



October 3, 2011

APPROPRIATION TRANSFERS

Notifications Received. The Legislative Services Agency (LSA) received notification of the following appropriation transfers pursuant to Code Section 8.39.

Department of Economic Development (DED)

- **Transfer Amount.** The DED requested a transfer of \$165,000 from the DED Mainstreet Challenge Grant Match appropriation to the DED Administrative Services Division. The actual amount transferred was \$145,775.
- **Reason for Transfer.** The transfer was requested to help absorb a midyear reduction of \$307,000 to the Administrative Services Division from the original appropriation, resulting from provisions of HF 2531 (FY 2011 Standing Appropriations Act). The funds being transferred were available from the Mainstreet Challenge Grants because no awards were made through January of FY 2011 when the request was made. The transfer amount represents 50.0% of the balance available from the Revised Estimated Net FY 2011 appropriation and the FY 2010 balance carryforward for the Mainstreet Challenge Grant Match appropriation. The Mainstreet Challenge Grant Match did not receive an FY 2012 appropriation.
- **Action Finalized.** The actual transfer amount of \$145,775 was finalized August 31, 2011.
- **Staff Contact:** Kenneth Ohms (515-725-2200) kenneth.ohms@legis.state.ia.us

Department of Inspections and Appeals (DIA) – Indigent Defense Fund

- **Transfer Amount.** The total transfer requested was \$2.1 million from the FY 2011 Indigent Defense General Fund appropriation to the following budget units:
 - Iowa Law Enforcement Academy – \$105,000. Funds were needed due to a reduction in attendance by local law enforcement agencies in FY 2011, with a corresponding decrease in receipts. Also, there is a delay in receiving payment, as accounts receivable pending is approximately \$20,000, with a projected payment date in October, after the books close.
 - Department of Corrections (DOC) County Confinement – \$315,000. This Account reimburses counties for holding alleged violators in jail pending revocation hearings. Funds were needed due to holding in jail more alleged violators of conditions of parole, work release, and Operating While Intoxicated (OWI) than anticipated.
 - DOC – Federal Prisoners – \$261,000. This Account reimburses the federal Bureau of Prisons for housing certain State inmates. Funds were needed due to housing more State offenders in the federal system for a longer time period.
 - DOC – Iowa State Penitentiary at Fort Madison – \$826,000. This amount is in addition to the reallocation to the Penitentiary's budget of \$350,000 in June from the Iowa Medical Classification Center.
 - DOC – Newton Correctional Facility – \$582,000. This amount is in addition to the reallocation to the Facility's budget of \$350,000 in June from the Iowa Medical Classification Center.
- **Reason for Transfer.** The DOC prisons overspent the amount budgeted for salaries in FY 2011. There was unanticipated growth in the prison population and the DOC maintained existing operational needs. The population reached a historic high on April 9, 2011, at 9,009 offenders.

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The Indigent Defense Fund had appropriations available to transfer out due to claims from private attorneys being less than anticipated. The historical average annual growth rate for indigent defense expenditures was 6.1% from FY 2000 through FY 2010. Expenditures peaked at \$31.6 million in FY 2009, decreased to \$31.4 million in FY 2010, and are expected to be less than that in FY 2011.

Expenditures may be decreasing due to the expansion of existing Public Defender offices and the creation of a new Public Defender office in Ottumwa in FY 2011.

The total FY 2011 General Fund appropriation for Indigent Defense is \$31.7 million, a decrease of approximately \$827,000 (2.5%) compared to FY 2010. The \$2.1 million appropriation transfer in FY 2011 is 6.6% of the amount appropriated; the General Fund appropriation is \$29.6 million after the transfer out. There is less than \$500,000 available after the transfer to pay claims for the remainder of FY 2011.

- **Action Finalized.** Action on this transfer was finalized on August 31, 2011.
- **Staff Contact:** Beth Lenstra (515-281-6301) beth.lenstra@legis.state.ia.us

DIA – Administration, Investigations, and Health Facilities Divisions

- **Appropriations Transfer.** The DIA requested a transfer totaling \$455,000 from the Administration (\$415,000) and Investigations (\$40,000) Divisions to the Health Facilities Division (\$455,000).
- **Reason for Transfer.** The Health Facilities Division required additional funds due to insufficient federal resources. The Administration and Investigations Divisions had excess funds due to higher than anticipated food license fees from counties for the last three years and higher than anticipated indirect funds.
- **Action Finalized.** The actual amount transferred to the Health Facilities Division was \$320,000, with \$280,000 coming from the Administration Division and \$40,000 from the Investigations Division.
- **Staff Contact.** Dave Reynolds (515-281-6934) david.reynolds@legis.state.ia.us

