

# FISCAL UPDATE

July 30, 2008 *(Revised)*

## Legislative Services Agency

(515)-281-5279 FAX 281-8027

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

### REBUILD IOWA ADVISORY COMMISSION (RIAC)

**First Commission Meeting:** The first meeting of the Commission was held July 17 in Des Moines. The Commission was created by Executive Order of the Governor to be advisory to the Rebuild Iowa Office (also created by Executive Order) that will be directed by Lt Governor Judge. The Commission is charged with providing vision, creativity, and leadership to identify, prioritize, and address the short- and long-term issues of recovery from Iowa's severe weather and flooding. The meeting agenda consisted of the following:

- Remarks by Governor Culver, Lt Governor Judge, and Commission Chair Ron Dardis (Adjutant General of the Iowa National Guard).
- Overview of the Rebuild Iowa Office (RIO) by Lt Governor Judge. The Office will be located in Urbandale with the Federal Emergency Management Agency (FEMA) Office. There will be a total of 30 staff, most on loan from a variety of State agencies. At least one staff member will be assigned to each of the 10 Task Forces of the Commission (see below) as determined by subject area.
- Overview of current conditions and status by State and federal emergency management staff.
- Economic impacts by staff from the Department of Economic Development.

**Task Force Assignments and Meetings:** At least one Commission member and one RIO staff member have been assigned to each of the 10 Task Forces. Additional Task Force members will be assigned from volunteers recruited by the Governor's Office. The Legislative Services Agency (LSA) has assigned fiscal and legal staff to attend each of the Task Force and Commission meetings. Staffing and a preliminary list of upcoming meetings are as follows:

Task Forces – Commission and Staff Members	Meetings Scheduled
<b>Housing</b> Chairs: Jim Davis and Nitza Lopez-Castillo RIO Staff: Joe O'Hern (IFA) LSA Fiscal Staff: Ron Robinson (515-281-6256) and Shawn Snyder (515-281-7799) LSA Legal Staff: Michael Duster (515-281-4800)	<b>Monday, July 28 - 9:30 am – 3:30 pm</b> Iowa Finance Authority - Presentation Room 2015 Grand Ave Des Moines, IA 50312
<b>Infrastructure and Transportation</b> Chairs: Mark Wandro and Mike King RIO Staff: Hank Manning (DED) and Larry Jesse (DOT) LSA Fiscal Staff: Marcia Tannian (515-281-7942) and Mary Beth Mellick (515-281-8223) LSA Legal Staff: Rachele Hjelmaas (515-281-8127)	<b>Tuesday, July 29 – 9:00 am – 4:00 pm</b> West Des Moines Learning and Resource Center 3550 George Mills Civic Parkway West Des Moines, IA 50265
<b>Floodplain Management and Hazard Mitigation</b> Chair: Bill Bywater RIO Staff: Barb Lynch (DNR) LSA Fiscal Staff: Deb Kozel (515-281-6767) and Jennifer Acton (515-281-7846) LSA Legal Staff: Doug Adkisson (515-281-3884)	<b>Wednesday, August 6 – 9:30 am – 4:00 pm</b> <b>Flood Plain Management/Hazard Mitigation</b> West Des Moines Learning and Resource Center 3550 George Mills Civic Parkway West Des Moines, IA 50265

