

FISCAL UPDATE

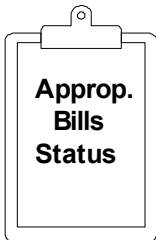
March 15, 2004

Legislative Services Agency

(515)-281-5279 FAX 281-8451

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

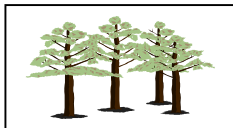
STATUS OF APPROPRIATIONS BILLS



Appropriations Subcommittee Bills		
Appropriations Subcommittee	LSB/File#	Status
Transportation	SF 2112	Passed House Appropriations Committee on February 23.
Other Appropriations Bills		
98.0% General Fund Expenditure Limitation	HF 2039	Item vetoed and signed by the Governor on February 12.
Environment First Fund Supplemental	HF 2538	Passed the House on March 11.
Birth Certificate Registration Fees	SF 2059	Passed House Appropriations Committee on February 18.
FY 2006 Allowable Growth Rate	SF 2124	Governor vetoed on March 5.
Public Health Disaster Funding	SF 2153	Passed Senate Appropriations Committee on February 18.
Avian Influenza	SF 2194	Passed Senate Appropriations Committee on March 10.
Regents Bonding Authority	SF 2287	Passed Senate Appropriations Committee on March 10.
Federal Block Grant Bill	SF 2288	Passed Senate Appropriations Committee on March 10.

HOUSE PASSES THE ENVIRONMENT FIRST FUND SUPPLEMENTAL BILL – HF 2538

Environment First Fund



Cash Shortage

The House passed HF 2538 (Environment First Fund Supplemental Bill), which provides a supplemental appropriation of \$17.5 million from the Cash Reserve Fund to the Environment First Fund for FY 2004. The appropriation provides cash flow funding to environmental programs that received FY 2004 appropriations from the Environment First Fund.

The Environment First Fund is experiencing a cash flow shortage resulting from a revenue shortfall in the Rebuild Iowa Infrastructure Fund (RIIF) due to the Iowa Supreme Court ruling that reduced the State tax rate for racetrack establishments.

IN THIS ISSUE:

Status of Appropriations Bills, pg. 1
HF 2538 – Environment First Fund, pg. 1
HF 2523 – Health Effects Regulation, pg. 2
HF 2367 – Corrections Omnibus Bill, pg. 2
HF 2399 – Theft Bill, pg. 3
SF 2166 – Child Endangerment, pg. 4

Innovations Fund Committee Meeting, pg. 5
Council on Human Services Meeting, pg. 6
Board of Regents Meeting, pg. 7
Board of Corrections Meeting, pg. 8
Dept. of Public Safety State Appeal Board, pg. 9

Cash Reserve Fund

The Bill also requires the RIF to reimburse the Cash Reserve Fund up to \$17.5 million if the General Assembly enacts legislation that increases the tax on gambling games at racetrack enclosures and the tax is applied retroactively to July 1, 2002. The Bill takes effect upon enactment.

More information



The Notes on Bills and Amendments (NOBA) for HF 2538 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/index.jsp>.

STAFF CONTACT: David Reynolds (Ext. 16934)

**PUBLIC HEARING HELD FOR HEALTH EFFECTS
REGULATION BILL – HF 2523**

Public Hearing

A public hearing was held on March 8 to address issues related to HF 2523 (Health Effects Regulation Bill). The Bill makes changes to air quality regulations related to animal feeding operations. The changes include:

- Specifies that the Department of Natural Resources (DNR) cannot adopt rules regulating air contaminants that exceed the standards of the federal Environmental Protection Agency (EPA). The Bill further specifies that a department standard cannot be enforced if the data is not collected as outlined in the Bill.
- Creates a Health Effects Advisory Panel that will advise the DNR and the General Assembly about the health effects related to odor emitted from animal feeding operations. The Panel will submit a final report with recommendations to the General Assembly and the DNR to establish standards.
- Specifies the Environmental Protection Commission cannot adopt a rule related to the health effect level for odor until the Advisory Panel submits the final report and a health effects level for odor is enacted.
- Specifies that the DNR standards must be based on a health effect level for odor. Defines the terms "airborne pollutant", "health effect level", "minimal risk level", and "separated location".
- Specifies the DNR must conduct a comprehensive field study of airborne pollutants for a period of at least three years.
- Specifies that a violator will receive a written notice from the DNR and must reduce emissions during a one-year grace period.



