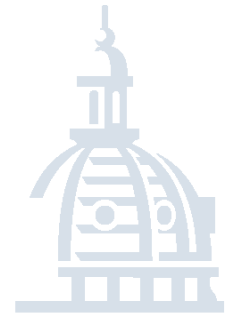


FISCAL UPDATE

Fiscal Services Division



July 12, 2013

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SUMMARY OF GOVERNOR’S ITEM VETOES

Governor’s Action. The Governor has signed, or item vetoed and signed, all of the appropriation acts. The following chart summarizes the funding impact of the vetoes.

Item Vetoes of General Fund Appropriations				
Bill No.		FY 2013	FY 2014	FY 2015
HF 648	Judicial Branch - Judicial Retirement	\$ - 18,900,000	\$ 0	\$ 0
HF 648	Public Safety - Peace Officer Retirement System	-91,300,000		
HF 648	Public Safety - Peace Officer Retirement (Standing Restored)		5,000,000	5,000,000
HF 648	Education - Core Curriculum	-1,000,000		
HF 648	Public Safety - Public Safety Task Force	-50,000		
HF 648	Public Safety - Regional Fire Training Centers	-150,000		
HF 648	Transportation - Dubuque Air Traffic Control grant	-150,000		
HF 648	Regents - ISU Biosciences Building	-2,500,000		
HF 648	Regents - UI Pharmacy Building Renovation	-3,000,000		
HF 648	Regents - UNI Schindler Education Center	-1,500,000		
HF 648	Workforce Development - Energy Sector Worker Grants	-300,000		
HF 648	Human Services - Mental Health Stabilization	-13,000,000		
	Total	\$ - 131,850,000	\$ 5,000,000	\$ 5,000,000
NOTE: Negative numbers above represent reduced appropriations and positive numbers represent an increase in appropriations.				
Item Vetoes that Impact General Fund Reversions				
		FY 2013	FY 2014	FY 2015
HF 446	Aging - Office LTC Resident Advocate	\$ 0	\$ - 200,000	\$ - 100,000
HF 446	Public Health - Public Protection		-28,644	
HF 446	Human Services - Medicaid - Comm. Based Service Waivers		-8,715,473	
HF 446	Human Services - Administration - Medical Health Advocate		-250,000	-125,000
	Total	\$ 0	\$ - 9,194,117	\$ - 225,000
NOTE: Negative numbers above represent reduced appropriations due to the Governor's item vetoes of various provisions that allocate funds from line item appropriations.				
Item Vetoes of General Fund Revenue Changes				
		FY 2013	FY 2014	FY 2015
SF 447	Cigarette Fire Safety Fund Balance	\$ 142,000	\$ 0	\$ 0
SF 452	Historic Preservation Tax Credit			200,000
	Total	\$ 142,000	\$ 0	\$ 200,000
NOTE: The Governor's item vetoes of the above bills will result in increased General Fund revenue.				

Acts Not Vetoed. Some appropriation acts were signed by the Governor without item veto. These include:

- [HF 603 – Administration and Regulation Appropriations Act](#)
- [SF 435 – Agriculture and Natural Resources Appropriations Act](#)
- [SF 442 – Judicial Branch Appropriations Act](#)
- [HF 602 – Transportation Appropriations Act](#)
- [HF 160 – County Mental Health Supplemental Appropriations Act](#)
- [HF 215 – Education Reform Act](#)
- [HF 613 – War Orphans Educational Assistance Fund Act](#)
- [HF 614 – Federal Block Grant Appropriations Act](#)

Item Veto Summaries. Following is a summary of the Governor's item vetoes of appropriation acts.

[SF 430 – Economic Development Appropriations Act.](#) The Governor signed SF 430 on June 20, 2013, and item vetoed the following:

- Section 1.2 that allows the Department of Cultural Affairs (DCA) to carry forward General Fund appropriations at the end of FY 2014.
- Section 16.2 that allows the DCA to carry forward General Fund appropriations at the end of FY 2015.
- Section 43 that allows the DCA to carry forward General Fund appropriations at the end of FY 2013.

Rationale. For all of these sections the Governor stated that the carryforward was unnecessary for the DCA and that the language does not advance his goals of returning predictability and sustainability to government budgeting.

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[HF 604 – Education Appropriations Act.](#) The Governor signed HF 604 on June 20, 2013, and vetoed portions of Section 30.1(b)(4) and Section 54.1(b)(4). The language describes specifications required for a Request for Proposals (RFP) that the Department of Human Services must use to select an entity to implement a pilot project. The pilot project is intended to provide supplemental support services for international refugees to improve learning, literacy, cultural competencies, and assimilation.

Rationale. The Governor expressed concern that the language would limit the allocation of funding to a single entity without a competitive RFP process. The Governor vetoed the language in both the FY 2014 and FY 2015 appropriations.

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[SF 446 – Health and Human Services Appropriations Act.](#) The Governor signed SF 446 on June 20, 2013, and item vetoed the following sections of the Act:

- Section 2.1 that adds two additional long-term care resident advocates and an allocation of \$200,000. The Governor stated the Department on Aging is currently going through a redesign that is reviewing the state services and that it is important to ensure that all new positions are consistent with the redesign. The Governor also vetoed this allocation in FY 2015.
- Section 3.8(e) that allocates \$28,644 for the Emergency Medical Services (EMS) Taskforce. The Governor stated the goals of the task force can be covered by the Department of Public Health's (DPHs) regulatory bodies.
- Section 4.2(d) that requires the Veterans Home to report expenditures monthly to the Legislative Services Agency (LSA). The Governor indicated the requirement is redundant and overly burdensome. The Governor also vetoed this requirement for FY 2015.
- Section 12.19(e) that requires the DHS to report quarterly on Medicaid cost containment strategies. The Governor stated that the LSA, Department of Human Services (DHS), and the Department of

Management (DOM) meet monthly and cost containment information is shared at these meetings; this information is available in the State's accounting and budgeting systems. The Governor also vetoed this paragraph in FY 2015.

- Section 12.20 that allocates \$8.7 million to reduce the Medicaid Home and Community-Based Services (HCBS) waiting list and stated that past history demonstrates that funding specifically earmarked to buy down the waiting list is not a successful long-term solution. Additionally, the Iowa Health and Wellness Plan will be implemented January 1, 2014, and will provide access to health care for individuals on the waiting list.
- Section 26.1 that requires the DHS to fill all field positions authorized and to file a monthly report. The Governor stated transparency is already available and this intent language is a burdensome mandate. The Governor also vetoed this requirement and the report in FY 2015.
- Section 27.2 that requires a monthly operational and program expenditure report by the DHS to the LSA, and stated this information is already available within the State's accounting and budgeting system. The Governor also vetoed this report in FY 2015.
- Section 27.5 that allocates \$250,000 for a new Office of Mental Health Advocate and stated it is best these advocates remain at the county level. The Governor also vetoed this allocation in FY 2015.
- Section 29.8 that requires provider rates to be used to increase compensation costs of employment for non-administrative staff and stated that the DHS does not have the ability to monitor or determine compliance and providers are best equipped to manage their own budgets.
- Section 49 that allows penalties and fines to be appropriated to the Office of Long-Term Care Resident's Advocates. The Governor stated that it sets a dangerous precedent and creates a conflict of interest.
- Division X that requires an EMS task force report. The Governor stated the goals of the task force can be covered by the DPH's regulatory bodies.
- Section 83.5(b) that allows the new Autism Support Program Fund to carryforward the year-end balance to the next fiscal year. The Governor stated carryforward balances are a budgeting practice not supported by his administration.
- Section 84.2 that allows the DHS to enter into a sole-source contract without a competitive bidding process for Autism Support implementation. The Governor indicated the process needs a full review and competitive bidding contracts ensure the best value for the taxpayer.
- Division XIX that creates a new study committee on placement of sexually aggressive individuals or individuals with unmet psychiatric needs. The Governor stated that his administration has a workgroup that is working on recommendations on this issue and is open to public input.
- Section 128 that requires a telepharmacy report. The Governor stated the report is unnecessary because the information is available upon request by the General Assembly.