Department of Workforce Development (IWD) – Labor Services Division

- **Appropriations Transfer.** The IWD requested a transfer of \$25,000 to the Labor Services Division. The funds are being transferred from the IWD Security Employee Training Program. The Department carried forward \$4,668 from FY 2009 to FY 2010 that was not authorized. After adjusting for the FY 2009 carryforward, an estimated \$24,367 will be available to transfer.
- **Reason for Transfer.** The transfer was requested due to a shortfall in federal funding and represents 0.7% of the original FY 2011 appropriation for the Labor Services Division. The funds being transferred were available because the Department is not operating the Training Program. The Training Program received a transfer of \$225 for FY 2009. There are no funds appropriated for the Training Program for FY 2012.
- **Action Finalized.** The actual transfer of \$12,872 was finalized on August 31, 2011.
- **Staff Contact.** Ron Robinson (515-281-6256) ron.robinson@legis.state.ia.us

IWD – Field Offices and Operations

- **Appropriations Transfer.** The IWD requested a transfer of \$250,000 to the IWD for Field Offices and Operations from the IWD Offender Reentry Program. The transfer represents 91.6% of the estimated available funds. The current and past Economic Development Appropriations Acts authorize the IWD to carry forward funds for both of these appropriations.
 - **Reason for Transfer.** The transfer was requested to assist in the transition from 55 field offices to 16 offices during FY 2012 and represents 2.3% of the original General Fund appropriation for Field Offices in FY 2011. The funds being transferred were available because staffing and office expenses were below what was anticipated by the Department. The Offender Reentry Program transferred out \$194,375 during FY 2009 and \$5,513 during FY 2010.
 - **Action Finalized.** The actual transfer of \$250,000 was finalized on August 31, 2011.
 - **Staff Contact.** Ron Robinson (515-281-6256) ron.robinson@legis.state.ia.us
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FY 2012 SCHOOL AID – FINAL CERTIFIED BUDGET TOTALS

Final FY 2012 School Aid Totals. The Department of Management has finalized the FY 2012 School aid amounts. The July 15 certification of school district budgets yielded the following statewide amounts for FY 2012 (see following table also):

- **Combined District Cost:** The FY 2012 combined district cost totaled \$3,887.3 million, an increase of \$5.5 million (0.1%) compared to FY 2011. Of the 351 school districts, 154 (43.9%) had an increase in combined district cost in FY 2012.
- **School Aid Property Taxes:** The uniform levy and additional levy combined to total \$1,314.5 million for FY 2012, an increase of \$65.0 million (5.2%). These levies are used to fund the property tax portion of the combined district cost. Part of the increase can be attributed to the reduction in Property Tax Equity Relief Funds from \$25.4 million in FY 2011 to \$6.7 million in FY 2012. The funds are generated from the sales/use tax for school infrastructure and are used to provide property tax relief through the school aid formula. The reduction in these funds accounted for \$18.7 million of the school aid property tax increase.
- **Total General Fund Levy:** School district general fund levies totaled \$1,689.0 million in FY 2012, an increase of \$42.4 million (2.6%) compared to FY 2011. The statewide average general fund levy rate (expressed in \$1,000 of taxable valuation) in FY 2012 is \$12.9219, a decrease of \$0.2094 (-1.6%) compared to FY 2011. The school district general fund levy consists of the uniform levy, the additional levy, the instructional support levy, the educational improvement levy, and the cash reserve levy.
- **Cash Reserve Levy:** School district cash reserve levies totaled \$273.5 million in FY 2012, a decrease of \$24.1 million (-8.1%) compared to FY 2011. The statewide average cash reserve levy rate in FY 2012 is \$2.0923, a decrease of \$0.2808 (-11.8 %) compared to FY 2011. Despite the decrease in the cash reserve levy in FY 2012, the total amount levied was the second highest ever.
- **Total School District Property Taxes:** The total school district property tax amount for FY 2012 was \$2,051.6 million, an increase of \$64.6 million (3.3%) compared to FY 2011. The average statewide total school district levy rate is \$15.5785 in FY 2012, a decrease of \$0.1505 (-1.0%) compared to FY 2011. Of the 351 school districts, 287 (81.8%) had an increase in the total levy amount and 127 (36.2%) had an increase in the total levy rate compared to FY 2011.

School District Funding: State Aid and Property Tax Amounts					
FY 2012 and FY 2011 (Dollars in Millions)					
	FY 2011	Estimated FY 2012	FY 2012 vs. FY 2011	Percentage Change	
Total State School Aid (All Sources) *	\$ 2,524.5	\$ 2,631.2	\$ 106.7	4.2%	
Total Levy to Fund Combined District Cost	\$ 1,249.5	\$ 1,314.5	\$ 65.0	5.2%	
Combined District Cost	\$ 3,881.8	\$ 3,887.3	\$ 5.5	0.1%	
School District General Fund Levy Total	\$ 1,646.6	\$ 1,689.0	\$ 42.4	2.6%	
Average School District General Fund Levy Rate **	\$ 13.1313	\$ 12.9219	\$ -0.2094	-1.6%	
Cash Reserve Levy Total	\$ 297.6	\$ 273.5	\$ -24.1	-8.1%	
Average Cash Reserve Levy Rate **	\$ 2.3732	\$ 2.0923	\$ -0.2808	-11.8%	
Total School District Property Taxes (All Sources)	\$ 1,987.0	\$ 2,051.6	\$ 64.6	3.3%	
Average Total School District Property Tax Rate **	\$ 15.7290	\$ 15.5785	\$ -0.1505	-1.0%	

*Includes adjustments for State aid shortfalls or reductions and other funds used in lieu of State General Fund dollars. Totals include funding for regular school aid, State categorical supplements, preschool formula funding, and funding from the Property Tax Equity and Relief (PTER) Fund.