<p><b>Economic and Workforce Development</b>  Chairs: Mike Earley and Bill Gerhard  Staff: Joe Mowers (IWD) and Laura Stein (DED)  LSA Fiscal Staff: Ron Robinson (515-281-6256) and Shawn Snyder (515-281-7799)  LSA Legal Staff: Tim Whipple (515-281-3444)</p>	<p><b>Monday, July 28 – 9:30 – 3:30 pm</b>  West Des Moines Learning and Resource Center  3550 George Mills Civic Parkway  West Des Moines, IA 50265</p>
<p><b>Environmental Quality and Review (now Agriculture and Environment)</b>  Chair: Brent Halling  RIO Staff: Lyle Asell (DNR) and Harrold Hommes (DALs)  LSA Fiscal Staff: Deb Kozel (515-281-6767) and Deborah Helsen (515-281-6764)  LSA Legal Staff: Ann Ver Huel (515-281-3837)</p>	<p><b>Wednesday, July 30 – 8:30 am – 4:30 pm</b>  Farm Bureau – Conference Center Board Room  5400 University Ave  West Des Moines, IA 50265  <b>Wednesday, August 13 – Time TBD</b>  Johnston Public Library  6700 Merle Hay Rd  Johnston, IA 50131</p>
<p><b>Public Health and Health Care</b>  Chair: Linda Larkin  RIO Staff: Sandra Lyles (DPH) and Jon Neiderbach (DHS)  LSA Fiscal Staff: Jess Benson (515-281-4611) and Phil Kauffman (515-725-2062)  LSA Legal Staff: Patty Funaro (515-281-3040)</p>	<p><b>Wednesday, August 6 – 9:30 am – 4:30 pm</b>  Urbandale Public Library  3520 86<sup>th</sup> St  Urbandale, IA 50322</p>
<p><b>Education</b>  Chairs: Bev Wharton and Jim Fausett  RIO Staff: Gary Schwartz (DE)  LSA Fiscal Staff: Robin Madison (515-281-5270) and Dwayne Ferguson (515-281-6561)  LSA Legal Staff: Kathy Hanlon (515-281-3847)</p>	<p><b>Tuesday, July 29 – 9:00 am – 3:00 pm</b>  <b>Education</b>  <b>Location:</b>  Des Moines Area Community College  Building #7 – Oak Room  2006 S Ankeny Blvd  Ankeny, IA 50021</p>
<p><b>Cultural Heritage</b>  Chair: Karris Golden  RIO Staff: Aaron Todd (DCA)  LSA Fiscal Staff: Doug Wulf (515-281-3250) and Beth Lenstra (515-281-6301)  LSA Legal Staff: Rick Nelson (515-282-5822)</p>	<p><b>Wednesday, July 30 – 9:00 am – 1:15 pm</b>  West Des Moines Learning and Resource Center  3550 George Mills Civic Parkway  West Des Moines, IA 50265</p>
<p><b>Records Retention and Management</b>  Chair: Karris Golden  RIO Staff: Aaron Todd (DCA)  LSA Fiscal Staff: Doug Wulf (515-281-3250) and Beth Lenstra (515-281-6301)  LSA Legal Staff: Rick Nelson (515-282-5822)</p>	<p><b>Wednesday, July 30 – 1:30 – 5:30 pm</b>  West Des Moines Learning and Resource Center  3550 George Mills Civic Parkway  West Des Moines, IA 50265</p>
<p><b>Long-Term Recovery and Planning</b>  Chairs: Carroll Reasoner and Amy Truax  RIO Staff: Susan Dixon (HSEMD)  LSA Fiscal Staff: Dave Reynolds (515-281-6934) and Mary Beth Mellick (515-281-8223)  LSA Legal Staff: Ed Cook (515-281-3994)</p>	<p><b>Thursday, August 7 - 9:30 am – 3:30 pm</b>  Urbandale Public Library  3520 86<sup>th</sup> St  Urbandale, IA 50322</p>

**Future Commission Meetings and Listening Sessions:** The Commission has planned several listening sessions around Iowa to receive public input. Some of these will be held in conjunction with future Commission meetings. Future scheduled events and locations include:

- July 31 – Cedar Rapids - disaster area tour with local officials, RIAC meeting, and “Speak Up Iowa” listening session.
- August 5 – Wapello – disaster area tour with local officials, RIAC meeting, and “Speak Up Iowa” listening session.
- August 7 – 17 – Iowa State Fair outreach at Governor’s booth.
- August 11 – Red Oak – “Speak Up Iowa” listening session.
- August 12 – Ft Dodge – “Speak Up Iowa” listening session.
- August 19 – Cedar Falls – disaster area tour with local officials, RIAC meeting, and “Speak Up Iowa” listening session.
- September 2 – RIAC meeting in Des Moines to present final report.

**Final Report:** A Final Report is scheduled to be submitted to the Governor and General Assembly by September 2. The Executive Order requires the report within 45 days of the first meeting of the Commission.

**Links:** Additional information can be obtained at the following internet sites:

Rebuild Iowa Office (RIO): <http://rebuild.iowa.gov/office.html>

Rebuild Iowa Advisory Commission (RIAC): <http://rebuild.iowa.gov/index.html>

Flood 2008: <http://flood2008.iowa.gov/>

STAFF CONTACTS: **Fiscal Services:** Deborah Helsen (Ext. 16764); Mary Shipman (Ext. 14617);  
Sue Lerdal (Ext. 17794); and Dave Reynolds (Ext. 16934)

**Legal Services:** Tim McDermott (Ext. 18090)

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## **TOBACCO SETTLEMENT AUTHORITY**

**TSA Authorization:** The Tobacco Settlement Authority (TSA) met on July 24 to begin discussing options for securitizing the remaining tobacco settlement payments Iowa receives as a result of the Master Settlement Agreement with the tobacco industry. Authorizing language was included in SF 2432 (FY 2009 Infrastructure Appropriations Act) that allows the TSA to issue tax-exempt bonds if the securitization of the remaining tobacco industry payments resulting in net proceeds of not less than \$183.0 million.