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SF 447 – Justice System Appropriations Act. The Governor signed SF 447 on June 20, 2013, and item vetoed the following:

- Section 1.1(b) that prohibits the Department of Justice from requiring local victim service providers from closing a facility as a condition of receiving a grant. The Governor stated this section unduly restricts the Department while transitioning to new, community-based services for victims.
- Sections 1.1(b) and 19.1(b) that permits the unspent balance of the General Fund appropriation for Victim Assistance Grants to carry forward into the next fiscal year. The Governor stated the language does not advance his goals of returning predictability and sustainability to government budgeting.
- Sections 3.1(a) and 21.1(a) that requires the Department of Corrections (DOC) to submit a report on the use of the housing units at the Fort Madison Correctional Facility. The Governor indicated the reports are redundant because the same report was submitted to the General Assembly on January 15, 2013.
- Section 4.1(a) that prohibits the DOC from entering into new contracts in excess of \$100,000 for privatized services during FY 2014, without prior notification of the Chairpersons and Ranking Members of the Justice System Appropriations Subcommittee, and without any prior consultation with any affected employee organization. The Governor stated the language prevents the DOC from

obtaining services in an effective and efficient manner, and the notification requirement impedes the DOC's management authority.

- Division IV – Section 40 in its entirety. The Division creates a Public Safety and Training Task Force charged with developing a coordinated plan for a consolidated fire and police training facility. The Governor stated that his administration's goal is to reduce the size and cost of government by 15.0% and the issue can be reviewed without growing the size and cost of government.
- Section 45 that provides carryforward language from the balance in the Cigarette Fire Safety Standard Fund to the Victim Assistance Grants Program in the Department of Justice. The Governor vetoed this section in its entirety, stating that the carryforward language does not advance his goals of returning predictability and sustainability to government budgeting.
- Section 55 that permits the Office of the Attorney General to be reimbursed up to \$2.0 million annually from the Consumer Education and Litigation Fund. Current law makes a standing limited appropriation of \$1.2 million from the Fund to the Office of the Attorney General. However, SF 510 (FY 2012 Justice System Appropriations Act) notwithstanding the appropriation limits and increased the reimbursement to \$2.0 million through FY 2013. The Governor's veto reduces the Office's spending authority by \$800,000 compared to current law. The Office indicates it will use other internal funds to meet existing obligations. The Office intends to seek approval to restore the spending authority to the FY 2013 level.

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SF 452 – Standing Appropriations Act. The Governor signed SF 452 on June 20, 2013, and item vetoed the following sections:

- Section 30 that allocates \$200,000 from the FY 2014 Medicaid appropriation to the Iowa Chronic Care Consortium. This continues funding at the level the Consortium received in FY 2013. The Governor vetoed this section stating that the strategic planning process is duplicative of current efforts already taking place within Medicaid and that the revenue from the Clinical Health Coach Training Program will eventually allow the Iowa Chronic Care Consortium Board to become a self-sustaining enterprise.
- Sections 31 – 34 that require that certain appropriations provided to the Departments of Public Safety and Corrections in SF 447 (Justice Systems Appropriations Act) for operational costs be used to retain nonsupervisory personnel and not be used for administrative purposes. The Governor stated that these requirements restrict the departments from fulfilling their missions and that it is not appropriate to direct departments to treat employees differently solely based on an employee's classification.
- Division XI that increases the annual cap on Historic Preservation and Cultural District and Entertainment District Tax Credits from the current level of \$45.0 million to \$55.0 million for FY 2015, FY 2016, and FY 2017. Beginning in FY 2018, the annual cap is then set at \$50.0 million. The Governor vetoed this Division stating that there is currently a stakeholder group, created through Executive Order 80, reviewing this tax credit program and it is his plan to approach changes to the Historic Preservation tax credits in a comprehensive and thoughtful manner.
- Division XXI that allows a private agency (defined as a residential facility licensed under Iowa Code, chapters [135H](#) or [237](#)) that contracted with a school district to provide general or special education instructional programs on or before FY 2011 for FY 2012 and FY 2013, the facility may charge the school district for the costs of the programs. These costs may include costs of general administration, health service, attendance officers, plant operation, plant maintenance, instructional costs, equipment, transportation, and property casualty, and liability insurance. The Governor vetoed this Division and stated that this provision would legalize what are currently nonpermissible expenditures for educational funding, including expenditures related to administration, facilities, and mental health costs. He stated further that this would cause an expansion of allowable expenditures resulting in an increase in state spending as a result of these provisions, and because many school districts already operate at a deficit, this increase would be passed on to local property taxes.

- Section 182 that allocates \$11.8 million in funding that was previously appropriated to the State Payment Program for payment to counties in the same amount counties received over the previous 12 months. The State Payment Program was to pay for individuals who had no county of legal settlement. County of legal settlement has been eliminated and payment is now based on county of residency. The Governor vetoed this section stating that the State currently passes federal funds through to the counties and this provision requires the State to cover any reduction of federal funds for the counties.

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SF 396 – Government Efficiency Act. The Governor signed SF 396 on June 20, 2013, and item vetoed the following items:

- Section 40 that requires the Department of Administrative Services (DAS) to purchase and implement a new payroll system for the Executive Branch agencies, except the Board of Regents.
- Section 42 that requires the DAS to issue a request for proposals (RFP) for a Human Resource Management System including a payroll system by December 31, 2013.
- Section 43 that requires the DAS to submit annual reports to the General Assembly concerning the development and implementation of a new Human Resource Management System, including a state payroll system.

In reference to the three sections above, the Governor stated that a mandate to purchase a new payroll system at this time is inappropriate and that the DAS may review the payroll system to make a determination about the best way to proceed while protecting and serving the taxpayers of Iowa.

Bumping Rights. The Governor also vetoed Section 41 that prohibits noncontract employees from bumping contract employees in the case of a reduction in force as a result of the implementation of the centralized human resources management plan. The Governor stated that in order to achieve increased efficiencies within state government, his administration is committed to finding areas to consolidate duplicative efforts and in doing so ensure that various classifications of employees are treated fairly.

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HF 638 – Infrastructure Appropriations Act. The Governor signed [HF 638](#) on June 20, 2013, and item vetoed the following:

- Section 1.1(a) that allocates \$1.8 million of the appropriation for major maintenance for the relocation of all employees from the Wallace Building by December 31, 2013, indicating intent to renovate the Wallace Building. The Governor stated that his top priority for the Capitol Complex is renovation and repair of the State Historical Building.
- Section 1.1(b) that appropriates \$500,000 in FY 2014 and \$3.9 million in FY 2015 for repair, design, and planning for a remodeling of the Wallace Building. The \$500,000 in FY 2014 was directed to the costs for moving employees from the Wallace Building by December 31, 2013. The Governor vetoed all of the funding for the Wallace Building and stated that his top priority for the Capitol Complex is the renovation and repair of the State Historical Building.
- Section 1.3(b) that appropriates \$1.0 million to the River Enhancement Community Attraction and Tourism (RECAT) Program. The Governor stated that the Iowa Economic Development Authority (IEDA) did not request the appropriation and it was not included in the Governor's budget recommendations.
- Section 1.4 that appropriates \$300,000 for nursing home facilities renovation and improvements. The Governor stated that the Department of Human Services did not request the appropriation and that nursing facilities are receiving an estimated \$15.3 million provider rate increase and that is \$1.0 million more than the Governor's budget recommendations.
- Division VIII that requires the IEDA to conduct a study regarding the Community Attraction and Tourism (CAT) Program and the effectiveness of giving priority to projects that attain the highest number of visitors and highest match levels. The Governor stated that the CAT Program has been an important economic development tool in smaller communities and the study indicates a shift in the focus for the Program that the Governor cannot support.

- Section 44 that adds language to an FY 2010 Rebuild Iowa Infrastructure Fund appropriation for the Wallace Building requiring \$800,000 to be used for the relocation of the employees in the Wallace Building by December 31, 2013. The Governor stated that his top priority for the Capitol Complex is the renovation and repair of the State Historical Building.

