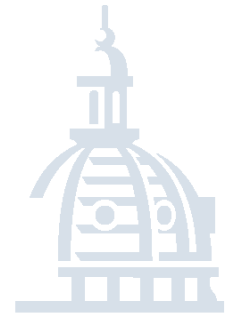


# FISCAL UPDATE

## *Fiscal Services Division*



February 18, 2013

### IN THIS ISSUE

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### STATUS OF APPROPRIATION BILLS

<a href="#">County Mental Health Supplemental Appropriation Bill</a>	<a href="#">HF 160</a>	Passed the House – 2/13
<a href="#">Education Reform Appropriations Bill</a>	<a href="#">HF 215</a>	Passed the House – 2/14
<a href="#">Property Tax and Equity Relief Fund Appropriation Bill</a>	<a href="#">SF 53</a>	Passed the Senate – 1/30

### RECENT PUBLICATIONS

**Recently Published.** The Fiscal Services Division has recently published the following:

- [FY 2012 Annual Urban Renewal Report – Tax Increment Financing \(TIF\)](#)
- [Minority Impact Statement detailed information for Fiscal Notes.](#)
- [Correctional Impact Statement detailed information for Fiscal Notes.](#)
- [Fiscal Notes:](#)

<a href="#">HF 198</a>	<a href="#">Home and Community Based Services, Staff Training</a>	2/14/2013
<a href="#">SF 162</a>	<a href="#">Regular Allowable Growth FY 15</a>	2/11/2013
<a href="#">SF 161</a>	<a href="#">Categorical Allowable Growth FY15</a>	2/11/2013
<a href="#">HF 121</a>	<a href="#">Unemployment Insurance Overpayments, Federal Conformity</a>	2/6/2013
<a href="#">HF 120</a>	<a href="#">Court Fees and Receipts</a>	2/6/2013
<a href="#">HF 4</a>	<a href="#">School Bus Purchasing, State Option</a>	2/5/2013
<a href="#">HF 110</a>	<a href="#">Internal Revenue Update</a>	2/5/2013
<a href="#">SF 110</a>	<a href="#">Federal Unemployment Insurance Conformity</a>	2/4/2013
<a href="#">SF 106</a>	<a href="#">Internal Revenue Update</a>	2/4/2013

### APPROPRIATION SUBCOMMITTEES

**Subcommittee Meetings.** The Appropriation Subcommittees are meeting on a weekly basis. For more information, see the Subcommittee websites listed below. These websites include: committee members, links to subcommittee meeting notices and minutes, and materials distributed.

Subcommittee	Staff
<a href="#">Administration and Regulation</a>	Dwayne Ferguson (281-6561) <a href="mailto:dwayne.ferguson@legis.iowa.gov">dwayne.ferguson@legis.iowa.gov</a>
<a href="#">Agriculture and Natural Resources</a>	Adam Broich (281-8223) <a href="mailto:adam.broich@legis.iowa.gov">adam.broich@legis.iowa.gov</a> Deb Kozel (281-6767) <a href="mailto:deb.kozel@legis.iowa.gov">deb.kozel@legis.iowa.gov</a>
<a href="#">Economic Development</a>	Kent Ohms (725-2200) <a href="mailto:kenneth.ohms@legis.iowa.gov">kenneth.ohms@legis.iowa.gov</a>
<a href="#">Education</a>	John Parker (725-2249) <a href="mailto:john.parker@legis.iowa.gov">john.parker@legis.iowa.gov</a> Robin Madison (281-5279) <a href="mailto:robin.madison@legis.iowa.gov">robin.madison@legis.iowa.gov</a>
<a href="#">Health and Human Services</a>	Estelle Montgomery (281-6764) <a href="mailto:estelle.montgomery@legis.iowa.gov">estelle.montgomery@legis.iowa.gov</a> Jess Benson (281-4611) <a href="mailto:jess.benson@legis.iowa.gov">jess.benson@legis.iowa.gov</a>
<a href="#">Justice System</a>	Beth Lenstra (281-6301) <a href="mailto:beth.lenstra@legis.iowa.gov">beth.lenstra@legis.iowa.gov</a> Jennifer Acton (281-7846) <a href="mailto:jennifer.acton@legis.iowa.gov">jennifer.acton@legis.iowa.gov</a>
<a href="#">Transportation, Infrastructure, and Capitals</a>	Dave Heuton (725-0509) <a href="mailto:david.heuton@legis.iowa.gov">david.heuton@legis.iowa.gov</a> Marcia Tannian (281-7942) <a href="mailto:marcia.tannian@legis.iowa.gov">marcia.tannian@legis.iowa.gov</a>

