  - Redesign of the Case Management Program for Frail Elders (CMPFE), including the Department's FY 2003 CMPFE Activity Report.
  - The town meeting to be held November 4 and 5 in Des Moines regarding a long-range plan for Iowa's long-term care services.
- Dan Strellner and Connie Benton-Wolfe reported on the Iowa Coalition of Home and Community-Based Services for Seniors.
- Jim Matre, Department of Elder Affairs, reported on the status and use of the federal Seamless System Grant.
- Lisa Burk, Legislative Services Agency, Fiscal Services Division, provided a spreadsheet with projections for the Senior Living Trust Fund.



**Next Meeting**

The next meeting will be held on December 19.

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**More Information** Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

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### UPDATE ON FAIR LABOR STANDARDS ACT LAWSUITS

- Employee Lawsuit** Employees in four State agencies sued for overtime pay under the federal Fair Labor Standards Act (FLSA) and Chapter 91A, Code of Iowa. The agencies involved include the Departments of Public Safety (DPS), Natural Resources (DNR), Corrections (DOC), and Transportation (DOT).
- Court Case Summary** The Iowa Supreme Court decision, *Anthony vs. State*, resolved the liability issues except for the calculation of damages.
- Dept. of Public Safety** District Court Judge Stovall awarded \$5.5 million to 147 supervisors in the DPS, Divisions of the Iowa State Patrol, Criminal Investigation, and Narcotics Enforcement. The plaintiffs' attorney has appealed the award, and payment is pending the appeal. The appeal process may extend payment for up to one year. The funding source for the payment is anticipated to be the Primary Road Fund of the Road Use Tax Fund.
- Dept. of Natural Resources** District Court Judge Stovall awarded \$70,000 to six supervisors within the DNR. The plaintiffs' attorney has appealed the award, and payment is pending the appeal. The appeal process may extend payment for up to one year. The funding source for the payment is anticipated to be the Fish and Game Protection Fund for five supervisors, and the General Fund for one supervisor.
- Dept. of Transportation** The DOT case involved 72 supervisors. The case was settled for \$9.1 million, paid in full from the Primary Road Fund of the Road Use Tax Fund.
- Dept. of Corrections** The DOC case involved 68 supervisory correctional staff. The case was settled for approximately \$2.6 million, under terms that require three equal annual payments in July 2003, July 2004, and July 2005. The first payment of \$574,000 was made to the plaintiffs in July 2003. The award includes the payment of back pay, interest, and punitive damages. The payments to be made in FY 2005 and FY 2006 may be slightly higher than the FY 2004 payment due to the accrual of interest. In addition to the plaintiffs' award, the settlement also includes a one-time payment of \$837,000 to the plaintiffs' attorney, paid in July 2003. The funding source is the General Fund.
- More Information** Additional information is available from the LSA upon request.



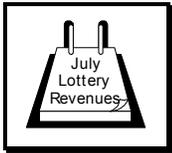

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STAFF CONTACT: Beth Lenstra (Ext. 16301)

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**LOTTERY REVENUE AND EXPENDITURES THROUGH JULY**

**July Rev./Exp.**



The FY 2004 Lottery game revenues through the month of July increased by \$6.8 million compared to the FY 2003 level. Lottery prize expenses increased \$3.0 million, operating expenses increased \$547,000, and transfers to State funds increased \$2.2 million. The following table details revenues, expenditures, and balances of the State Lottery. Rows and columns may not add, due to rounding.

**STATE LOTTERY**

July Through July  
(Dollars in millions)

	<u>FY 2003</u>	<u>FY 2004</u>	<u>Increase/ Decrease</u>	<u>% Increase</u>
Fiscal Year Beginning Balance	\$ 2.3	\$ 1.8	\$ -0.5	
Game Revenues	\$ 12.7	\$ 19.4	\$ 6.8	53.4%
Interest	0.2	0.2	0.0	5.2%
Total Revenue	<u>\$ 12.9</u>	<u>\$ 19.6</u>	<u>\$ 6.8</u>	<u>52.7%</u>
Prize Expense	\$ 7.3	\$ 10.3	\$ 3.0	41.7%
Operating Expense	2.8	3.3	0.5	19.7%
Transfer of Profits	3.3	5.5	2.2	65.7%
Total Expense	<u>\$ 13.4</u>	<u>\$ 19.2</u>	<u>\$ 5.8</u>	<u>43.1%</u>
July Ending Balance	<u>\$ 1.8</u>	<u>\$ 2.2</u>	<u>\$ 0.5</u>	