**Property tax rates expressed in \$1,000 of taxable valuations.

Online Access. Final school aid data by school district is available on the web at:
<http://www.legis.iowa.gov/LSARReports/k12Historical.aspx>

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FY 2012 PRESCHOOL FORMULA PAYMENT ADJUSTMENT

Payments Adjusted. The FY 2012 preschool formula payments to school districts are being adjusted to allow the Department of Education to receive funding to administer the Preschool Program in FY 2012. The overall adjustment is \$33.33 per preschool budget enrollment (or approximately \$16.66 per preschool weighted enrollment) and will result in an on-behalf payment from the school districts to the Department totaling \$330,000. This adjustment to preschool formula funding is authorized in Code Section 256C.5(4). The adjustment was unnecessary in previous years because administrative funding for the preschool program was appropriated to the Department directly. The reduction in the preschool formula payments to school districts will be spread over 10 months (September 2011 – June 2012). Total preschool formula funding for FY 2012 is \$54.8 million and each district's preschool payment will be reduced by approximately 0.6%.

Additional Information. Reduction amounts by school district are available from the LSA.

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ELECTRONIC DOCUMENT MANAGEMENT SYSTEM (EDMS) PILOT PROGRAM

Project Expansion. The Judicial Branch has expanded the EDMS project to Sioux County. On July 25, the Clerk of Court Office began accepting electronic filing on all new cases and existing converted cases, with the exception of juvenile cases. Electronic juvenile case filings will be accepted in Sioux County beginning August 22. Electronic filing of civil cases is scheduled to begin in Woodbury County by November 1, 2011, with Crawford, Monona, and Ida Counties beginning next year (2012).

Update and Background. The EDMS is the electronic filing, storage, and management of documents filed with the Clerk's Office. Plymouth and Story Counties have already begun piloting the program. Plymouth County began January 6, 2010, and has completed the pilot. Story County began November 8, 2010, with civil cases. Criminal and traffic cases began June 1, 2011. There are currently more than 100,000 documents from cases electronically filed or scanned in Plymouth and Story Counties. There are approximately 2,000 attorneys from 58 Iowa counties and nine other states registered to use EDMS.

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EVALUATION OF IOWA NEW JOBS TRAINING PROGRAM (260E)

Study Completed. The Department of Revenue has completed the Tax Credits Program Evaluation Study for the Iowa New Jobs Training Program (Iowa Code Chapter 260E). The first portion of the study was published in April 2010 and provided background information on the Program, including funding and administrative costs, program awards, and employer claims against withholding taxes. The second and final portion of the study was published in July 2011 and provides an analysis of the economic impact of the Program on trainee wages, employee retention, State income tax revenue, productivity of participating firms and industries.

Website Location. Both parts of the study are available on the Department's website.

Part 1: http://www.iowa.gov/tax/taxlaw/job_training_programs_study_part1.pdf.
Part 2: http://www.iowa.gov/tax/taxlaw/job_training_programs_study_part2.pdf.

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NO CHANGE IN MOTOR FUEL TAX RATES FOR FY 2012

Fuel Tax Rate Remains Unchanged: On July 1, 2011, the motor fuel tax rate for unblended gasoline remained at the current 21.0 cents per gallon. The tax rate for ethanol-blended gasoline remained at 19.0 cents per gallon. The Department of Revenue determines the gasoline tax rate based on the market share percentage of ethanol blended gasoline sold during the previous calendar year, in accordance with Code Section 452A.3. During calendar year 2010, the percentage remained within the 70.0 - 75.0 % range; keeping fuel tax rates the same. The current fuel tax schedule sunsets on June 30, 2012.

Fuel Tax Schedule (expires June 30, 2012)		
Ethanol Market Share Percentage	Ethanol Tax	Unleaded Gasoline Tax
0% - 50%	19.0	20.0
50% - 55%	19.0	20.1
55% - 60%	19.0	20.3
60% - 65%	19.0	20.5
65% - 70%	19.0	20.7
70% - 75%	19.0	21.0
75% - 80%	19.3	20.8
80% - 85%	19.5	20.7
85% - 90%	19.7	20.4
90% - 95%	19.9	20.1
95% - 100%	20.0	20.0

Recent Rates. Prior to enactment of the tax schedule, fuel tax rates for unblended and ethanol-blended gasoline were 20.0 cents per gallon. Beginning in FY 2003, the per-gallon tax rate for unblended gasoline changed as follows:

- FY 2003: 20.1 cents per gallon
- FY 2004: 20.3 cents per gallon
- FY 2005: 20.5 cents per gallon
- FY 2006: 20.7 cents per gallon
- FY 2007: 21.0 cents per gallon
- FY 2008: 20.7 cents per gallon
- FY 2009: 21.0 cents per gallon
- FY 2010: 21.0 cents per gallon
- FY 2011: 21.0 cents per gallon
- FY 2012: 21.0 cents per gallon

Future Sunset. Fuel tax rates have remained the same since July 1, 2008. After the current tax schedules sunsets at the end of FY 2012, the unblended and ethanol-blended gasoline will resume a flat tax rate of 20.0 cents per gallon in FY 2013.