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HF 648 – Bond Repayment and Supplemental Appropriations Act. The Governor signed HF 648 on June 20, 2013, and item vetoed the following:

- Division II that appropriates \$110.2 million in supplemental funding for two retirement systems, \$18.9 million to the Judicial Retirement Fund and \$91.3 million to the Peace Officers' Retirement, Accident, and Disability System Retirement Fund (POR Fund), and eliminates the \$5.0 million standing appropriation from the General Fund for the POR Fund that was slated to begin in FY 2014. The Governor stated that the shortfalls of the retirement systems should not be borne only by the taxpayers of the State and that a comprehensive, long-term, and sustainable plan is necessary for making up the shortfalls. With the veto, the standing appropriation of \$5.0 million from the General Fund for the POR Fund is restored, beginning in FY 2014.
- Section 9.6(c) that appropriates \$1.0 million for major maintenance and general infrastructure improvements for community colleges. The Governor stated that the community colleges have received other increases and additional funding beyond the Governor's budget recommendations.
- Section 9.10(b) that appropriates \$50,000 to the Department of Public Safety for administrative support of the new Public Safety Training and Facilities Task Force. The Governor vetoed the Task Force in SF 447 (FY 2014 Justice Systems Appropriations Act) and stated that the funding is not needed.
- Section 9.10(c) that appropriates \$150,000 for equal distribution to the 11 regional emergency response training centers. The Governor stated that providing funding to entities without guidance or oversight is not an efficient use of taxpayer funds.
- Section 9.11(g) that appropriates \$3.0 million for design and planning for renovations and new facilities for the Pharmacy Building at the University of Iowa. The Governor stated that due to the projects being estimated at \$67.6 million, it is not appropriate to spend taxpayer money designing and planning the projects until the strategic plans and sustainable financing are secure. The Governor further stated that the Board of Regents should continue to engage in a long-term strategic planning process to review infrastructure needs in light of changes in educational technology and that technology and innovation should make it feasible to deliver high-quality education to students at lower tuition and infrastructure costs.
- Section 9.11(h) that appropriates \$2.5 million for design and planning for a new Biosciences Building at Iowa State University. The Governor stated that due to the project being estimated at \$42.5 million, it is not appropriate to spend taxpayer money designing and planning the project until the strategic plans and sustainable financing are secure. The Governor further stated that the Board of Regents should continue to engage in a long-term strategic planning process to review infrastructure needs in light of changes in educational technology and that technology and innovation should make it feasible to deliver high-quality education to students at lower tuition and infrastructure costs.
- Section 9.11(i) that appropriates \$1.5 million for design and planning for renovations and improvements for the Schindler Education Center at the University of Northern Iowa. The Governor stated that due to the project being estimated at \$31.6 million, it is not appropriate to spend taxpayer money designing and planning the project until the strategic plans and sustainable financing are secure. The Governor further stated that the Board of Regents should continue to engage in a long-term strategic planning process to review infrastructure needs in light of changes in educational technology and that technology and innovation should make it feasible to deliver high-quality education to students at lower tuition and infrastructure costs.
- Section 9.12 that appropriates \$150,000 for the operation of a contract air traffic control tower in Dubuque. The Governor stated that despite concerns that federal funding would be withheld due to sequestration, federal funding was restored and the State funds are no longer needed.
- Section 9.14 that appropriates \$300,000 for a grant to an entity that provides education and training for occupations in Iowa's renewable energy production industries and related educational opportunities. The Governor stated that while he supports renewable energy and job opportunities

with it, the spending provides State taxpayer dollars for a program pursuant to a federal grant without State guidance or oversight and is not the best use of taxpayer funds. The Governor further stated that the State already provided \$15.8 million in FY 2014 for workforce training through the Iowa Skilled Worker and Job Creation Fund, an increase of \$7.8 million compared to estimated FY 2013.

- Section 10 that appropriates \$13.0 million in supplemental funding for the Mental Health Risk Pool that provides funds to counties for mental health services. The Governor stated under the new Iowa Health and Wellness Plan, Iowans will have access to high quality mental health services that will be fully funded by federal dollars, reducing the burden on county mental health funds. The Governor further stated that counties are receiving \$11.6 million to aid in the redesign of the mental health system and \$29.8 million in an equalization payment, as well as \$110.7 million collected in property taxes to support mental health services and that the supplemental funding for the Mental Health Risk Pool is not needed at this time.

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APPROPRIATION TRANSFERS

Department of Public Defense. The Department of Public Defense transferred \$15,521 from the Muscatine Armory and \$4,333 from the Middletown Armory for a total of \$19,854 to the Facility/Armory Maintenance Account. The actual State cost share of both the Muscatine and Middletown Readiness Center construction projects was less than the original anticipated amount. Both projects have been completed and no further obligations remain. The actual cost of the Facility/Armory Maintenance Account has been higher than anticipated due to the number of maintenance projects and the cost of the contracts. The transfer of funds will cover these additional costs.

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College Student Aid Commission. The College Student Aid Commission transferred \$30,000 from the Scholarship and Tuition Grant Reserve Fund to the Iowa Vocational-Technical Tuition Grant Program. The transfer was needed to cover a group of students at Iowa Western Community College who were approved to receive the Vocational-Technical Tuition Grant. As a result of staff turnover, there was an error in Iowa Western's reporting to the Commission, and the students were omitted. The error was not discovered until after the Commission had already committed the FY 2014 appropriation of \$2.3 million.

The Scholarship and Tuition Grant Reserve Fund consists of carryover amounts from the annual State appropriations for the Iowa Tuition Grant and Vocational-Technical Tuition Grant. The Commission is permitted to retain up to 1.0% of the annual appropriations for reserve purposes.

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Department of Human Services. The LSA was notified by the Department of Management of two transfers by the Department of Human Services.

- **Civil Commitment Unit.** The first transfer is up to \$394,542 to the Civil Commitment Unit for Sexual Offenders (CCUSO) from the Mental Health Institutes (MHIs) at Cherokee (\$251,251), Clarinda (\$62,123), and Independence (\$81,168). The transfer will be used to cover costs associated with patient care at the CCUSO.
- **Eldora.** The second transfer was up to \$163,149 to the State Training School at Eldora from the Mt. Pleasant MHI. The transfer will be used to cover the costs associated with client care at the State Training School at Eldora.

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DEPARTMENT OF CORRECTIONS REALLOCATIONS

Reallocations. The LSA was notified June 17, 2013, of the reallocation of \$633,400 in FY 2013 General Fund appropriations within the corrections system. The notice and reallocations are made pursuant to HF 2335 (FY 2013 Justice System Appropriations Act) and [Iowa Code section 904.116](#). The table below shows the amounts transferred between the operating budgets for the prisons and Central Office.

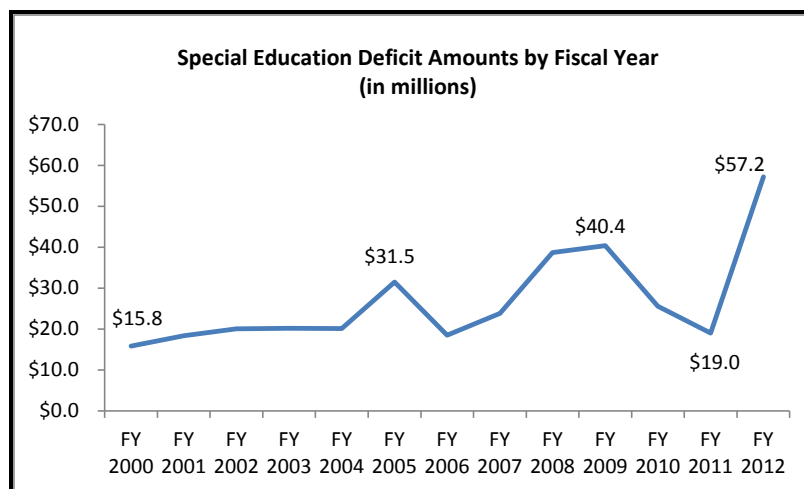
Reallocation of FY 2013 General Fund Appropriations