**Comparison to FY 2003**

Fiscal year sales through July, compared to the same time period in FY 2003, were as follows:

- Instant ticket sales increased \$1.4 million (22.5%).
- Pick 3 sales increased \$77,000 (18.1%).
- Multi-State Powerball sales increased \$4.8 million (152.1%).
- Hot Lotto sales increased \$192,000 (43.2%).
- Freeplay Replay sales increased \$2,000 (7.0%).
- Daily Game sales increased \$49,000 (14.7%).
- Pull-tab sales increased \$135,000 (6.1%).

**Ticket Sales**



Total Lottery sales through July were \$19.4 million, an increase of \$6.8 million (53.4%) compared to July 2002. FY 2004 sales for the Instant

Tickets, Pick 3, Powerball, Hot Lotto, Daily Game, and Pull-tabs are above sales for the same period during FY 2003.

**Vending Machine Sales**

Ticket sales through Monitor Vending Machines began in May 2003, on a trial basis. Monitor Vending Machines had sales through July of \$108,000.

**Estimated Transfers**

The Revenue Estimating Conference (REC) projected FY 2004 Lottery profit transfers to the General Fund would total \$43.7 million at the August 5 meeting. Actual profit transfer for FY 2003 was \$47.4 million, including \$9.0 million from sales tax. Therefore, the REC is currently estimating General Fund Lottery transfers will be \$3.7 million (7.8%) lower in FY 2004 than in FY 2003. The FY 2004 transfers payable to the General Fund through July were \$1.5 million (39.2%) above FY 2003.



House File 655 (FY 2004 Administration and Regulation Appropriations Act) required the Lottery to deduct \$500,000 from calculated retained earnings before making Lottery proceeds transfers to the General Fund during FY 2004. This is a continuation from FY 2003 and the impact was a one-time increased transfer of \$500,000 during FY 2003.

**Unclaimed Powerball**

The proceeds transfers for FY 2003 included \$1.2 million from the sales amount for Iowa's share of an unclaimed Powerball ticket sold in Indiana.

**Sales Tax**

In addition to the amount transferred to the State as profits, the Lottery transferred \$9.0 million in sales tax during FY 2003. House File 534 (Department of Administrative Services Act) eliminated the sales tax on lottery sales. The amount that was recorded, as sales tax, will now be reported as part of the Lottery profit transfer.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Ron Robinson (Ext. 16256)

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**DESIGNED CAPACITY AND INMATE POPULATION WITHIN THE PRISON SYSTEM**

**Prison Capacity**

The current designed capacity of the State prison system is 6,972 beds, an increase of 200 (2.9%) beds compared to one year ago. The increase reflects the opening of the 200-bed Clinical Care Unit at the Iowa State Penitentiary at Fort Madison. Designed capacity is scheduled to increase by 242 beds in FY 2004.

**Oakdale Addition**

The next addition to designed capacity will occur when the 170-bed Special Needs Unit at the Iowa Medical Classification Center at Oakdale opens in FY 2007.

**Prison Population**



The current population is 8,425 inmates, or 120.8% of designed capacity. The population increased by 243 inmates, or 2.9%, compared to one year ago. The prison population reached an all-time historical high in March 2003, when the population was 8,549 inmates. The prison population gradually decreased over the last six months, primarily due to the Board of Parole working closely with the Department of Corrections and Community-Based Corrections to increase parole.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

## IOWA PRISON POPULATION FORECAST: FY 2003 – FY2013

### Prison Report



The Criminal and Juvenile Justice Planning Division (CJJPD) of the Department of Human Rights released its report entitled, "Iowa Prison Population Forecast: FY 2003 – FY 2013". If current offender behaviors and justice system trends, policies, and practices remain unchanged, the prison population will be 11,925 inmates by June 30, 2013, an increase of approximately 42.6% over the next ten years. The female inmate population is expected to grow from 704 inmates on June 30, 2003, to 1,024 inmates on June 30, 2013, an increase of 45.4% over the next ten years. The female population is expected to exceed design capacity by approximately 78.7% by June 30, 2013. The male population is projected to be 10,901 by mid-year 2013, an increase of 42.4% over the next ten years. The male population is expected to exceed design capacity by 60.0% by mid-year 2013.