**Estimated Bond Proceeds:** Representatives from the Office of the Treasurer of State presented information from three investment banking firms showing total bond issuance estimates of between \$203.1 million to \$204.2 million. The bonds would yield between \$183.0 million to \$184.2 million in net proceeds. The net proceeds represent the amount remaining after debt service reserve obligations and issuance costs are deducted from the total bond amount. The net proceeds would be available to the State to spend on infrastructure-related projects. The estimated interest rate is approximately 7.0%. This is higher than previous tobacco bond issuances. Rates of previous tobacco bond issues were around 5.5%.

**Fin. Advisors/Bond Counsel:** The TSA approved recommendations to hire Public Financial Management Inc. (PFM) to serve as the financial advisor for the bond sale at a cost of \$130,000 plus expenses. Payment to PFM is contingent on the successful completion of the bond issuance.

The TSA also approved the law firms of Nixon Peabody LLP and Dorsey & Whitney LLP to serve as transaction counsel at a cost of \$285,000 plus expenses. Payment to the law firms is also contingent on the successful completion of the bond issuance.

**Infrastructure Appropriations:** The General Assembly created the FY 2009 Tax-Exempt Restricted Capital Fund (RC3) in SF 2432 to receive the anticipated bond proceeds. The Act appropriates a total of \$182.8 million in infrastructure-related projects. All of the appropriations are contingent on the successful securitization of the remaining tobacco payments.

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STAFF CONTACT: David Reynolds (Ext. 16934)

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### **STATE PUBLIC DEFENDER'S OFFICE FY 2008 REALLOCATION**

**Transfer Notice Received:** The LSA received notification of a \$250,000 appropriation transfer from the Indigent Defense Program to the State Public Defender's Office, pursuant to Section 13B.4(7), Code of Iowa. This FY 2008 reallocation covers the increased costs of fully staffed local public defender offices, as well as unanticipated flood-related expenses for the Cedar Rapids office. The State Public Defender's Office relocated the Cedar Rapids office and is currently paying additional rent costs. The Office is meeting with the Federal Emergency Management Agency (FEMA) to assess flood damages. It is anticipated any resulting federal payments will be made directly to the State General Fund, rather than the Office.

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STAFF CONTACT: Beth Lenstra (Ext. 16301)

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### **STATE APPEALS BOARD UPDATE**

**State Appeals Board Actions:** The State Appeals Board approved settlement and judgment actions from June on July 7, 2008. The funds are provided from the State General Fund. These included:

- Iowa Workforce Development: \$1.3 million settlement in the federal civil and criminal investigation of the misuse of federal funds by the Central Iowa Employment and Training Consortium (CIETC). \$500,000 of the settlement will be contributed by CIETC and its member governments.
- Iowa Department of Public Defense: \$3.3 million for the final installation of the settlement amount in the federal civil and criminal instigation of the misuse of federal funds by the Consolidated Virtual Interactive Information Center (CIVIC) program.
- Department of Public Safety: \$50,000 settlement for the arrest of two plaintiffs at a presidential rally.

**Expenditures to Date:** Year-to-date Appeals Board expenditures are \$9.2 million.

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STAFF CONTACT: Deborah Helsen (Ext. 16764)

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### **FINAL PAYMENT FOR CIVIC SETTLEMENT**

**CIVIC Dispute Background:** A settlement arose from payments the federal government made to the State of Iowa under the Consolidated Virtual Interactive Information Center (CIVIC) Cooperative Agreement between the National Guard Bureau and the Department of Public Defense. The Department of Public Defense had delegated performance of the cooperative agreement to the Iowa Technology Center. The Center formed a 28E agreement with the International Simulation and Training Systems (ISTS). After a civil and criminal investigation regarding misuse of federal funds, the State of Iowa was requested to repay \$12.0 million. Through settlement negotiations, this amount was reduced to \$5.7 million as follows:

- \$700,000 on or before June 30, 2005
- \$1.0 million on or before June 30, 2006
- \$1.0 million on or before June 30, 2007
- Remainder plus accrued interest on or before June 30, 2008.