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## **SCHOOL DISTRICT MERGERS**

**School District Mergers.** The following school district mergers have recently been approved by the local districts and the State Board of Education:

Beginning in FY 2014:

- Preston (enrollment 333.5) and East Central (enrollment 338.0) will merge to form Easton Valley. The merged districts will be eligible to receive the uniform levy reorganization incentive through FY 2016.
- Woden Crystal Lake (enrollment 114.0) and Forest City (enrollment 994.7) will merge to form Forest City. The Woden Crystal Lake portion of the newly formed district will be eligible to receive the uniform levy reorganization incentive through FY 2016.

Beginning in FY 2015, the following districts will reorganize:

- Algona (enrollment 1,199.1) and Titonka (enrollment 145.0).
- Fredericksburg (enrollment 255.0) and Sumner (enrollment 573.5).
- East Greene (enrollment 321.2) and Jefferson-Scranton (enrollment 1,002.0).
- Rockwell City-Lytton (enrollment 472.1) and Southern Cal (enrollment 469.4).
- Districts with enrollments of less than 600 students in the year preceding the reorganization will be eligible to receive the uniform levy incentive through FY 2017.

In the upcoming months, voters in the following districts will determine the results of mergers in FY 2015 of the following districts:

- Elk Horn-Kimballton (enrollment 223.5) and Exira (enrollment 223.3).
- Corwith-Wesley (enrollment 115.0) and LuVerne (enrollment 76.0).
- Clarion-Goldfield (enrollment 798.6) and Dows (enrollment 124.3).
- Armstrong-Ringsted (enrollment 298.2) and Central (472.1).
- Districts with enrollments of less than 600 students in the year preceding the reorganization will be eligible to receive the uniform levy incentive through FY 2017.

**Incentives.** Reorganization incentives including the uniform levy rate reduction, whole grade sharing supplementary weighting, and supplementary weighting for eligible school districts that have reorganized, are set to expire. Based on current law, districts that reorganize after July 1, 2014, will no longer be eligible for the reorganization incentives.

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## **STATE FIRE MARSHAL GRANTS**

**Grants Received.** The State Fire Marshal's Office, in partnership with the Iowa Firefighter's Association, has received two grants totaling \$295,000 to support buying and installing home smoke alarm units in communities in Iowa. Firefighters from the following communities will be receiving alarms: Ankeny, Denison, Ottumwa, Storm Lake, Muscatine, Sioux City, Burlington, Ames, Carroll, Waterloo, Centerville, Breda, Oskaloosa, Marion, Harlan, Clive, Davenport, and Glidden. The grants will provide approximately 11,600 smoke alarms and 300 smoke/strobe units. Since October 2010, approximately 200 communities have installed 33,600 smoke alarms and 500 smoke/strobe units.

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## **IOWA COMMUNICATIONS NETWORK – REQUEST FOR PROPOSALS ISSUED**

**Request for Proposals (RFP).** On February 7, 2013, the Iowa Telecommunications and Technology Commission released the RFP to sell or lease the Iowa Communications Network (ICN), the State's statewide fiber optic network. The ICN backbone includes an estimated 3,400 of state-owned fiber and more than 5,200 miles of leased fiber connections. With the leased fiber, the ICN reaches all 99 counties in Iowa. The State will only sell or lease the state-owned portion of the network. The full RFP is available at: [http://icn.iowa.gov/sites/default/files/documents/RFP\\_13-006.pdf](http://icn.iowa.gov/sites/default/files/documents/RFP_13-006.pdf).