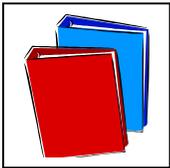
### Prison Capacity

Over the short term, Iowa's inmate population is expected to exceed capacity by 27.5% by the end of FY 2005. Women's facilities are expected to be overcrowded by 34.2%, while men's facilities are expected to be overcrowded by 27.0% by June 2005.

### Capacity Issues

The prison population forecast creates capacity issues. Assuming current offender behaviors and justice system trends, policies, and practices remain unchanged for the next ten years, the prison system will be operating at 161.5% of design capacity. According to the Department of Corrections (DOC), for every 1,000 increase in the inmate population, a new 800-bed prison will need to be constructed. This assumes each prison will operate at 125.0% of design capacity. If the prison population reaches 11,925 inmates, five new 800-bed prisons will need to be built at a construction cost of \$50.0 million for each prison. Each prison will incur ongoing annual operating costs of approximately \$28.0 million. If five new prisons are constructed and the population reaches 11,925 inmates, the prison system will be operating at 104.8% of design capacity.

### Previous Year



Last year, the CJJPD projected 12,127 inmates by the end of FY 2012. The population for June 2012 is now projected to be 11,648, a decrease of 479 inmates (3.9%). Factors reducing prison growth include a decrease in the average length of stay an inmate serves in prison, plus enactment of sentencing policy changes.

- Average length of stay – This factor decreased primarily for non-persons offenses, such as drug and property crimes, during the last year. However, the average length of stay in prison for these offenders remains longer than it was 10 years ago. Paroles granted, a conditional release from prison, reached a record high in FY 2003. Fiscal Year 2003 paroles granted increased by approximately 11.0% compared to FY 2002.
- Sentencing changes – The General Assembly enacted changes to Section 902.12, Code of Iowa, where certain inmates are required to serve 85.0% of the maximum term. The changes permit an inmate convicted before July 1, 2003, to have the sentence reopened by a county attorney. If the sentence is reopened, the inmate is eligible for parole after 70.0% of the maximum term has been served. Inmates convicted after July 1, 2003, are eligible for parole after 70.0% of the maximum term has been served, but are not eligible for sentence reopening. If an inmate has been convicted of a Class B felony and is paroled after 70.0% of the term has been served, the inmate must reside in a

Community-Based Corrections (CBC) facility for at least one year. These changes reduced the long-term impact of the 85.0% law so that 75 fewer inmates than projected last year will be in prison in June 2013.

### Prison Factors



Factors affecting the increase in the prison population include the following:

- An increase in new prison admissions.
- An increase in filed felony charges.
- An increase in admissions of drug offenders.
- An increase in CBC offender populations.
- Housing federal prisoners and detainees.
- The long-term effect of abolishing or restricting parole for certain crimes (85.0% rule). By mid-year 2013, there will be approximately 660 additional prisoners incarcerated under Chapter 901A or Section 902.12, Code of Iowa.

### Prison Reduction Initiatives

The CJJPD's report provides a summary of initiatives that may reduce the projected prison population by providing alternatives:

- Increase parole grants from prison.
- Enact sentencing policy changes.
- Implement intermediate criminal sanctions plans. Chapter 901B, Code of Iowa, requires each CBC District Department to adopt a plan "designed to reduce probation revocations to prison through the use of incremental, community-based sanctions for probation violations."

### More Information

A copy of the report is available by contacting the LSA or at the Department of Human Rights web site:

<http://www.state.ia.us/government/dhr/cjip/pdfs/Forcst2004.pdf>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

## SEPTEMBER BOARD OF CORRECTIONS MEETINGS

### September 5 Meeting



The Board of Corrections met September 5 at the Marshalltown Residential Facility. Community-Based Corrections (CBC) District Director Linda Murken welcomed the Board and guests to the Second CBC District Department.

Department of Corrections (DOC) Director Gary Maynard informed the Board that the American Correctional Association (ACA) will grant the First CBC District Department with an Exemplary Program Award for the Dual Diagnosis Program in January.