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PASSENGER RAIL UPDATE

Federal Railroad Administration Grant. On September 12, 2011, the Department of Transportation (DOT) sent a letter to the Federal Railroad Administration (FRA) requesting that the \$230.0 million grant be divided into \$87.0 million and \$143.0 million between Iowa and Illinois, respectively. The \$230.0 million grant had been awarded in October 2010 to both Iowa and Illinois. The proposed route covers 219.5 miles and would include new train stations in Genesco and Moline, Illinois, as well as Iowa City. Illinois has appropriated funds for its state match and is ready to proceed with implementation of the project. Division of the grant will allow Illinois to move forward to implement the Chicago to Moline section of the rail service and obligate its portion of the federal funds. The DOT requested that the \$87.0 million for Iowa's portion of the route remain on hold for future use by the State.

State Funding. State appropriations for passenger rail include \$3.0 million in FY 2010 from the Rebuild Iowa Infrastructure Fund (RIIF) and \$2.0 million in FY 2011 from the Underground Storage Tank Fund. In addition, there had been an out-year appropriation of \$6.5 million for FY 2012 from the RIIF, but during the 2011 Legislative Session, HF 648 (Infrastructure Appropriations Act) eliminated that appropriation. Intent language in the 2010 Legislative Session stated the intent of the General Assembly to fund up to \$20.0 million over four fiscal years to fully fund the State commitment for matching federal funds. This intent language was not affected by the 2011 Legislative Session and remains in Session Law. The State has spent \$500,000 of the combined funding for environmental studies, preliminary engineering and planning, and applications for FRA grants. The DOT plans to use \$1.0 million of the funds appropriated as the State match for a regional system planning study for Chicago to Omaha passenger rail service.

Chicago to Omaha Regional System Planning Study. In addition to the State funds, the planning study received a federal grant of \$1.0 million from the FRA in January 2010. Included in the planning study will be an assessment of providing higher speeds for rail service through different sectors. The current plan for rail service from Iowa City to Chicago includes maximum speeds of 79 m.p.h., but one goal is to consider the potential for increasing to speeds of 90 m.p.h. In addition, the DOT is exploring the feasibility of providing more express service to Chicago. The Chicago to Omaha study will include preferred route locations, costs of implementing service through Des Moines and on to Omaha, anticipated infrastructure needs, as well as estimated ridership, revenues, and operating and maintenance costs. In order to meet federal law and FRA requirements, the study must include environmental assessments and potential alternatives to the proposed route. The DOT anticipates that the study will take 18 months to 2 years to complete. Once the study is completed, the entire route will be eligible for federal grants.

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CORRECTIONAL OFFICER STAFFING

Correctional Staffing Update. Senate File 510 (Justice System Appropriations Act) provided an increase of \$2.1 million to fund 40 new correctional officer positions as follows:

- Three at the Director's discretion (assigned to Clarinda Correctional Facility).
- 17 at Clarinda Correctional Facility.
- 20 at the Anamosa State Penitentiary.

The funding (\$1,048,000) for 20 new positions at the Clarinda Correctional Facility will be used to maintain existing positions. The positions may be filled later in the fiscal year, if the budget permits it. The Anamosa State Penitentiary hired 5 new correctional officer positions with its funding (\$1,048,000). The remaining funds (\$786,000) will be used to maintain existing positions. The positions may be filled later in the fiscal year, if the budget permits it.

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PRIVATE SECTOR EMPLOYMENT OF INMATES – FY 2011 REPORT

Private Sector Inmate Employment. Iowa Prison Industries oversees the private sector employment of inmates as permitted in Iowa Code Section 904.809 and federal regulations. Currently four prisons have private sector employment of inmates:

- North Central Correctional Facility at Rockwell City has four employers.
- Newton Correctional Facility has two employers.
- Fort Dodge Correctional Facility has one employer.
- Clarinda Correctional Facility has one employer.

Additional information is available from the LSA.

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INTERIM WORKGROUP E-HEALTH BUSINESS AND FINANCIAL SUSTAINABILITY PLAN

Interim Workgroup Established. Section 111 of HF 649 (Health and Human Services Appropriations Act) directed the Department of Public Health (DPH) to convene an Interim Workgroup to develop a business model and financial sustainability plan for implementation of the Iowa e-Health System. The legislation specifies the members and information to be included in the plan that is due by December 1, 2011, to the Governor and the General Assembly. The DPH had a similar subcommittee of its e-Health Advisory Council, the Governance and Finance Workgroup, and is continuing to use those members that wanted to participate in the new Workgroup and with additional members added as required by the legislation.