Reallocation from:	Amount Out:	Amount In:	Rationale:
Oakdale Prison	\$ 369,414		Cost savings in outside services and drugs and biologicals.
Reallocation to:			
Central Office		\$ 260,000	Maintain payroll costs and replace high mileage vehicles.
Anamosa Prison		109,414	City of Anamosa assessment to properly filter sewage from the prison.
Subtotal:	\$ 369,414	\$ 369,414	
Reallocation from:			
Clarinda Prison	\$ 264,000		Cost savings in housing and professional supplies, uniforms, communications, and equipment.
Reallocation to:			
Anamosa Prison		\$ 60,000	Unexpected maintenance repairs to boilers, dietary freezer and service of electrical generators.
Rockwell City Prison		54,000	Unanticipated repairs related to plumbing, equipment maintenance, boilers, electrical supplies, and offender clothing.
Mitchellville Prison		150,000	Unanticipated costs for offender clothing, medical and laundry supplies, and plumbing repairs.
Subtotal:	\$ 264,000	\$ 264,000	
Total Amount Reallocated:	\$ 633,414	\$ 633,414	

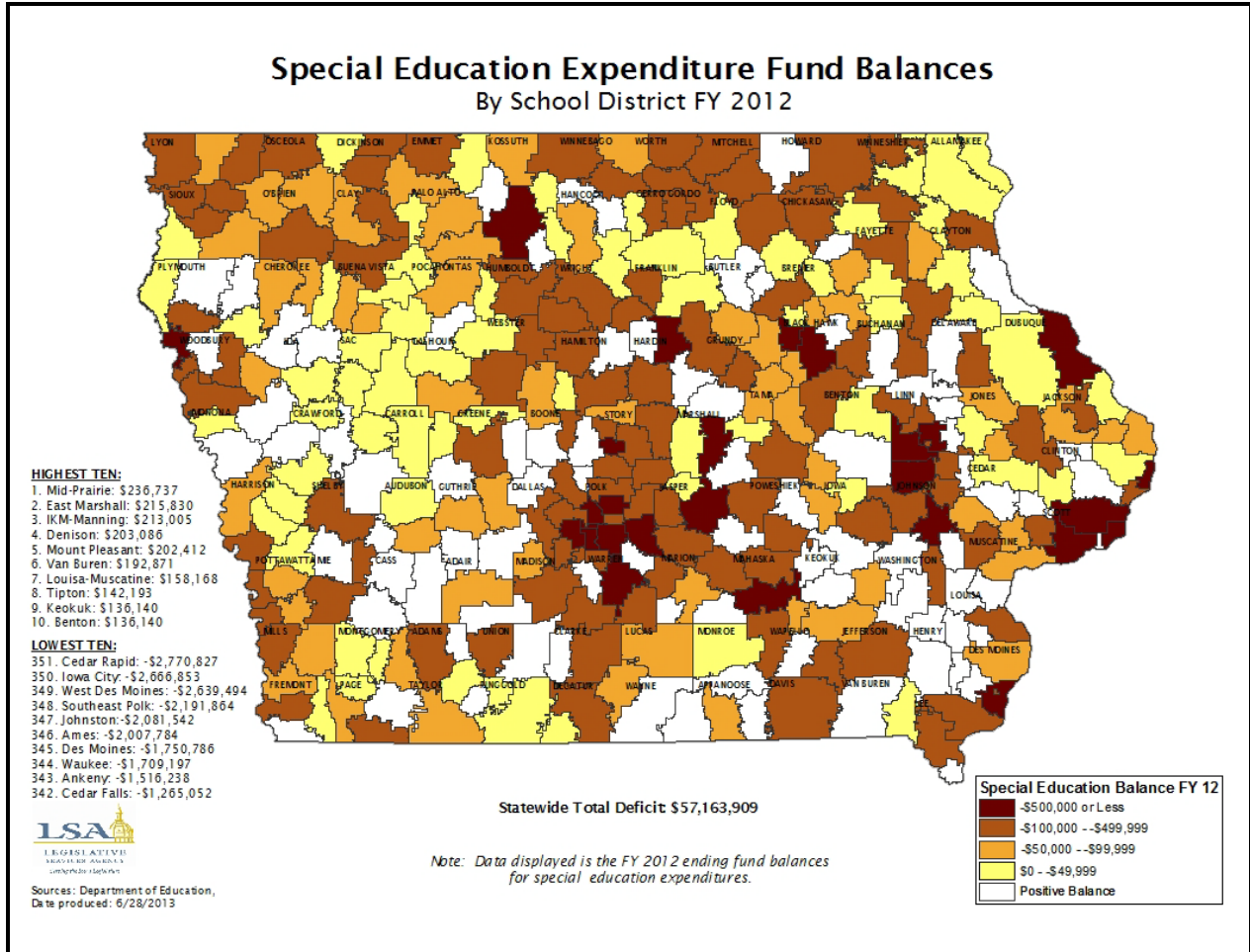
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SPECIAL EDUCATION DEFICIT AMOUNTS

Deficit. Based on Department of Education data, school district expenditures for special education instruction programs exceeded revenues designated for special education instruction programs by \$57.2 million in FY 2012 (referred to as Special Education Deficit Amounts). The following graph provides the special education deficit amounts from FY 2000 to FY 2012.



Budgets. Each fiscal year, the statewide total of special education expenditures has exceeded the special education revenue amount. However, the amounts vary by district and in some cases, districts may have positive balances (expenditures less than revenue amounts). Of the 351 school districts in FY 2012, 85 (24.2%) had a positive special education balance totaling \$4.9 million and 266 (75.8%) had a negative balance (or deficit) totaling \$62.0 million. The following map provides district information on special education deficits for FY 2012. To recover costs associated with special education deficits, school districts may request and be granted modified allowable growth from the School Budget Review Committee. The amount of modified allowable growth requested and approved for the deficit associated with FY 2012 totaled \$52.1 million.



Additional information. For additional information regarding special education funding deficits, contact the LSA.

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FY 2014 SCHOOL AID – FINAL CERTIFIED TOTALS

FY 2014 School Aid. The Department of Management has finalized the FY 2014 school aid amounts. The finalized certification of school district budgets yielded the following statewide amounts for FY 2014 (see following table also):

- **State School Aid:** The FY 2014 State school aid amount (including preschool formula aid and property tax equity and relief funds) totaled \$2,725.6 million, an increase of \$64.5 million (2.4%) compared to FY 2013. Of the 346 school districts, 202 (58.4%) had an increase in State school aid.

- **Combined District Cost:** The FY 2014 combined district cost totaled \$3,997.2 million, an increase of \$86.5 million (2.2%) compared to FY 2013. Of the 346 school districts, 225 (65.0%) had an increase in combined district cost in FY 2013.
- **School Aid Property Taxes:** The uniform levy and additional levy combined to total \$1,337.9 million for FY 2014, an increase of \$27.1 million (2.1%). These levies are used to fund the property tax portion of the combined district cost. Most of the increase can be attributed to the reduction in the uniform levy amount in FY 2014, which increased \$29.6 million compared to FY 2013. The increase in the uniform levy amount was directly correlated to the taxable valuation increase of 4.0% for FY 2014.
- **Total General Fund Levy:** School district general fund levies totaled \$1,642.9 million in FY 2014, a decrease of \$4.2 million (-0.3%) compared to FY 2013. The statewide average general fund levy rate (per \$1,000 of taxable valuation) in FY 2014 is \$11.6110, a decrease of \$0.5447 (-4.5%) compared to FY 2013. 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 \$190.1 million in FY 2014, a decrease of \$41.4 million (-17.9%) compared to FY 2013. The statewide average cash reserve levy rate in FY 2014 is \$1.3494, a decrease of \$0.3591 (-21.0 %) compared to FY 2013. The cash reserve levy amount has decreased for the third consecutive year.
- **Total School District Property Taxes:** The total school district property tax amount for FY 2014 was \$2,095.9 million, an increase of \$31.5 million (1.5%) compared to FY 2013. The average statewide total school district levy rate is \$14.6923 in FY 2014, a decrease of \$0.4140 (-2.7%) compared to FY 2013. Of the 346 school districts, 227 (65.6%) had an increase in the total levy amount and 67 (19.4%) had an increase in the total levy rate compared to FY 2013.