### Department Mission

Director Maynard then provided an overview of the vision and mission for the DOC. The Western Division of the DOC provided a summary of the FY 2005 budget request. The Western Division includes the Clarinda and Fort Dodge Correctional Facilities, the Iowa Correctional Institution for Women at Mitchellville, and the North Central Correctional Facility at Rockwell City. The Western Division also includes the Second, Third, Fourth, and Fifth CBC District Departments. The FY 2005 budget highlights include funding for:



- The replacement of FY 2004 salary adjustment funds that had been funded through an appropriation transfer in FY 2004.
- The reduction of the vacancy factor at Institutions and CBC District Departments.
- The increased pharmaceutical costs in the Institutions.
- The creation of a training position devoted to each CBC District Department and Institution.
- The creation of Institutional and CBC programs to enhance offenders' return to the community. These programs include work, mental health, and substance abuse treatment.
- The drug costs of parolees who are released from the Institutions with a prescription.
- Technology improvements such as the upgrade of systems to support the Iowa Corrections Offender Network (ICON) in CBC, and the replacement of telemedicine machines in the Institutions.
- The Institutions' vehicle depreciation allowance. The DOC was exempt from paying into the Vehicle Depreciation Fund in FY 2002, and depreciation funds were eliminated from the Institutions' budgets.
- The increased costs of natural gas for the Institutions and CBC District Departments.
- The replacement of expiring federal funds for treatment programs in the CBC District Departments.
- The full year of operating costs for the additional beds at the Clarinda Correctional Facility.

**September 19 Meeting**

The Board of Corrections met September 19 at the Corrections Training Center in West Des Moines. Director Maynard indicated the prison population remains below 8,400 inmates. He discussed the Charter Agency concept with the Board and indicated that Community-Based Corrections (CBC) is not directly attached to the DOC, and therefore, is not required to participate as a Charter Agency. However, all eight CBC District Directors are interested in being a part of the process and will discuss the matter with their local boards of directors. Director Maynard stressed that he values the autonomy of the current CBC system, and he is impressed with the level of cooperation that the DOC has with each of the CBC District Departments.

**Initiatives**



Director Maynard stated the DOC is working on several initiatives:

- Establish a centralized pharmacy to reduce the costs of pharmaceuticals within the prison system.
- Centralize the canteens within the prison system. Six of the nine institutions operate from a centralized canteen at the Newton Correctional Facility. The remaining three prisons will soon participate.
- Expand the use of inmate labor by State agencies. The DOC will attempt to double the amount of inmate labor provided to State agencies over the next year. Currently, approximately 1,500 inmates are not occupied for a 30-hour workweek.

- Hold Warden meetings at State agency locations, to improve communications and operations with those agencies and to market the use of inmate labor available to those agencies.

### Golden Dome Winners



Director Maynard recognized the Governor's Golden Dome Team Award Winners as the Polk County Jail Diversion Team. The State appropriates funds to the DOC (County Confinement Account) to reimburse counties for holding State offenders in local jails pending a revocation hearing. The Team helped contain county charges to the State by developing a process to transfer these offenders from the Polk County Jail to the Iowa Correctional Institution for Women at Mitchellville and the Newton Correctional Facility. The Team includes:

- Iowa Correctional Institution for Women – Teama Davis and Jean Schlictemeier.
- Newton Correctional Facility – Kris Anderson, Jeff Pankenen, and Rick Hutton.
- Fifth CBC District Department – Scott Jones, Vickie Gonzalez, Art Rabon, Gary Sherzan, and Jeff Schultz.
- Board of Parole – Jim Twedt, Karen Myers, and Michelle Carlson.
- DOC Central Office – Jeanette Bucklew.
- Fort Dodge Correctional Facility – Darlene Baugh.
- Iowa Medical Classification Center at Oakdale – Diana Wenner.

### Capital Budget



Deputy Director John Baldwin presented the DOC's FY 2005 capitals (\$30.5 million) and major maintenance (\$52.0 million) requests. The first two items are currently in process:

- \$333,000 for the lease-purchase payment for the primary electrical system upgrade at the Iowa State Penitentiary at Fort Madison. This request funds the fourth year of a seven-year annual cost.
- \$11.7 million for the continued construction of a 170-bed Special Needs Unit at the Iowa Classification Center at Oakdale.
- \$10.5 million to construct a 120-bed CBC residential facility in Davenport. The request replaces a currently rented, 81-bed facility.
- \$3.9 million to construct a 50-bed CBC residential facility in Fort Dodge. The request replaces a currently rented, 34-bed facility.
- \$636,000 to pay the State's share of the City of Mitchellville's cost to upgrade the water system. The current municipal water system has been cited for noncompliance by the Iowa Department of Natural Resources.
- \$3.4 million for kitchen renovation at the Anamosa State Penitentiary.