Plan Requirements. The legislation requires the plan to include:

- Recommendations regarding fees to be paid by participants that choose to use the System;
- Strategies to avoid using General Fund money to sustain the System;
- Establishment of a dedicated Electronic Health Finance Fund; and the
- Transitioning of technical infrastructure, business operations, and governance of the System to a nongovernmental entity.

Meetings. The Workgroup has met several times this Interim including a meeting on September 16 that preceded a full meeting of the e-Health Advisory Council. The Workgroup is continuing to meet on a weekly basis via conference call. The meetings are held on Mondays from 2:00 to 4:00 p.m. To participate call 877-739-5902 or (213) 289-0021; the access code is 467-863-656. The Executive Committee and the full Advisory Council will meet on October 28 to approve the plan before it is submitted to the State Board of Health for final approval on November 9.

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INTERIM WORKGROUP LEGAL REPRESENTATION OF THE DEPARTMENT OF HUMAN SERVICES

Workgroup Established. The first meeting to review the issue of legal representation of the Department of Human Services (DHS) by county attorneys in child welfare cases was held on September 12 at the Drake Law Clinic. The Workgroup was established in Section 12 of SF 482 (Department of Human Services Technical Act) to discuss the issues relevant to HF 608 (County Attorney Duties) that was introduced during the 2011 Legislative Session.

Initial Meeting. The majority of the discussion in the first meeting centered on the reasons that the Iowa County Attorneys Association had proposed and advocated for HF 608 and the reasons that the DHS and the Office of the Attorney General are concerned about the legislation. Each entity was asked by the Workgroup to consolidate their talking points into one document each for the next meeting.

Future Meetings. The Workgroup has tentatively scheduled four additional meetings. All on are Mondays, from 2:00 to 4:00 p.m. at the Drake Law Legal Clinic in Des Moines. The dates are October 3, 17, and 31, and November 14.

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INTERIM WORKGROUP

JUVENILE DETENTION FUND REIMBURSEMENT

Workgroup Established. The Juvenile Detention Fund Reimbursement Workgroup met for the first time on September 8, 2011. The Workgroup is charged by Section 17 of HF 649 (Health and Human Services Appropriations Act) to review the current methodology for distribution of funds from the Juvenile Detention Fund and provide recommendations for alternatives in a report to specified members of the General Assembly and legislative staff by December 15, 2011. The legislation also indicated that it is the intent of the General Assembly to transfer the duties relating to the Fund to the Criminal and Juvenile Justice Planning (CJJP) Division of the Department of Human Rights beginning in FY 2013.

Fund Background. The Juvenile Detention Fund provides for partial reimbursement of eligible operating expenses for the publicly funded juvenile detention homes located around the State. Fines collected for reinstatement of drivers licenses are deposited to the Fund by the DOT and distributed to the Homes by the DHS. The DHS also licenses the beds in the Homes based on inspections conducted by the DIA. The CJJP collects data from the Homes.

Initial Meeting. The Workgroup reviewed the scope of their reporting and discussion per legislative intent and the current Iowa Code and Administrative Rules requirements for the Fund. Statistics were provided by the DHS and the CJJP relating to the historic distribution of the funds and the historic use of juvenile detention in Iowa.

Alternatives. The Workgroup discussed alternatives based on a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis conducted by a staff person at the Scott County Juvenile Detention Home with input from other facilities. The Workgroup identified additional points for each alternative and discussed possible hybrids and other ideas that were not included in the SWOT. For the next meeting, the CJJP will provide information to reflect how the different alternatives will impact funding to the Homes.

Next Meeting. The Workgroup will meet on October 3 at the West Des Moines Public Library.

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CHILD ABUSE REGISTRY STAKEHOLDER MEETING

The first and second meetings of the Child Abuse Registry Stakeholder Workgroup were held August 26 and September 22. The Workgroup is charged by Sec. 7 of House File 562 (Child Abuse Registry) to review specified areas of the State of Iowa Child Abuse Registry and to develop and implement improvements in the child abuse assessment and registry processes in order to ensure the due process rights of persons alleged to have committed child abuse. The legislation authorizes the DHS to implement short-term solutions that can be initiated without legislation and to provide recommendations from the Workgroup to the General Assembly for options to address long-term issues. A report is required by December 15, 2011.

In the first meeting, the DHS reviewed the work that is being done with the \$500,000 that was appropriated in HF 649 (FY 2012 and FY 2013 Health and Human Services Appropriations Act) to implement short-term changes relating to HF 562. Currently, the staff involved with the Child Abuse

Registry appeals process is documenting their work in a way to show where the newly appropriated resources should be applied.

Further discussion occurred around information and data that is needed by the Workgroup as their meetings continue as well as brainstorming for the topics of the next four meetings.