Hearing Process

Thirty speakers were allowed to make comments with 15 speakers in favor of the Bill and 15 speakers opposed.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Debra Kozel (Ext. 16767)

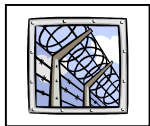
HOUSE PASSES CORRECTIONS OMNIBUS BILL – HF 2367

Inmate Labor Fund

The House passed HF 2367 (Corrections Omnibus Bill), which creates the Inmate Labor Fund, a restricted fund under the control of the Department of Corrections (DOC).

Fund receipts will consist of any fees, grants, appropriations, or reimbursed costs received by the DOC related to inmate labor. Fund expenditures will be restricted to those related to the provision of inmate labor to public entities, such as staff and transportation costs.

Admin. Rules



The DOC will propose administrative rules to implement HF 2367. The Department is considering a sliding fee scale of \$3.00 to \$5.00 per day per inmate to be charged to public entities. The rules will include a waiver provision. Approximately 1,200 inmates are working for public entities at any given time.

Fiscal Impact

Receipts to the Fund are anticipated to be no more than \$80,000 annually, and will be used to offset the costs of providing inmate labor, such as vehicle maintenance, required safety equipment, and security.

More Information

The Fiscal Note for HF 2367 is available on the LSA web site at: <http://www3.legis.state.ia.us/fiscalnotes/index.jsp>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

HOUSE PASSES THEFT BILL – HF 2399

Theft Bill



The House passed HF 2399 (Theft Bill), which provides that if property is stolen from different locations by two or more acts within a 72-hour time period and the thefts are attributable to a person or group of persons acting together, the acts may be considered a single theft and the value of the thefts may be the total value of all the property stolen. Current law provides a graduated system of penalties for theft, ranging from a simple misdemeanor to a Class C felony, depending on the value of the property.

Convictions

According to the Justice Data Warehouse, there were 14,910 convictions for theft during FY 2003. Information concerning how many of these convictions were for theft from retailers is not available. Enhancing existing penalties increases the demand for resources in the criminal justice system. This includes costs in the Judicial Branch, Community-Based Corrections (CBC), the State Prison System and Indigent Defense.

Correctional Impact



There is a potential for convictions to be enhanced from a current simple misdemeanor to a serious or aggravated misdemeanor or Class D felony conviction under HF 2399. The potential exists for a current serious misdemeanor conviction to be enhanced to an aggravated misdemeanor or Class D felony conviction. A current aggravated misdemeanor conviction may result in a Class D felony conviction under HF 2399. There is no readily available information to predict the increased number of enhanced convictions under the Bill. The impact on correctional resources may be significant.

Fiscal Impact

The State's increased cost for one conviction for the enhanced penalties include:

- From a simple to a serious misdemeanor conviction, the range is \$86 to \$4,700.
- From a simple to an aggravated misdemeanor conviction, the range is \$1,100 to \$4,700.



- From a simple misdemeanor to a Class D felony conviction, the range is \$2,000 to \$7,700.
- From a serious to an aggravated misdemeanor conviction, the cost is \$1,000.
- From a serious misdemeanor to a Class D felony conviction, the range is \$1,900 to \$3,000.
- From an aggravated misdemeanor to a Class D felony, the range is \$900 to \$3,000.

More Information

The Fiscal Note for HF 2399 is available on the LSA web site at:
<http://www3.legis.state.ia.us/fiscalnotes/index.jsp>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

SENATE PASSES CHILD ENDANGERMENT – SF 2166

Child Endangerment

The Senate passed SF 2166 (Child Endangerment Bill), which provides a sentencing option for offenders who commit child endangerment resulting in the death of a child or minor. The Bill imposes a Class B felony with confinement of no more than 50 years in the State Prison System.

Current Law



Murder Penalty

Currently, an offender who kills a child while committing child endangerment or while committing assault upon the child, and the death occurs under circumstances manifesting an extreme indifference to human life, commits murder in the first degree. This is a Class A felony with confinement of life in the State Prison System. The average time served prior to death in the State Prison System is 16.4 years for offenders sentenced to a life prison term.

Under current law, murder in the second degree is a Class B felony with a maximum sentence of 50 years. This is a mandatory minimum term where 70.0% (35.0 years) of the sentence is required to be served in the State Prison System. Malice aforethought must be proven in order for this sentence to be imposed.