**Bid Proposals.** Bidders must submit proposals by April 30, 2013, to the ICN, and then the ICN will complete an analysis of the bids by June 30, 2013. After that, the ICN will receive guidance from the Governor's Office during the 2013 Legislative Interim. The 2011 legislation requiring the RFP required that any action to sell or lease the network must be approved by a constitutional majority in both chambers of the General Assembly and by the Governor, in accordance with [Iowa Code section 8D.12](#). Therefore, it is anticipated that any action on a bid to sell or lease the network would not occur until the 2014 Legislative Session, unless a Special Session is called before then.

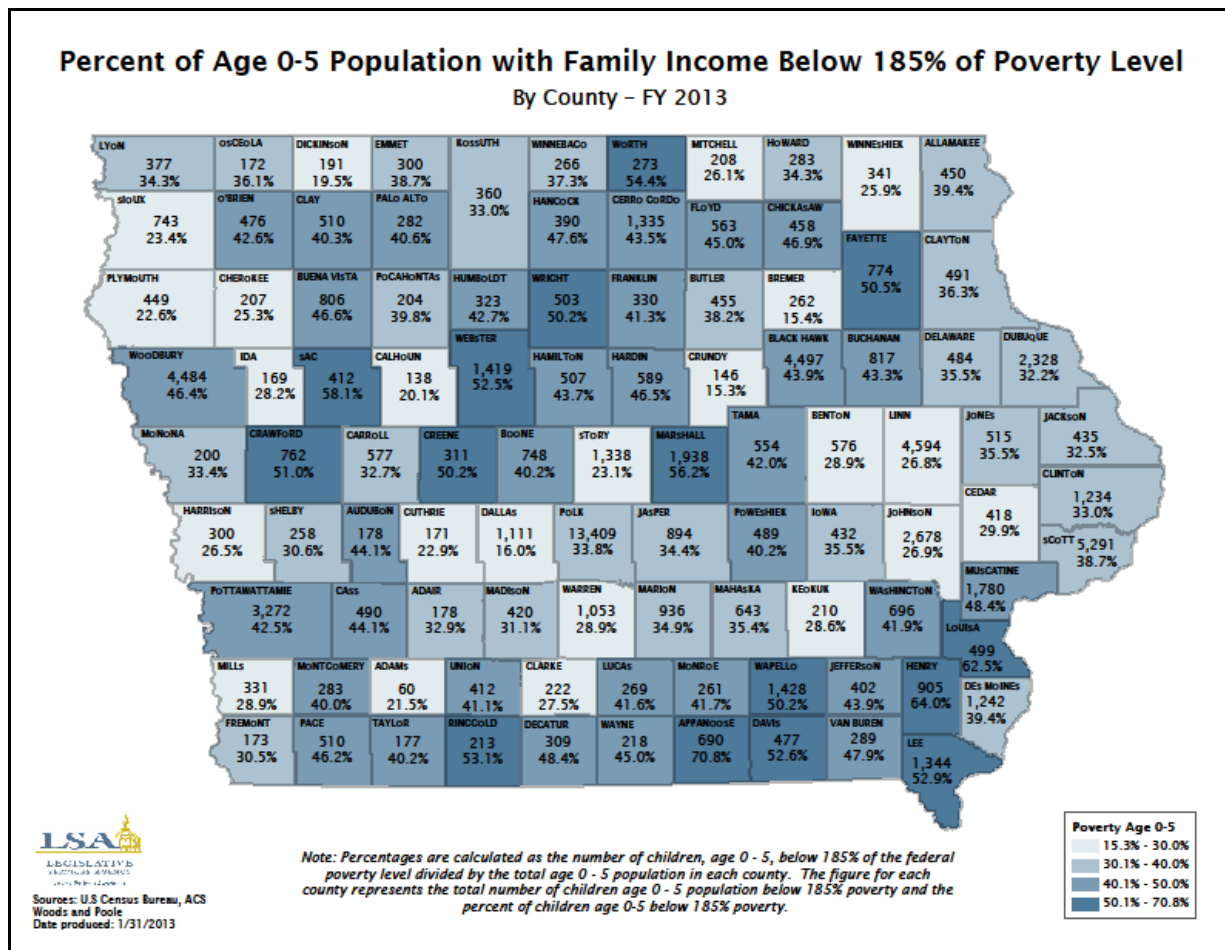
**Conference.** An offeror's conference is being held on February 21, 2013, at the Joint Forces Headquarters in Johnston. For more information about the meeting, see the [notice](#) on the ICN website.