In the second meeting, the Workgroup discussed a range of options for creating efficiencies in the appeals process. Ideas were categorized as short-term solutions that would not require legislative approval, near-term solutions that could be presented to the legislature as early as this Session, and long-term solutions. Some ideas required more information that will be available for the next meeting.

For the next meeting, the Workgroup will tentatively discuss child abuse worker training and differential response on the Registry, including who gets on the Registry, for how long, and the possibility of being removed from it.

Future Meeting Dates. The tentative future meeting dates include October 21, November 18, and December 2. Additional information is available on request.

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CIVIL RIGHTS COMMISSION – FY 2010 AUDIT RESULTS

Audit Report Findings. The Auditor of State issued the FY 2010 audit report of the Iowa Civil Rights Commission with the following findings:

- Internal Control – one employee can initiate payroll actions, such as adding a new employee, while also being able to approve timesheets. The Commission responded that, in the future, the Executive Director will be the final approving authority for payroll actions.
- Donation in lieu of fines – The Commission was seeking voluntary contributions in the range of \$100 to \$300 to settle housing cases, and using the funds to provide fair housing training. The Auditor's Office found nothing in the Iowa Code, agency rules, or case law that expressly permits the Commission to seek voluntary contributions as part of mediation or the predetermination process. The Commission ceased seeking voluntary contributions as a term of settlement as of February 2011.
- Meeting minutes were not properly maintained. The Executive Director now maintains a file copy of all meeting minutes.

Report Online. The Auditor's report is available at <http://auditor.state.gov/reports/1160-1670-0R00.pdf>

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DEPARTMENT OF PUBLIC SAFETY AUDIT

The most recent audit of the Department of Public Safety completed by the State Auditor's Office included the following findings and responses:

- **Capitol Asset Inventory of Property** – The Auditor noted that many things were understated or not included. It was recommended that the Department develop written procedures to ensure a detailed, up-to-date capital asset listing is maintained. The Department responded it is part of their policy to maintain an up-to-date capital asset listing and reconcile with I/3, the Department's tracking system, and the Generally Accepted Accounting Principles (GAAP) package. The Department noted that due to the recent reduction in workforce in the Department's Finance area and the inability to replace those positions, and the requirement of the GAAP package to be completed within one week of the end of the fiscal year hold-open period, the errors on the GAAP package were not discovered until it was being reviewed by the Auditor's Office. The response was accepted.

- **Travel Reimbursements** – The Auditor noted that several itemized receipts did not include all the information required by the Department of Administrative Services (DAS) and were not signed by the employee. In addition, of a sampling of 70 receipts, 74.0% were not paid timely. It was recommended that the Department ensure DAS procedures are followed for reimbursement in a timely manner. The Department noted that it has held two Iowa Lean Consortium events in an attempt to find inefficiencies in the process and both identified the length of time between the employee's signature on a claim and the Division's approval, in some instances as long as two months. In addition, the Department noted it has lost 33.0% of the accounting staff due to budget reductions in FY 2010 and the provisions of Executive Order 13 caused additional delays. Until additional resources are available or the requirements of Executive Order 13 are rescinded, the Department is unable to address the deficiencies noted in the audit report. The response was acknowledged.
- **Targeted Small Business Reports** – The Auditor noted that the Department did not submit all required quarterly reports on a timely basis. The Department responded that as a result of budget reductions over the past decade, the Department has found it has had to identify tasks that will no longer be completed. The information requested is available in the I/3 Data Warehouse. The Department noted it felt no value was added by the Department editing the information for minute adjustments. The response was acknowledged. The Auditor did note that the Department should comply with the Code or seek to have the provision changed or repealed.
- **Personal Services Contracts** – The Auditor noted the Department does not maintain a listing of all current contracts. In testing 15 personal services contracts, 11 did not contain a nonavailability of funds clause, four did not have the evidence of bidding or sole source justification maintained, and one contract did not have a precontract questionnaire on file. It was recommended that the Department maintain a listing of all contracts entered into and those outstanding. Contracts should include the required elements as identified in statute and regulation governing state contracts. The Department noted that depending on the size and duration of the contract, a nonappropriation of funds clause may be irrelevant. If services are provided within a period of time the Department is reasonably certain funds will be available, or if the dollar value of the contract is so insignificant the inclusion of the clause is inconsequential. The Department does require all divisions to submit copies of all contracts to the Finance Bureau; however, despite these measures the Finance Bureau is not aware of contracts and memorandums of understanding. The response was acknowledged. The Auditor did note that the Department should establish procedures for the review and approval of personal services contracts prior to signing to ensure compliance with the DAS policies.
- **Reports of Fire and Emergency Responses** – The Auditor noted the State Fire Marshal's Office is only requiring local agencies to file a report for fire causing an estimated damage of \$50 or more or emergency responses by the fire service on an annual basis. The Code requires local fire officials to file a response with the Fire Marshal's Office for all fires causing an estimated damage of \$50 or emergency responses by the fire service within 10 business days following the end of each month. It was recommended the Department develop procedures requiring all local fire officials to report as required by the Code. The Department noted that the Fire Marshal's Office has made new reporting software available to local departments which will automatically generate the statutory report when the local department makes the initial report of a fire. Three weeks after deployment of the new software, nearly 15.0% of all departments had begun utilizing the program. The Fire Marshal's Office will continue to work toward 100.0% reporting by 100.0% of the departments. The response was accepted.