School District Funding: State Aid and Property Tax Amounts					
Estimated FY 2014 and FY 2013 (Dollars in Millions)					
	FY 2013	Estimated FY 2014	FY 2014 vs. FY 2013	Percentage Change	
Total State School Aid (All Sources)	\$ 2,661.1	\$ 2,725.6	\$ 64.5	2.4%	
Total Levy to Fund Combined District Cost	\$ 1,310.8	\$ 1,337.9	\$ 27.1	2.1%	
Combined District Cost	\$ 3,910.7	\$ 3,997.2	\$ 86.5	2.2%	
School District General Fund Levy Total	\$ 1,647.1	\$ 1,642.9	\$ -4.2	-0.3%	
Average School District General Fund Levy Rate *	\$ 12.1557	\$ 11.6110	\$ -0.5447	-4.5%	
Cash Reserve Levy Total	\$ 231.5	\$ 190.1	\$ -41.4	-17.9%	
Average Cash Reserve Levy Rate *	\$ 1.7085	\$ 1.3494	\$ -0.3591	-21.0%	
Total School District Property Taxes (All Sources)	\$ 2,064.5	\$ 2,095.9	\$ 31.5	1.5%	
Average Total School District Property Tax Rate *	\$ 15.1063	\$ 14.6923	\$ -0.4140	-2.7%	

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.

Sources: Iowa Department of Management, School Aid file, and LSA analysis and calculations

Additional Information. Additional school aid information is available on the [LSA website](#).

STAFF CONTACT: Shawn Snyder (515-281-7799) shawn.snyder@legis.iowa.gov

UPDATE – VETERANS TRUST FUND

Fund Balance. The balance of the Veterans Trust Fund was \$17.9 million on May 31, 2013. The total principal balance was \$17.6 million. The total spendable portion of the Trust Fund balance (including the interest income and the FY 2013 lottery transfer) was approximately \$324,000. Expenditures to date for FY 2013 have totaled approximately \$229,000.

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WATERSHED IMPROVEMENT TOUR

Tours. The Watershed Improvement Review Board (WIRB) toured projects completed in Union, Adams, Taylor, and Montgomery Counties on June 27, 2013. Projects toured included:

- A tour of the Lake Icaria rock chute wetland near Lake Icaria. The project will remove and dispose of an existing rock chute that deteriorated due to storm events. The project includes a new discharge structure that will provide better management of the wetland. The project will improve the drinking water for Adams and Montgomery Counties.
- A tour of projects in the Sands Timber Watershed that included a tour of the Sands Timber Watershed rock chute wetland project, a timber stand improvement project, and a tour of the Sands Timber dam improvement project. These projects are located in Taylor County.



Sands Timber Watershed rock chute wetland.

- A discussion on cover crops was led by Taylor County landowner Kelly Tobin. Mr. Tobin is an experienced farmer that has incorporated cover crops into his corn and soybean rotations. He explained that the use of cover crops along with no-till farming has improved the soil quality, increased yields, and has reduced nitrogen and phosphorus. For additional information on cover crops refer to the following website: <http://cdiowa.org/wp-content/uploads/2012/12/Reg8CoverCropsTobin.pdf>.

Additional Information. For more WIRB information see: <http://www.agriculture.state.ia.us/IWIRB.asp>.

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SOIL CONSERVATION TOUR – FORT DODGE AREA

Tours. The State Soil Conservation Committee and Commissioners of the Conservation Districts of Iowa toured conservation projects on June 11, 2013. The tour included projects in Webster, Humboldt, and Pocahontas counties. In attendance was Representative Helen Miller. Some of the projects toured included:

- Agricultural drainage well closure project in Humboldt County with a total project cost of \$3.2 million that included cost share funds of \$2.2 million and an investment by the landowners of approximately \$900,000. The average cost to the landowner was \$233 per acre.
- A wetland project in Pocahontas County that included a Conservation Reserve Enhancement and Protection (CREP) wetland covering 2,356 acres. The total project cost was \$2.5 million with \$779,000 in cost share funding and a county loan of \$1.4 million from the State Revolving Loan Fund.
- A tour of the Smeltzer Learning Farm that is located near Otho, Iowa. The learning farm demonstrates a number of conservation practices that can be used by landowners.



Wetlands project in Pocahontas County.

Budget Discussion. The State Soil Committee met with the Conservation Districts of Iowa on June 12, 2013. A discussion of the FY 2015 budget was held, but the budget recommendation for the Secretary of Agriculture will not be decided until August.

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UPDATE – REQUEST FOR PROPOSAL – ICN

June Telephonic Meeting. The Iowa Telecommunications and Technology Commission (ITTC) held a meeting via conference call on June 26, 2013, specifically to review the bids made for the sale or lease of the Iowa Communications Network (ICN). Members of the public had access to the meeting at the ICN office in the Grimes Building on the State Capitol Complex. The following items are highlights of the meeting discussion. For more information, refer to the ITTC section on the ICN website at: <http://icn.iowa.gov/about-icn/commission>.

Two Offers Made For Purchase. The ICN received two offers from one vendor, Iowa Network Services (INS), in response to the request for proposal (RFP) to sell or lease the network. The base offer made by INS included a total estimated bid value of \$57.4 million, that included \$12.7 million cash paid and \$3.4 million additional cash for waivers of right of way fees for five years. The alternate offer included an estimated bid value of \$44.5 million. This included \$1.00 cash paid and \$3.4 million additional cash for waivers of right of way fees for five years. In addition, the alternate offer included a commitment for using \$15.9 million for video network upgrades and the DS3 based end points of the Part III fiber connections (not owned by the State). Both the base and alternative offers incorporated a value of \$5.2 million and \$5.0 million, respectively, for future five-year incremental payments made by INS to the State from property taxes and sales taxes. And, both offers assumed the elimination of ICN losses, identified by INS at \$36.1 million for the previous five-year period, as part of the value of the offer.

Recommendation Against Accepting Offers. The ITTC recommended against the two sale offers received from INS. According to an ICN press release and the ICN evaluations of the bids, the following summarizes the various reasons the ITTC recommended the rejection of the two offers evaluated:

- The proposals are less than the \$25.0 million invested in network upgrades under the federal Broadband Technology Opportunities Program (BTOP). The project will be completed June 30, 2013, and maintains the ICN as a state-of-the-art network.
- According to the ICN and ITTC, the INS proposals inaccurately indicated that the ICN has sustained losses over the last five years. The ICN notes that the network operates with positive net cash annually, and does not have any losses. The ICN receives appropriations, approximately \$2.2 million for Capitol Complex/State agency communications (not part of the sale) and for required investment for federal E-rate funding. The remaining network costs are covered through existing fee structure. In addition, being a State enterprise fund, the ICN reports appropriations and federal grants as nonoperating revenue, but uses this revenue to provide resources for upgrades to the network. Then, in accordance with Generally Accepted Accounting Principles (GAAP), the depreciation of the equipment is reported as an operating expense.
- Public funds may not be used to secure the purchase of the network, in accordance with session law (see [2011 Iowa Acts, chapter 122, section 8](#) that provided for the RFP to sell or lease the network). The INS proposals include as part of their offers, the value of public funds they have asked to be waived that they would otherwise be required to pay to the State, and the value of federal funds that would be used to upgrade privately owned networks that are not a part of the sale, but that provide “last mile” connections to schools and other users of the ICN.
- There will be significant risks to public safety with a sale of the ICN, given that the ICN currently provides a secure network for E-911 traffic, and the anticipated involvement with the State’s Public Safety Radio Interoperability Network.

Governor and General Assembly. The ITTC will submit the recommendations to the Governor’s Office by June 28, 2013. The Governor will review the recommendations to decide if the sale offers should be pursued. Any final decision to sell or lease the network must be approved by the General Assembly and signed by the Governor, in accordance with [Iowa Code section 8D.12](#).