**More Information.** For additional information and updates on the RFP process, see [www.ICNRFP.com](http://www.ICNRFP.com).

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### MAP – CHILDREN IN POVERTY

**Map.** The following map shows, by county, the number and percentage of Iowa children age 0-5 in families with income below 185% of the federal poverty level. This map and others are available online at <https://www.legis.iowa.gov/LSAReports/Mapping/mapOfTheWeek.aspx>.



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## **IOWA WORKFORCE DEVELOPMENT – AUDIT REPORT**

**Report Issued:** The Office of Auditor of the State recently released a [report](#) on February 8, 2013. The report was a review of certain Unemployment Insurance (UI) payments made by Iowa Workforce Development (IWD) from January 2006 through March 2011. The purpose of the audit was to review the internal controls and oversight procedures of the UI application process, payment process, and procedures for changing information in a claimant's UI account as a result of a former Workforce Advisor issuing improper payments totaling \$43,582. The Workforce Advisor pled guilty to embezzling federal funds and aggravated identity theft, was sentenced to four years in federal prison, and ordered to pay restitution.

**Findings & Recommendations:** The Auditor reported the following findings:

- The IWD was not compliant with [Iowa Code section 11.2\(2\)](#) that requires immediate notification of the office if any embezzlement, theft, or financial irregularities are discovered.
- The IWD should consider whether periodic verification of the information electronically submitted by claimants should be performed.
- The IWD performs weekly comparisons of select UI claimants to incomplete payroll information submitted by employers. The Department should explore options for standardizing the review criteria for claimants and gathering more complete information from employers.
- Some benefit change forms did not have proper supporting documentation in the digital archives.
- The Department should increase the segregation of duties and ensure proper documentation is obtained for all changes and that necessary employee actions are reviewed by a supervisor.

**Resolution:** The IWD reported that it is updating internal controls and is working with the U.S. Department of Labor to secure grants that will enhance program procedures using technology and business process analysis. Additionally, many UI functions were centralized by IWD in July 2012 to an UI Service Center in order to restrict the authority for making certain changes to a smaller group of trained staff as well as sending confirmation notices to claimants when a change is made.

**Complete Report:** The review includes recommendations to strengthen the internal controls and operations of the UI program. Copies of the review have been filed with the Department and the Workforce Development Board. A copy of the complete report is available at <http://auditor.iowa.gov/specials/1160-3090-BE00.pdf>.

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## **BOARD OF CORRECTIONS MEETING**

**February Meeting.** The Board of Corrections met February 8, 2013, at the Department of Corrections (DOC) Central Office. Director John Baldwin stated the prison population has been hovering around 8,200 offenders and is slowly ticking down. The prison count was 8,131 offenders on February 8, 2013, the lowest it has been since April 2002. The Community-Based Corrections (CBC) population was 30,357 offenders. The Director indicated the number of offenders on parole is increasing, while the number on probation varies. Other agenda items included:

- **CBC Beds.** The Governor's recommendation for FY 2014 provides funds to operate 151 CBC residential beds; that should have a direct impact on the prison population. The CBC District Departments contract with the U.S. Bureau of Prisons to house federal offenders. It is a revenue source and a way for federal offenders to transition back to Iowa communities. The Iowa Correctional Institution for Women at Mitchellville houses 14 women that are federal prisoners. Iowa prisons are not housing many male federal prisoners.
- **Recidivism.** The DOC's recidivism rates continue to trend downward. The Department continues to hire and train staff as vacancies occur. The Corrections Learning Center currently has 25 new staff in training.
- **Veterans Outreach.** Brian Brooks, Veteran's Administration (VA), explained to the Board the VA's outreach efforts to veterans in the prison system. The VA is working with Oakdale staff to identify veterans as they enter prison, and provide services to make their re-entry into the community a

success. Veterans are eligible for medical and mental health care through the VA as well as transitional housing. The Clarinda Correctional Facility is piloting a project to provide services via closed circuit television. This would reduce travel times and permit more veterans to be served.