**Final Payment:** The fourth and final payment of the settlement plus accrued interest was \$3.3 million.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

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### **HIGHER EDUCATION ARTICULATION WEBSITE ESTABLISHED**

**Web Link Established:** The Board of Regents and Iowa community colleges, in cooperation with the Department of Education, have completed the Articulation Website as required by the SF 601 (FY 2008 Standing Appropriations Act). The website address is: [www.TransferInIowa.org](http://www.TransferInIowa.org). The homepage contains links to interactive web pages for the University of Iowa, Iowa State University, and the University of Northern Iowa. Each university's web page is distinct.

**Course Transfer Information:** The website allows students to know at the time of enrollment in a community college course whether the credit will be accepted by the state university to which they plan to transfer, to what category of study the credit will apply, and to which degree programs the university will apply the credit.

**Planning Tool:** The website functions as a planning tool, and the web pages frequently recommend that the student confer with academic and transfer advisors at the community college and at the Regents university of choice. The website also links to the standard informational web pages at each of the three Regents universities that are needed by prospective and transferring students, such as admissions, financial aid, deadlines, housing, campus life, and other topics.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

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### **BOARD OF CORRECTIONS MEETING**

**Meeting:** The Board of Corrections met July 11 at the Anamosa State Penitentiary. Warden Jerry Burt welcomed the Board and guests to the Institution, and stated tours were available for interested parties upon adjournment.

**Telephone Rebate Fund:** Fred Scaletta presented the FY 2009 expenditures for the Telephone Rebate Fund. The Board approved \$1.2 million in expenditures as follows:

- \$750,000 for inmate education.
- \$150,000 for inmate legal services.
- \$166,000 for victim services.
- \$45,000 for a mental health program.
- \$75,000 for a religious coordinator.
- \$44,000 for administration of the Telephone Rebate Fund.
- \$1,000 for inmate translation services.

**Education Director:** Deputy Director Jeanette Bucklew introduced Sandra Smith as the new Education Director for the Department of Corrections (DOC). Sandra replaces Nancy Kucera, who retired in FY 2008.

**Recruitment:** Michael Savala and Darby Washington presented information on the DOC's recruitment efforts. The DOC is concentrating efforts on minority hiring.

**Substance Abuse:** Director Baldwin introduced the leaders of the Substance Abuse Treatment Focus Group – Carrie Carson, Katrina Carter-Larson, and Joel McAnulty. The Team presented information on the current substance abuse treatment system in the corrections system, and opportunities to make positive changes.

**CBC Beds:** Sixth Judicial District Director Gary Hinzman presented information from the Community-Based Corrections (CBC) Residential Facility Focus Group. There are currently 1,440 facility beds across the State. There are currently about 800 offenders waiting for a residential bed. These offenders may be on federal, jail, parole, probation, work release, or Operating While Intoxicated (OWI) legal status.

**Next Meeting:** The Board will meet August 1 at the Iowa Correctional Institution for Women at Mitchellville. That meeting will start the DOC's FY 2010 budget request process.

**Additional Information:** Additional information is available from the LSA on request. Board agendas, minutes, and other related information are available on the DOC web site at:

<http://www.doc.state.ia.us/default.asp>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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### **MEETINGS MONITORED**

**Meetings Monitored:** Following is a list of meetings attended and monitored by Fiscal Services staff since the last Fiscal Update was published. Please contact the staff listed for more information.

<b>Meeting</b>	<b>Date</b>	<b>Staff Contact</b>
Board of Regents	7-2-2008	Dwayne Ferguson (16561)
Board of Corrections	7-11-2008	Beth Lenstra (16301)
Iowa Empowerment Board	7-11-2008	Robin Madison (15270)
Empowerment Fiscal Accountability Work Group (FAWG)	7-15-2008	Robin Madison (15270)
Transportation Commission	7-15-2008	Mary Beth Mellick (18223)
Institute for Tomorrow's Workforce	7-16-2008	Robin Madison (15270)
Capitol Planning Commission	7-16-2008	Marcia Tannian (17942)
Rebuild Iowa Advisory Commission	7-17-2008	Deborah Helsen (16764)
Board of Regents	7-22-2008	Dwayne Ferguson (16561)

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This document can be found on the LSA web site: <http://www.legis.state.ia.us/Fiscal/fiscupdt/>