Bill Sentence

The sentence imposed under SF 2166 is a Class B felony with a maximum sentence of 50 years; however, the sentence is not subject to a mandatory minimum term of confinement. Under this sentencing option, it would not be necessary to prove malice aforethought. The average time served in prison for an offender convicted of a Class B felony crime against a person is 11.3 years.

Correctional Impact

There is no correctional impact over the next five years. An offender sentenced under SF 2166 would serve less time in prison (11.3 years) than an individual convicted of murder in the first degree (life in prison) or murder in the second degree (35.0 years).

Fiscal Impact

Senate File 2166 is not expected to have a fiscal impact.

More Information

The Fiscal Note for SF 2166 is available on the LSA web site at:
<http://www3.legis.state.ia.us/fiscalnotes/index.jsp>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

LOCAL GOVERNMENT INNOVATIONS FUND COMMITTEE MEETING

Innovations Fund



The Local Government Innovations Fund Committee met on March 5 in accordance with SF 453 (FY 2004 Reinvention of Government Act). The Committee agreed to make six awards with grants totaling \$141,000 and loans totaling \$211,000. The following projects received awards:

- Henry County Attorney - \$50,000 grant and \$100,000 loan for a Multi-County Case Management System.
- Linn County Mental Health and Developmental Disabilities Services - \$33,000 grant and \$11,000 loan for a Cabs to Augment the Bus System (CABS) Accessible Taxi Project.
- Sheldahl and Slater - \$29,000 grant for a city merger.
- Urbandale Fire Department - \$100,000 loan for multi-city fiber optic training.
- Hardin County Emergency Management - \$21,000 grant for training equipment.
- City of Denver - \$8,000 grant for an update for city and county subdivision ordinance and mapping.

Grant Awards

The Committee plans to award a total of \$195,000 in grants and \$780,000 in loans to be repaid over five years at an interest rate of 2.0%.

Self-Sustaining Fund



The Fund is designed to be self-sustaining and additional grants and loans will be issued from the interest earned on the Fund and the repayment of principal and interest.

Next Meeting

The next meeting is scheduled for April 2. The Committee will consider additional applications and the possibility of allowing new applications.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Ron Robinson (Ext. 16256)

MARCH COUNCIL ON HUMAN SERVICES MEETING

Human Services Council

The Council on Human Services met on March 10 and conducted the following business:

DHS Update

Kate Walton, Department of Human Services (DHS), provided an update on activities and bills before the General Assembly.

Admin. Rules



The following administrative rules were placed on the Director's Notice for adoption at a future meeting:

- Extension of Medicaid coverage for certain low-income persons based upon Medicare Part B. The cost is \$106,000 per month, which is 100.0% federal funding.
- Expands coverage of transportation and certain dental services provided by maternal health centers. The estimated cost is \$525 per month in State funding and \$1,100 per month in federal funding.

- Changes in standards for various county-operated juvenile facilities. There is no fiscal impact.
- Changes in independent living foster care. The annual fiscal impact is \$291,000 per year in State funds.

Future Rules

The following administrative rules were approved to be acted on at a later time:

- Establishment of local transition committees for youth in foster care.
- Changes in requirements for foster care group facility licenses.

IGT Report

Director Kevin Concannon and Gene Gessow, DHS, reported on issues regarding the federal Centers for Medicare and Medicaid (CMS) and intergovernmental transfers (IGTs).

Federal Compliance



Mary Nelson, DHS, provided an update regarding compliance with the federal Child and Family Services Review. Nelson reported that comments on the State's Program Improvement Plan were received from the regional office of the federal Administration for Children and Families (ACF) on February 18. The revised Plan is due to the ACF on March 26. The DHS is confident the revised Plan will be approved in April and the State will then have two years to implement the Plan.

Next Meeting

The next meeting is scheduled for April 7.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942) Jennifer Vermeer (Ext. 14611)
Sue Lerdal (Ext. 17794)

BOARD OF REGENTS MEETING

Regents Meeting



The Board of Regents met at Drake University in Des Moines on March 10. Significant agenda items included:

- The Board approved the following Banking Committee recommendations:
 - Final bond resolution for \$25.0 million of Utility System Revenue Bonds for the University of Iowa (SUI).
 - Preliminary bond resolutions for:
 - \$7.1 million of Recreational Facility Revenue Refunding Bonds for Iowa State University (ISU).
 - \$8.9 million of Academic Building Revenue Refunding Bonds for ISU.
 - \$7.0 million of Academic Building Revenue Refunding Bonds for SUI.
 - Financial plan for the SUI Kinnick Stadium renovation.
- The Board approved seven recommended Title IIA grant projects. The Board serves as the State agency for higher education and administers a portion of Title IIA of the No Child Left Behind Act. These funds are made available for colleges and universities to provide professional development opportunities to K-12 teachers.