### Maintenance Requests

Deputy Director Baldwin also identified \$52.0 million as the major maintenance request for the Department. The Board of Corrections approved the major maintenance and capitals request as presented.

**Additional Resources**



Director Maynard reviewed the DOC's request for additional resources within administration:

- Staff for planning and research, offender work programs, medical and mental health resources, and substance abuse treatment.
- Resources for the Iowa Corrections Offender Network computerized database and the Inmate Education Program.

**Budget Request**

Director Maynard indicated the current request for FY 2005 of \$265.4 million is a statement of general need. Additional funding will be requested if State funding is available. The Board of Corrections approved a status quo budget, with a letter to the Governor recommending support of additional funding if State revenues permit.

**Next Meeting**

The Board is scheduled to meet October 3 at the Luster Heights Prison Camp.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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**STATE SOIL CONSERVATION COMMITTEE HOLDS MEETING**

**Soil Conservation**



The State Soil Conservation Committee met September 4 in Des Moines. The following items were discussed:

- John Stone, a tree farmer in Delaware County, explained to the Committee that his land has suffered from sediment damage due to the improper soil conservation practices of his neighbor. The Committee also heard from Dave Dorff, Iowa Attorney General's Office, and he explained Mr. Stone's options. These included an administrative order from a District Court or filing a civil suit against his neighbor.
- Bill McGill, Department of Agriculture and Land Stewardship, discussed the allocation of FY 2004 funds from the Iowa Financial Incentives Program. He stated that there were funding requests of \$7.4 million and available funding was \$1.7 million. There were allocations to 49 districts, with an average payment of \$35,000.
- McGill also reported that the Department received \$797,000 for the Water Protection Practices Account in the Resource Enhancement and Protection (REAP) Program for FY 2004. Each of the 100 Soil Conservation Districts received approximately \$8,000 for FY 2004.
- Dean Lemke, Department of Agriculture and Land Stewardship, discussed the Conservation Reserve Enhancement Program (CREP) that receives funding from the Environment First Fund and federal funds. He stated that two of the CREP projects have been completed and that several were in the process of receiving bids. Lemke also explained that three new regional employees have been hired to provide technical assistance to landowners regarding water resource projects.
- Bill Ehm, Department of Agriculture and Land Stewardship, discussed the Water Summit that will be held November 24 and 25 in Ames. The goal of the Iowa Water Summit is to eliminate impaired waters in Iowa. There have been five work groups established to cover the following topics at the summit: nutrition, nonpoint source pollution, point source pollution, impaired waters, and current policy and programs.



**Next Meeting**

The next meeting will be a teleconference meeting on October 2.

**More Information**

Additional information is available from the LSA upon request. For more information about the State Soil Conservation Committee, refer to the following web site: <http://www.agriculture.state.ia.us/sccommittee.htm>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

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## ENVIRONMENTAL PROTECTION COMMISSION HOLDS MEETING

**Commission Meeting**

The Environmental Protection Commission met September 15 in Des Moines. The following issues were discussed:

The Commission approved the Department of Natural Resources (DNR) FY 2005 budget request. The total budget request was for \$104.7 million for FY 2005, an increase of \$9.8 million compared to estimated FY 2004. The following details changes to the budget compared to estimated FY 2004:

- A General Fund request of \$16.3 million, an increase of \$398,000 compared to estimated FY 2004 for salary adjustments.
- A Tobacco Settlement appropriation of \$2.5 million to the Lewis and Clark Rural Water system, an increase of \$950,000 compared to estimated FY 2004. This is a pass-through account in the DNR.
- An Environment First Fund appropriation of \$15.0 million to the Resource Enhancement And Protection (REAP) Fund, an increase of \$4.0 million compared to estimated FY 2004.
- An Environment First Fund appropriation of \$5.0 million to the Lake Restoration Program, an increase of \$4.0 million compared to estimated FY 2004.
- An Underground Storage Tank appropriation of \$800,000, an increase of \$600,000 to replace federal funding that has been eliminated.
- A decrease of \$125,000 to the Oil Overcharge Account, as federal funding has been eliminated.