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BOARD OF CORRECTIONS MEETINGS

August 5 Board Meeting. The Board of Corrections met August 5, 2011, at the minimum security unit at the Newton Correctional Facility. Warden Mapes welcomed the Board and guests to the facility. Deputy Director Wilder-Tomlinson updated the Board on recent departmental activities. Deputy Director Hier gave the Board an overview of the budget process for FY 2012. Other agenda items included:

- The wardens and superintendent from Newton, Anamosa, Fort Madison, Mount Pleasant, and Oakdale provided a review of their current operating procedures. Due to budget constraints, overtime costs are being reduced. Certain security posts have been eliminated, which reduces the need for security staff but also restricts inmate movement. All wardens and the superintendent indicated there is a need for more staff to be hired.
- Community-Based Corrections (CBC) District Department Directors from the First, Sixth, Seventh, and Eighth District Departments also provided a brief overview of their operations and highlighted the need for more staff and treatment opportunities.
- The First CBC District Department ended its specialized Dual Diagnosis program. Offenders are being supervised but are not receiving the level of treatment as they had in prior years. The Waterloo Women's Facility for Change has been built but 45 beds remain vacant due to a lack of staff. The moderate-to-high risk women offenders are reporting to the facility, and field services staff are housed in the building.
- The Newton Correctional Facility's water main loop is leaking water at the rate of approximately 1,500 gallons per day. Major maintenance funds will be needed to fix the problem. Warden Ludwick indicated the construction will be substantially completed on the new maximum security prison by December 2012 in Fort Madison. He stated additional staff will be needed to operate the new beds. The minimum security John Bennett Unit and the maximum security Clinical Care Unit will both remain in operation at the current location, so there will be a split campus.
- Warden Fayram at the Anamosa State Penitentiary indicated the facility lost approximately 20.0% of its staff over the last decade. Vacancies were not filled across all job classes. Housing units have been closed which results in overcrowding of existing living areas. Superintendent Ron Mullins indicated the Sex Offender Treatment Program at Mount Pleasant has been reduced by staffing shortages.

August 19 Board Meeting. The Board met August 19 at the Fort Dodge Correctional Facility. Warden Jim McKinney welcomed the Board and guests to the facility. Director John Baldwin indicated that construction is progressing very well at Fort Madison and Mitchellville. Other agenda items included:

- Mr. William Hill, Office of the Attorney General, updated the Board on the impact of the recent Supreme Court decision, Anderson vs. the State of Iowa. Previous to this ruling, the DOC granted credit for time served on parole, work release, and OWI, while in a residential facility or county jail. Under the Supreme Court ruling, the DOC will grant credit for time served on probation as well, if that probation results in a revocation to prison. Approximately 3,400 offenders will be impacted by the ruling and they will serve less time under correctional supervision than under current practice. Of the impacted offenders, 2,152 are in prison. Of these, 117 are subject to civil commitment proceedings under Iowa's Sexually Violent Predator law.
- Deputy Director Brad Hier presented the Telephone Rebate Fund expenditures to the Board for review and approval. The Board approved:
 - \$450,000 for education funding.
 - \$99,000 for a victim coordinator.
 - \$45,000 for a mental health program.
 - \$56,000 for telephone administration.
 - \$1,000 for translation services.
- Deputy Director Brad Hier and Second CBC District Director Dot Faust updated the Board on the fluid budget process and CBC's role in the correctional system.
- The wardens and superintendent from Rockwell City, Clarinda, Mitchellville and Fort Dodge provided a review of their current operating procedures. Due to budget constraints, vocational training and meaningful job opportunities within the prisons are being reduced. All wardens and the superintendent indicated there is a need for more staff to be hired.
- The CBC District Department Directors from the Second, Third, Fourth and Fifth CBC District Departments also provided a brief overview of their operations and highlighted the need for more staff and treatment opportunities.