More Information. For more information regarding the RFP see www.icnrfp.com.

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CORRECTIONS SYSTEM POPULATION AND STAFFING

Data. The LSA receives a payroll report from the Department of Corrections that shows the prison and Community-Based Corrections (CBC) staff count for that pay period, as well as the prison and CBC offender populations. On June 20, 2013, the total offender population was 38,810; there were 8,125 offenders in the prison system and 30,685 under CBC supervision.

Trends. There is a slow downward trend in the state prison population. The prison population was 8,097 offenders on June 26; this is the first time the population was less than 8,100 offenders since August 21, 2002. The CBC population varies daily, but appears to be slowly trending upward. Staffing in the prisons and CBC District Departments remains relatively stable.

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FIVE-YEAR HIGHWAY PROGRAM MAP

Interactive Map. The Department of Transportation (DOT) has created an interactive map providing the details behind each project in the 2014-2018 Highway Improvement Program. The map currently includes only the state highway plan and includes no local expenditures. The DOT intends to add local projects funded through federal aid during the fall of 2013. The map does not presently include elements of the 5-Year Plan related to aviation, transit, rail or trails.

DETAILS. Users are able to view the entire state or zoom in on an area as small as an interstate highway interchange. The map provides details on each project by route, location, length of work area in miles, the type of work, project year, and cost. The type of work includes such activities as grading, signage and traffic signals, lighting, paving, bridge repair or replacement, pavement widening, right of way acquisition and other expenditure categories.

Availability. The map is available along with the detailed 2014-2018 Iowa Transportation Improvement Program on the DOT website at the following address:

http://www.iowadot.gov/program_management/five_year.html

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UPDATE – SEX OFFENDER ACT

U.S. Law. The Adam Walsh Child Protection and Safety Act of 2006 (U.S. Public Law 109-248) established a new set of minimum national standards for sex offender registries and notification laws. States failing to meet these standards are subject to a 10.0% reduction in Byrne Justice Assistance Grant (JAG) funding. States that fail to meet the July 27, 2011, compliance deadline are offered the option of having their 10.0% penalty reallocated to them for the sole purpose of implementing the Sex Offender Registration and Notification Act (SORNA) (H.R. 4472-12 Sec.125).

State Compliance. To date, 37 of 56 jurisdictions have submitted complete implementation packages for review. A total of 16 states and three territories have substantially implemented SORNA. The next deadline to submit implementation packages is July 27, 2013. The potential penalties range from a reduction of \$24,000 in North Dakota to \$706,000 in California in Byrne JAG funding.

Iowa. Iowa is currently not in compliance. The potential penalty for Iowa is estimated to be a reduction ranging from \$88,000 to \$105,504 in Byrne JAG funding. This will primarily impact the Office of Drug

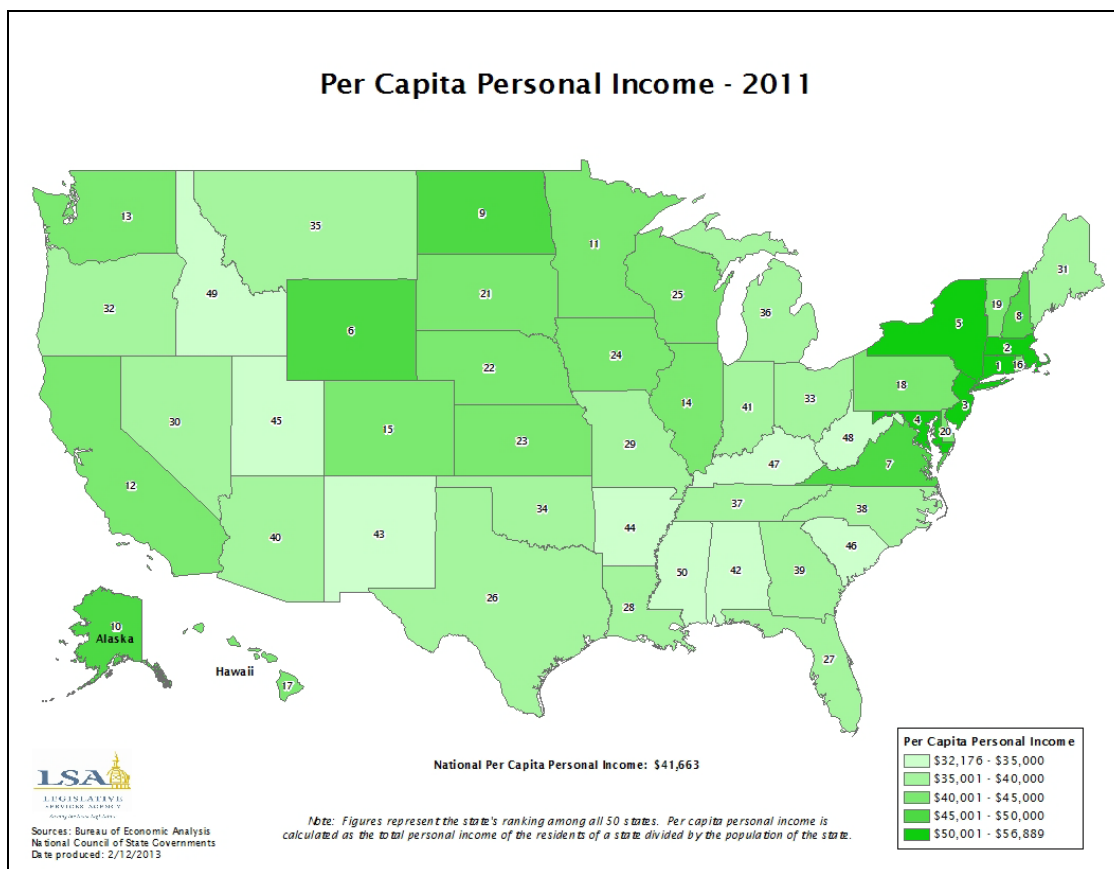
Control Policy and the funds available to provide grants to local law enforcement. The Reallocation Grant application for FFY 2013 is currently pending with the Office of Justice Programs. In cooperation with ODCP, the Division of Criminal Investigation, Sex Offender Registry Unit has applied for the funding to be used for the implementation of a facial recognition project within the SOR and the DCI mug shot system. This project would increase the chances of catching false identification subjects as well as identifying offenders who are involved in criminal activity.

Funding. Last year, Iowa experienced a reduction of \$109,876 in Byrne Jag funding. The U.S. DOJ (Department of Justice) had announced a reallocation program for states that are not in compliance with the Act by allowing States to re-apply for the money they were set to lose. However, if a reallocation is awarded, the funds can only be used for Sex Offender Registry enhancements and improvements. Last year, Iowa received a reallocation of \$109,876 and the Department of Public Safety used the funds to purchase electronic registration equipment including laptops, cameras, and signature capture pads for Sheriffs' offices that were in need of new equipment to be used to register sex offenders on the State database. To date, more than 70 Iowa counties have participated in the program and 136 equipment items have been purchased and distributed.

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MAP – PER CAPITA PERSONAL INCOME

Map. The following map ranks the 50 states on average personal income per resident for 2011. The national average was \$41,663. Iowa ranks twenty fourth. This map and others are available online at: <https://www.legis.iowa.gov/Resources/Mapping/mapOfTheWeek.aspx>.



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STATE APPEAL BOARD MEETINGS

JUNE MEETING

Duties. The State Appeal Board met in regular session June 3, 2013. The Board approves or rejects claims against the State or its employees, and helps resolve local budget protests. Meetings are held on the first Monday of each month. At the meeting, the Board reviewed general claims, in accordance with [Iowa Code chapter 25](#), ratified tort claims, in accordance with [Iowa Code chapter 669](#), and reviewed newly submitted settlements and judgments by the Attorney General's Office. Board Chairman David Roederer welcomed Mary Mosiman as the newly appointed State Auditor.