**Solid Waste Program**

The Commission approved the Department's recommendations for project funding under the Solid Waste Alternatives Program. The 10 projects that will receive \$1.4 million in funding include:

- Three local government projects totaling \$601,000.
- Six private projects totaling \$785,000.
- One non-profit project totaling \$32,000.

**Effluent Standards**

The Commission approved a Final Rule that makes the following revisions regarding federal effluent standards:

- Adopts federal effluent standards for concentrated animal feeding operations.
- Adopts federal effluent standards and pretreatment standards for metal products, machinery manufacturers, iron and steel manufacturers, pharmaceutical manufacturers, and pulp and paper manufacturers.

- Adopts new testing methods from the federal Environmental Protection Agency for measuring pollutants in wastewater.

**Water Pollution**

The Commission approved a Final Rule that makes the following revisions regarding water pollution and wastewater:

- Removes references to the Wastewater Construction Grant Program that was eliminated.
- Provides financial assistance for nonpoint source water pollution control projects.
- Consolidates administrative requirements for municipal point source water pollution control projects.
- Provides criteria for ranking and rating point source and nonpoint source water pollution control facilities.
- Specifies uses of the State Revolving Fund for nonpoint source water pollution control projects to include livestock water quality facilities, local water protection projects, onsite wastewater treatment systems, and other general nonpoint source control projects.
- Allows the use of linked deposits and pass-through loans to provide financial assistance for nonpoint source control projects.



**Intended Use Plan**

The Commission approved the Department's proposal that provides \$11.9 million in funding to 15 new municipal projects under the Clean Water State Revolving Fund Intended Use Plan for 2004. The proposal also includes \$3.0 million for livestock water quality projects and \$3.0 million for local water protection nonpoint source projects.

**Air Quality Standards**

The Department will present air quality standards for hydrogen sulfide and ammonia at the November meeting. The standards will be based on current data related to known health risks.

**Next Meeting**

The next meeting will be held October 20 at the Des Moines Water Works.

**More Information**

Additional information is available from the LSA upon request. For review of Commission agendas, minutes, and other related information, please review the DNR web site at: <http://www.iowadnr.com>.

STAFF CONTACT: Debra Kozel (Ext. 16767)

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**DEPARTMENT OF ELDER AFFAIRS SCHEDULE FOR ADMINISTRATIVE RULES ON ADULT DAY SERVICES**

**Administrative Rules**



House File 672 (Adult Day Services Act) required the Department of Elder Affairs to establish Administrative Rules for certification, monitoring, and complaint investigation procedures related to adult day services programs.

The Department distributed an initial draft of these rules on September 4, and a workgroup that included representatives from the Department of Inspections and Appeals and affected industry, professional, and consumer groups met on September 12 to review and comment on the proposal. The Department also accepted written comments on the proposed rules through September 19.

<b>Proposed Rules</b>	The Commission on Elder Affairs is expected to consider the proposed rules at the next regular meeting scheduled for October 3. Pending approval by the Commission, the Department anticipates filing notice for the rules on October 10, with the notice published on October 29.
<b>Final Rules</b>	The Department anticipates filing for adoption of the rules on December 5, with the adoption notice published on December 24. It is anticipated that the rules for adult day care services programs will become effective on January 28.
<b>Technical Conference</b>	In order to provide education on the operations of adult day services, the Department of Elder Affairs is holding an adult day services technical assistance conference in collaboration with the national and State Adult Day Service Associations. The Conference will be held on November 13 and 14 at the West Des Moines Marriott Hotel.
<b>More Information</b>	Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

## DEPARTMENT OF ELDER AFFAIRS SCHEDULE FOR ADMINISTRATIVE RULES ON ASSISTED LIVING

### Administrative Rules



House File 675 (Elder Group Home and Assisted Living Regulation Act) required the Department of Elder Affairs to establish Administrative Rules for the certification and monitoring of assisted living programs and required the Department of Inspections and Appeals to enforce the regulations.

The Department of Elder Affairs anticipates distributing an initial draft of these rules on September 30, with a workgroup meeting scheduled for review of the proposal on October 7. The Department plans to accept written comments on the proposal through October 14.