- The Board gave preliminary consideration to proposed changes in miscellaneous fees and charges for FY 2005. Miscellaneous fees include both tuition-related and non-tuition-related fees. Tuition-related fees were approved in November 2003. Non-tuition-related fees include a variety of items ranging from course delivery to private music lessons. In summary, the following changes were reviewed:
 - The SUI requested five new fees for FY 2005 ranging from \$15 to \$65; increases in 20 fees ranging from \$2 to \$75; elimination of three fees; and a change in the refund schedule for reduced loads.
 - Iowa State University requested six new fees for FY 2005 ranging from \$10 to \$240; increases in nine fees ranging from \$2 to \$200; and changes to the refund schedule.
 - The University of Northern Iowa (UNI) requested no new fees; increases in 14 fees ranging from \$2 to \$80; and changes to the refund schedules.
- The Board discussed the Board Governance Report on University Residence Systems. The Board:
 - Received a summary report of the university residence systems, including the five-year plan for FY 2005 through FY 2009.
 - Considered FY 2005 proposed rate increases that would result in double occupancy full board rates of \$5,882 (3.2% increase) at SUI, \$5,958 (3.8% increase) at ISU, and \$5,261 (7.0% increase) at UNI.
 - Considered FY 2005 proposed rates for all residence halls, board options, apartments, and miscellaneous residence charges.
 - Considered the preliminary FY 2005 residence system budgets.
 - Directed the universities to provide updated projections for fall 2004 enrollment and residence system occupancy.
- The Board considered the following parking rate changes:
 - SUI – annual charges would range from \$38 to \$684.
 - ISU – annual charges would range from \$35 to \$665.
 - UNI – annual charges would range from \$5 to \$285.
- The Board did not elect a Board President and tabled the item until the April meeting. The current Board President, Owen Newlin, is not seeking re-election.



Next Meeting

The next meeting is scheduled for April 21 at the Iowa Braille and Sight Saving School in Vinton.

More Information

Additional information regarding the Board meeting, including the full text of agenda docket memos, is available on the Board's web site at: <http://www2.state.ia.us/regents/Meetings/meetings.html>.

STAFF CONTACT: Mary Shipman (Ext. 14617)

BOARD OF CORRECTIONS MEETING

Board of Corrections



The Board of Corrections met on March 5 at the Corrections Training Center in West Des Moines. Director Gary Maynard indicated he has visited seven of the State prisons and met with counselors to review their role within the Department of Corrections (DOC).

Larry Brimeyer, Deputy Director, introduced Ken Burger, who was recently appointed as the warden at the Iowa State Penitentiary at Fort Madison. The position was vacant due to the retirement of John Mathes.

Charter Agency Update

Mary Lofy, Public Strategies Group (PSG), updated the Board on the benefits of the DOC's Charter Agency status. The DOC can implement certain changes in policy and procedure with less bureaucracy and is exempt from oversight by the Department of Administrative Services in the following areas: personnel, procurement, and information technology.

Budget Information

John Baldwin, Deputy Director, provided information concerning the Governor's FY 2005 General Fund budget recommendation. The Governor is recommending additional funds to:

- Add staff in Community-Based Corrections.
- Provide for the increased costs of natural gas and pharmaceuticals.
- Annualize the operating costs at the Clarinda Correctional Facility.
- Provide Hepatitis C testing of all new admissions at the Iowa Medical Classification Center at Oakdale.

Next Meeting

The next meeting is scheduled for April 2 in Cedar Rapids.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

DEPARTMENT OF PUBLIC SAFETY STATE APPEAL BOARD ACTION

Appeal Board Action



The Department of Public Safety paid a total of \$29,000 from the General Fund for court-ordered attorney fees in the case of *Raper v. State of Iowa*. According to the federal Fair Labor Standards Act, the hourly attorney fees in the case needed to be paid for compliance with the court order in the case. The \$29,000 will be credited against the contingency amount the attorneys will receive once the case is decided.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)