- **Victim Services.** Fred Scaletta, DOC, updated the Board on victim services. He said the DOC garnishes offender funds, including money sent from family to offenders, for victim restitution. The first priority for restitution is pecuniary damages to victims. The primary record keeper of the amount paid for victim restitution is the clerk of court.
- **Staffing for New and Expanded Facilities.** Brad Hier, DOC, provided an overview of the Governor's recommendation for FY 2014 and FY 2015. The Governor's recommendation provides a net of \$4.0 million to operate new corrections beds – open 151 CBC residential beds; close the Luster Heights Prison Camp, Women's Unit at Mount Pleasant, and the Clinical Care Unit and the John Bennett Facility at Fort Madison; renovate a bunk house at Farm One to house minimum-security offenders at the new Fort Madison prison; and open the new maximum-security prison at Fort Madison and medium-security beds at Mitchellville.
- **Tele-psychiatry.** The Governor's recommendation provides \$398,000 for tele-psychiatry services at Oakdale that will serve the Clarinda Correctional Facility as well as offenders on CBC supervision. Lastly, the Governor's recommendation includes a General Fund increase of \$1.6 million to provide ongoing operating costs of the Iowa Corrections Offender Network (ICON).
- **Cooperation with Counties.** Delbert Longley, DOC, provided an update of how the DOC works with sheriffs and counties to set jail standards and administrative rules. The DOC also inspects county jails and holding facilities. There are 96 county jails and 11 holding facilities. The DOC is working with local law enforcement to create a web-based reporting system.
- **Legislative Update.** The DOC staff provided a legislative update on legislation of interest to the Department, such as restraints on pregnant women offenders, DNA collection, sexual exploitation, electronic monitoring of sex offenders, and housing offenders in nursing homes.
- **DOC Policies.** Director Baldwin discussed DOC policies with the Board. Members of the Board expressed concern that they are not reviewing policies and may not be meeting their fiduciary responsibility to Iowa citizens. After some discussion, the Director indicated he would have a representative from the Attorney General's Office at the next Board meeting.
- **Public Comment.** Stephanie Fawkes-Lee spoke during the public comments section of the meeting. She stated the Board unanimously passed a motion to support legislation related to offenders in labor and the use of restraints. Yet during the subcommittee meeting on the Bill, the DOC staff spoke against the Bill and indicated the Bill was unnecessary.

**Next Meeting.** The next Board meeting is scheduled for March 8, 2013, at the DOC Central Office. See the [DOC website \(http://www.doc.state.ia.us/default.asp\)](http://www.doc.state.ia.us/default.asp) for information related to the Department and the Board.

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## VETERANS TRUST FUND BALANCE

**Trust Fund Balance.** As of January 31, 2013, the Veterans Trust Fund balance is \$17.2 million. The total principal balance is \$16.8 million. The total spendable portion of the Trust Fund balance (including the interest income and the FY 2013 lottery transfer) is approximately \$464,000. Expenditures to date for FY 2013 have totaled approximately \$101,000.

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**MEETINGS MONITORED**

**Meetings Attended and Monitored.** The following meetings were monitored by Fiscal Services staff. Please contact the staff listed for more information.

<b>Meeting</b>	<b>Date</b>	<b>Staff Contact</b>
Iowa Telecommunications and Technology Commission	2/1/2013	Marcia Tannian (281-7942)
State Appeal Board	2/4/2013	Beth Lenstra (281-6301)
Board of Corrections	2/8/2013	Beth Lenstra (281-6301)

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This document is available online at: <https://www.legis.iowa.gov/LSAReports/fiscalUpdate.aspx>