<b>Proposed Rules</b>	It is anticipated the Commission on Elder Affairs will consider the proposed rules on November 18. Pending approval by the Commission, the Department anticipates filing notice for the rules on December 5, with the notice published on December 24.
<b>Final Rules</b>	The Department plans to file for adoption of the rules on January 30, with the adoption notice published on February 18. It is anticipated that the rules for assisted living programs will become effective on March 24.
<b>More Information</b>	Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

## AUDIT REPORT – DEPARTMENT OF CULTURAL AFFAIRS

### Audit Report



The Legislative Services Agency (LSA), Fiscal Services Division, received a copy of the FY 2002 audit report for the Department of Cultural Affairs. There was one finding related to internal control involving cash collections at the State Historical Society libraries. The problems included late deposits and reconciliations. The Department responded that the problems would be addressed since a backlog of other work had been eliminated and an additional employee was assigned to assist with cash receipts.

**Historical Resource**

The other finding in the audit related to statutory requirements involving the administration of the Historical Resource Development Program (HDRP) grants funded through a statutory allocation from the annual Resource Enhancement and Protection (REAP) Fund appropriation. Administrative rules provide an annual grant application process and a separate application process for emergency grants. The audit selected five REAP/HDRP emergency grants for testing and found that one did not follow the established process and appears to have been inappropriately funded with FY 2002 emergency grant funding.

**Department Response**



The Department responded the grant in question was approved for FY 2003 non-emergency funding. Due to extenuating circumstances, the grant recipient incurred expenses prior to the Department learning that the General Assembly did not fund the REAP Program for FY 2003. The Department switched the grant to FY 2002 emergency status to accommodate the situation. The Department agreed to review existing rules for the Program to ensure future compliance and to determine if any changes are needed. The Department's responses to both findings were accepted.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Robin Madison (Ext. 15270)

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**IOWA HOSTS WESTERN STATES LEGISLATIVE FISCAL OFFICER'S ASSOCIATION ANNUAL MEETING IN DES MOINES**

**Iowa Hosts Meeting**

Iowa recently hosted the Annual Meeting of the Western State Legislative Fiscal Officer's Association (WSLFOA). Twenty-one participants from 13 states convened in Des Moines on September 9 – 13. Agenda topics presented during the four-day meeting included:

- Introduction to Iowa by Anita Walker, Director, Department of Cultural Affairs
- Iowa and Ethanol – a presentation by Lucy Norton, Iowa Corn Grower's Association
- The Changing Iowa Economy – a presentation by Professor Ken Stone, Iowa State University
- The Grow Iowa Values Fund – a presentation by Mary Lawyer, Deputy Director, Department of Economic Development
- Innovative Technology for the Classroom – a presentation by Pam Pfitzenmaier and Bryan Bauer, Iowa Public Television
- The Iowa Energy Center – a tour and presentation by Floyd Barwig, Director
- Iowa State University's Center for Crop Utilization – a tour and discussion by Dan Burden
- Federal Funds Update by Molly Stauffer, National Conference of State Legislatures
- Vision Iowa – a presentation by Gregg Connell, Mayor of Shenandoah, Iowa
- Gambling in Iowa: The Economic Impact – a presentation by Wes Ehrecke, Iowa Gaming Association
- RAGBRAI: The Register's Annual Great Bike Ride Across Iowa – a presentation by Jim Green, RAGBRAI Director

- Summerset Inn & Winery – a tour and discussion by Ron Mark, Owner

**Other Activities**

In addition to the various meeting sessions, the participants toured the Capitol Building, the recently renovated Ola Babcock Miller Building, the new Judicial Building, Reiman Gardens at Iowa State University, Ledges State Park, the Bridges of Madison County, the John Wayne Museum, the Bob Feller Museum, and dined at Hotel Pattee in Perry, Iowa. Participants also had the opportunity to visit a working farm in Adel, Iowa, and experience a real Iowa barbeque hosted by Dennis Prouty and the staff of the Fiscal Services Division of the Legislative Services Agency. The group was entertained by *Triple Espresso* at the recently renovated Temple for the Performing Arts in Des Moines, and by Tom Milligan, professional actor, performing *Grant Wood: Prairie Rebel*.

**Funding**

The annual meeting is funded entirely from the participant's registration fees. Iowa proudly and successfully combined an educational program with some genuine Iowa hospitality and achieved our goal of showing the Western Fiscal Officer's from other states why Iowa is such a great place to live. Next year's annual meeting of the WSLFOA will be held in New Mexico in September 2004.

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