General Claims. The Board approved approximately \$323 in general claims; this was back pay for three individuals.

Tort Claims. The Board approved approximately \$186,300 in tort claims. Of this amount, \$150,000 was due to damage caused by the State to the Catholic Health Initiatives (CHI) computer room located in the Iowa Building (former Mercy Hospital Building). The State renovated the room above CHI's computer room; the computer room was flooded and damage occurred to the computer back-up system. The claim has been in process for approximately 18 months. The Department of Administrative Services (DAS) has negotiated with CHI to relocate the computer room so the Iowa Building can be demolished.

Settlement. The Board approved a settlement made by the Office of the Attorney General. Patients at the Civil Commitment Unit for Sexual Offenders (CCUSO) sued the State over privacy issues in federal court. The case was appealed to the Eighth Circuit. The State lost the case and the State Appeal Board approved the private attorney's claim for \$22,000. The Department of Human Services (DHS) has made changes in operational policies and procedures to comply with the federal court ruling.

JULY MEETING

July Meeting. The State Appeal Board met on July 1, 2013. At the meeting, the Board reviewed general claims, in accordance with [Iowa Code chapter 25](#), ratified tort claims, in accordance with [Iowa Code chapter 669](#), and reviewed newly submitted settlements and judgments by the Attorney General's Office.

Claims Approved and Denied. The Board approved \$5,391 in general claims and denied a general claim for \$5,598. The Board approved \$53,987 in tort claims, but denied \$25.1 million in tort claims for various reasons. One claim was withdrawn because the affirmative judgment needed to process the claim is on appeal with the Iowa Supreme Court, so the Attorney General's Office needed to wait for the court ruling to know if the claim was eligible.

Settlements. The Board did not have any settlements to approve at this meeting.

Audit Report. The firm McGladrey, LLP, conducted an audit of the financial statements of the State Appeal Board for FY 2012 for the information and use of the Board. No instances of noncompliance or other matters of concern were reported.

Other Discussion. The Board noted that some of the tort claims denied were brought to the Board even though the agency in question is not an agency of the State under Iowa Code chapter 669. The Assistant Attorney General counseling the Board advised that once the claims are filed, they must be logged and addressed by having the Board approve or deny them. The Board discussed whether there were ways to inform the public better so that these claims are not filed in error, such as providing better information and guidance on the Board website. Staff for the Board noted that these erroneous claims do occur, but they are a small proportion of the total claims received.

Next Meeting. The next meeting of the State Appeal Board is in August 2013. Due to scheduling conflicts, the date is still being determined and will be posted at a later date.

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IOWA ECONOMIC DEVELOPMENT AUTHORITY BOARD MEETING

Board Meeting. The IEDA Board met on June 21, 2013, at the Authority's Main Conference Room.

Financial Assistance Awards. The Board made several business incentive awards through the High Quality Jobs Program and Innovation Fund Programs. No action was taken by the Board on the FY 2013 Tax Credit Cap expansion in HF 620 (Economic Development Authority Tax Related Changes Act). A full review of the IEDA's Tax Credit Cap usage in FY 2013 will be in next month's *Fiscal Update*.

Tax Credit Cap Allocation. The Board approved the Tax Credit Cap Allocation for FY 2014. Business Programs (including High Quality Jobs Program and Enterprise Zones) received \$123.3 million, Housing Enterprise Zones received \$26.7 million, Brownfields received \$10.0 million, and the Innovation Fund received \$10.0 million. The Board briefly discussed a desire to make the Brownfield Redevelopment Tax Credit Program more competitive rather than first in first out.

Accounts Receivable Write-Offs. The Board wrote off \$447,043 in uncollectable awards made in fiscal years 2004, 2006, and 2007.

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STATE HISTORICAL SOCIETY BOARD MEETING

June Board Meeting. The State Historical Society of Iowa held a meeting on June 25, 2013, in Red Oak, Iowa. The following items are highlights of the meeting:

- **Awards.** The Board made recognition awards to several groups and individuals for their contributions to Iowa history. Additional recognition awards were made to Historic Preservation Tax Credit Projects of Merit that had been completed in the state. Awards were made in the categories of residential properties (Witt House, Davenport), small preservation projects (Oliver Herrick's Post Office, Des Moines), large projects (Iowana Hotel, Creston), and the best exemplification of the U.S. Secretary of the Interior's Standard for Rehabilitation of Historic Buildings (City National Bank, Mason City).
- **Historic Resource Development Grant Awards.** The Board approved funding for projects through the Historical Resource Development Program. The Program is funded through a 5.0% allocation from the Resource Enhancement and Protection (REAP) Fund.
- **Reports and Other Discussions.** Department Director Mary Cownie reported on an agreement with Drake University to digitize the papers of Governor Ray, the progress of the design of a new departmental website, and the funding results from the legislative session. Additionally, a representative from the Iowa Historical Records and Archives Advisory Board (IHRAAB) discussed the relationships between the two boards and the IHRAAB's priority of filling the State Archivist's position. This position is currently being filled on an acting basis by Jerome Thompson.

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PUBLIC SAFETY ADVISORY BOARD MEETING

Update. The Public Safety Advisory Board met May 29, 2013, at the Oran Pape Building (Department of Public Safety). Chairman Thomas Ferguson recognized Dr. Paul Stageberg for an update. He indicated that the Criminal and Juvenile Justice Planning Division (CJJPD) contracted with the Department of Public Safety (DPS) to update the Uniform Crime Report (UCR) for FY 2010. A contract is not yet in place for FY 2011.

Results First. Research Director Lettie Prell, Department of Corrections (DOC), updated the Board on the Results First cost/benefit analysis model. This Board took the initiative in deciding to support Results

First. Ms. Prell received training and technical assistance through the PEW Foundation. The DOC issued a six page document upon its completion of conducting a Results First inventory of its programs. It is modifying its program for domestic violence offenders based on the results of this research. The DOC is investing in more cognitive programs based on Results First outcomes. The PEW Foundation and MacArthur Trust are writing an article on Iowa's use of the Results First model. Associates of the PEW Foundation will be in Iowa July 1 and 2 to meet with CJJPD staff to discuss the implementation of the model for Iowa's juvenile justice system.

Mandatory Minimum Sentences. Dr. Stageberg indicated staff has been reviewing mandatory minimum sentencing data. About 50.0% of offenders sentenced under the 70.0% statute (where at least 70.0% of the sentence must be served in prison) were robbery offenses. There is a disproportionate impact on minorities for the 70.0% sentences. The Board approved this issue for further research.

Sex Offender Research. Dr. Stageberg indicated that CJJPD has a robust sex offender data set that enables the study of sex offender criminal histories. This information will also be provided to the Sex Offender Research Council; that Council is also staffed by the CJJPD. Board members discussed SF 385 that would have allowed certain sex offenders a modification of a special sentence. The Bill was not enacted.

Habitual Offenders in Possession of a Firearm. Mr. Stageberg provided preliminary information to the Board regarding offenders convicted as habitual offenders, whose third offense was possession of a firearm. Under Iowa law, a felon in possession of a firearm is guilty of a Class D felony. An offender with three or more felony convictions may be sentenced as a habitual offender. That sentence carries enhanced penalties.

FY 2014 Report. The Board approved adding discussion of sentencing of sex offenders and 70.0% mandatory minimum terms to its FY 2014 report.

Next Meeting. The Public Safety Advisory Board is scheduled to meet September 11 and November 13 at the Department of Public Safety.