- The wardens and CBC District Directors did indicate they continue to partner with local communities for such items as storm damage clean up, Habitat for Humanity, Animal Rescue League, and the Leader Dog Program.
- The Board of Corrections met in the DOC Central Office in Des Moines on September 16. Director John Baldwin indicated the DOC is working with the mental health interim committee; three DOC staff is serving on three different subcommittees. The Director indicated that offenders under DOC and/or CBC supervision are a high percentage of mental health workload.
- The Director updated the Board regarding notification that the DOC recently received a \$592,000 two-year grant award for reentry efforts for offenders with co-occurring disorders. The grant will provide funds for the Iowa Medical Classification Center at Oakdale to provide primary treatment for offenders within six months of release from prison. These offenders will then be released to Black Hawk County for additional treatment, supervision, and aftercare treatment needs. The grant is based on a state – local collaborative partnership with local providers.
- The DOC and American Federation of State, County, and Municipal Employees (AFSCME) were sued by 27 former supervisors and one former staff of the Board of Parole regarding the loss of bumping rights in a lay off that occurred in 2010. The Public Employee Relations Board ruled against the State. The DOC is working with its former employees to discuss their options. Any costs, such as back pay, would come from the State General Fund rather than the DOC operating budget because the case crosses fiscal years. Costs are unknown at this time because the former employees are analyzing their options.
- Deputy Director Brad Hier explained the FY 2013 DOC operating budget and capital projects budget requests to the Board. Approximately \$173.4 million (50.0%) of the operating budget for FY 2013 has been appropriated in SF 510. The Board approved \$387.0 million for the operating budget in FY 2013, an increase of \$40.3 million (11.6%) compared to FY 2012. This includes:
 - \$173.4 million to restore FY 2013 to the FY 2012 funding level.
 - \$16.6 million to add critical staffing to the Institutions, CBC District Departments, and Central Office.
 - \$19.0 million to staff new beds in the CBC District Departments and Institutions. These beds are located in Waterloo, Sioux City, Cedar Rapids, Davenport, and Ottumwa, Mitchellville, and Fort Madison.
 - \$545,000 to fully fund the County Confinement Account and Federal Prisoners Contractual Account.
 - \$845,000 for fixed costs related to food, fuel, and pharmacy.
 - \$250,000 to fund vocational education.
 - \$1.2 million for additional staffing for the State Forensic Hospital at the Iowa Medical Classification Center at Oakdale.
 - \$725,000 to establish a treatment unit for young offenders who are mentally ill.
 - \$836,000 to fund substance abuse and mental health treatment contracts in the CBC District Departments.
 - \$302,000 to establish a dialysis unit at the Iowa Medical Classification Center at Oakdale, in collaboration with the University of Iowa Hospitals and Clinics.
 - \$123,000 to realign pharmacy staff between the Iowa Medical Classification Center at Oakdale and the Clarinda Correctional Facility.
- The Board approved a capital projects budget of \$54.1 million:
 - \$23.4 million for a residential facility in Des Moines.
 - \$10.7 million for a residential facility in Ames.
 - \$8.4 million for a residential facility in Burlington.
 - \$1.5 million for the Iowa Corrections Offender Network (ICON).
 - \$3.6 million for the federal narrowbanding mandate for radios.
 - \$3.0 million to study the Anamosa State Penitentiary locking system, fire escapes, and well at the Luster Heights Prison Camp.
 - \$425,000 to repair the hot water loop at the Newton Correctional Facility.
 - \$1.0 million for deferred maintenance projects in the CBC District Departments.

- \$2.0 million for deferred maintenance projects in the Institutions.
- Dr. Melinda Lamb updated the Board on mental health issues facing the DOC and CBC District Departments.

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MEETINGS MONITORED

Meeting	Date	Staff Contact
Benefits Advisory Council (BAC Board Meeting)	8/1/2011	Jen Acton
Board of Regents	8/4/2011	Dwayne Ferguson
Tobacco Use, Prevention, and Control Commission	8/5/2011	Sue Lerdal Deborah Thompson
School Budget Review Committee (SBRC) Retreat	8/9/2011	Shawn Snyder
Child Welfare Advisory Committee	8/12/2011	Deborah Thompson
Board of Corrections	8/5/2011 8/19/2011 9/16/2011	Beth Lenstra
Children's' Disability Services Interim Workgroup	8/16/2011 8/30/2011 9/13/2011 9/27/2011	Deborah Thompson
Iowa Commission on Volunteer Service	8/16/2011	Kent Ohms
Department of Economic Development Board	8/18/2011	Kent Ohms
Electrical Examining Board	8/18/2011	Jen Acton
Juvenile Justice Implementation Committee	8/24/2011	Deborah Thompson
Child Abuse Registry Interim Workgroup	8/26/2011 9/22/2011	Deborah Thompson
Brownfield Redevelopment Advisory Council	8/29/2011	Kent Ohms
Vertical Infrastructure Advisory Committee	8/31/2011	Marcia Tannian
Juvenile Detention Reimbursement Fund Interim Workgroup	9/8/2011	Deborah Thompson
HF 608 Study Group Meeting	9/12/2011	Beth Lenstra Deborah Thompson
Department of Human Services Council (FY 2012 Budget Offers)	9/12/2011 9/13/2011	Deborah Thompson Jess Benson
Transportation Commission Workshop (via Live Audio)	9/13/2011	Marcia Tannian
Iowa Telecommunications and Technology Commission	9/15/2011	Marcia Tannian
Iowa e-Health Advisory Council	9/16/2011	Deborah Thompson
Iowa e-Health Business and Financial Sustainability Plan Interim Workgroup	9/16/2011 9/26/2011	Deborah Thompson
Iowa Commission on Volunteer Service – Executive Committee	9/20/2011	Kent Ohms
Capitol Planning Commission	9/21/2011	Marcia Tannian
Insurance Commission	9/27/2011	Ron Robinson

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