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CRIMINAL AND JUVENILE JUSTICE ADVISORY COUNCIL MEETING

Update. The Criminal and Juvenile Justice Advisory Council met May 29, 2013, at the Oran Pape Building (Department of Public Safety). Chairman Thomas Ferguson recognized Division Administrator Paul Stageberg for an update of the Criminal and Juvenile Justice Planning Division (CJJPD). Highlights include:

- The General Assembly provided an increase of \$160,000 and 1.0 FTE position in the FY 2014 General Fund budget. This will improve staffing for the Public Safety Advisory Board (PSAB) and the Sex Offender Research Council as well as provide contract funds for programming of the Justice Data Warehouse. A review of mentally ill county jail inmates may be conducted with existing staff.
- The Department of Corrections (DOC) is applying for federal grants and including the CJJPD as a research partner. There is potential for additional funding for family drug courts and the Second Chance Act grants.
- The CJJPD serves as the Statistical Analysis Center (SAC) for Iowa and receives \$75,000 in federal funds to provide data to the Bureau of Justice Statistics (BJS).
- The CJJPD helped develop a risk assessment tool for Juvenile Court Officers (JCOs) to use in determining if a juvenile should be detained. It is a short-term tool, designed to predict whether a juvenile is likely to get into trouble in the next 30 days. Currently, putting the tool on line is in development.
- The CJJPD has been working with the Department of Education (DE) in the school to court project and trying to reduce court contact for minority students.

- New hardware installation for the Criminal Justice Information System (CJIS) is in process.
- There has been a steady downward trend in federal funds received under the Juvenile Justice Delinquency Prevention Act (JJDP). It is doubtful any federal funding streams will be increased. There may be “emergency shelter” grants – focused on where to place juveniles housed in detention in case of emergencies.

Juvenile Justice. Staff updated the Council on the juvenile justice reform project. This project will be supported by the Standardized Program Evaluation Protocol (SPEP) grant received from the U.S. Department of Justice. The \$750,000 grant is available for a three-year period. There were three sites selected for this federal demonstration research grant – Dover, Delaware, Milwaukee, Wisconsin, and the State of Iowa. Dr. Stageberg stated that one of the main reasons Iowa received the grant is because of the work that has been done on Results First – a cost/benefit analysis model endorsed by the PEW Foundation and MacArthur Trust as well as the Council on State Governments. The CJJPD intends to implement the Results First model – a complementary tool – as part of implementing SPEP. Juvenile justice programs will be reviewed to see how effective they are in reducing recidivism. The CJJPD will be working with DHS staff and JCOs, using the Justice Data Warehouse. There is a stakeholder’s meeting scheduled for July 1 at the Historical Building.

Policy. Dr. Stageberg presented a Research and Evaluation Independence & Integrity Policy for the Council’s review. The policy is required in order to receive federal funds from the BJS.

FY 2014 Report. Dr. Stageberg led the discussion of recent legislative action regarding criminal penalties. The Bills related to DNA sample collection and interference with official acts were enacted. The Council decided to add these issues to its FY 2014 report.

Meeting Dates. The Council is scheduled to meet September 11 and November 13 at the Department of Public Safety.

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BOARD OF CORRECTIONS MEETING

Warden’s Welcome. The Board of Corrections met June 7, 2013, at the Iowa Medical Classification Center (IMCC) at Coralville. Warden Dan Craig welcomed the Board to the facility that serves as a reception/intake center for the prison system. Everyone sentenced to the Department of Corrections (DOC) is first admitted to IMCC. They receive a battery of tests and assessments for custody and treatment needs. The IMCC receives about 500 people per month from county jails. The IMCC also has the forensic hospital for the State of Iowa, general population beds, mental health and medical treatment units.

Fort Madison. Director John Baldwin indicated to the Board that the city of Fort Madison has expressed interest in the old Iowa State Penitentiary at Fort Madison. That prison is on the National Register of Historic Places. The Iowa Humanities Board is considering options for preserving items of historical interest that may be housed at the Iowa Historical Building.

Director’s Update. The DOC is working with Disability Rights Iowa on serving offenders with disabilities. The Department has submitted grant applications to the U.S. Department of Justice and the Substance Abuse and Mental Health Services Administration (SAMSHA) on data sharing agreements with private sector providers. The DOC has also requested technical assistance from PEW Charitable Trusts regarding disproportionate minority confinement. As the prison population decreases, the number of minority offenders in prison, on a percentage basis, increases. They are more likely to be serving a mandatory minimum term in prison as part of their criminal sentence. Offenders cannot be considered for parole or work release until that mandatory minimum term has been served.

Staff Changes. The Director indicated that Gary Hinzman, Director of the Sixth Community-Based Corrections (CBC) District Department, retired in May. Bruce Vandersanden is the new District Director. Fay Olson, the Director's Secretary, and Toni Tassone, Central Office, are retiring. Their service is most appreciated. Jerry Bartruff has accepted a lateral transfer and will serve as the Deputy Director of the Eastern Region. Dot Faust, Director of the Second CBC District Department, has accepted the position of Deputy Director of Offender Services.

University of Iowa. Dr. Stacey Cyphert and Dr. Jean Robillard presented information from the University of Iowa Hospitals and Clinics (UIHC). The UIHC and the DOC have a long constructive history of working together. The UIHC does intend to seek reimbursement from the General Assembly in the future for the indigent patient care provided to offenders.

Medical Overview. Dr. Harbans Deol, Chief Medical Officer for the DOC, provided an overview of medical and mental health treatment provided in the Institutions, as well as the Forensic Hospital and Centralized Pharmacy. Strict adherence to a formulary and centralizing the pharmacy services has saved money. The Forensic Hospital is at capacity and it would be useful to partner with UIHC, the Department of Human Services, and/or Broadlawns Medical Center to provide these services.

Corrections Beds. Director John Baldwin informed the Board that the DOC received an increase of \$12.7 million, in comparing FY 2014 General Fund appropriations to FY 2013. The increase includes \$5.3 million to open new corrections beds at Mitchellville, a decrease of \$1.7 million to move offenders and staff from the Women's Unit at the Mount Pleasant Correctional Facility to Mitchellville, and \$4.0 million to operate CBC beds in Waterloo, Sioux City, Cedar Rapids, Davenport, and Ottumwa.

FY 2014 Budget. The DOC also received an additional \$398,000 for two psychiatrists to provide telepsychiatry, \$250,000 for Corrections Education, \$1.6 million for the Iowa Corrections Offender Network (ICON), \$500,000 to renovate or replace a bunkhouse at Farm One at Fort Madison to house minimum-security offenders, and \$2.6 million for operations. Director Baldwin indicated the use of the operations funding is under discussion. It may be used to pay for salary adjustment, health care premiums, and staff in the Fifth CBC District Department and/or fund the Prison Rape Elimination Act (PREA). Under the federal PREA law, offenders sentenced to the DOC that are under age 18 must be housed separately. The DOC is creating a housing unit inside the Anamosa State Penitentiary for young male offenders.

Next Meeting. The Board will meet July 12 at the Sixth CBC District Department in Cedar Rapids.

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MEETINGS MONITORED

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

Meeting	Date	Staff Contact
Water Resources Coordinating Council	June 4, 2013	Deb Kozel (281-6767)
Watershed Planning Advisory Council	June 3, 2013	Deb Kozel (281-6767)
State Appeal Board	June 3, 2013	Beth Lenstra (281-6301)
Board of Corrections	June 7, 2013	Beth Lenstra (281-6301)
Regents Transparency Task Force	May 10, 2013	Robin Madison (281-5270)
Criminal and Juvenile Justice Planning Advisory Council	May 29, 2013	Beth Lenstra (281-6301) and Jennifer Acton (281-7846)
Public Safety Advisory Board	May 29, 2013	Beth Lenstra (281-6301) and Jennifer Acton (281-7846)
Board of Regents	June 5, 2013	Robin Madison (281-5270)
Administrative Rules Review Committee	June 11, 2013	Adam Broich (281-8223) and Beth Lenstra (281-6301)
Iowa Arts Council	June 10, 2013	Kent Ohms (725-2200)
State Soil Conservation Committee	June 11, 2013	Deb Kozel (281-6767)
Natural Resource Commission	June 13, 2013	Deb Kozel (281-6767)
Regents Transparency Task Force	June 19, 2013	Robin Madison (281-5270)
IPERS Investment Board Meeting	June 20, 2013	Jennifer Acton (281-7846) and Dave Heuton (725-0509)
Iowa Economic Development Authority Board	June 21, 2013	Kent Ohms (725-2200)
State Historical Society of Iowa Board	June 25, 2013	Kent Ohms (725-2200)
Watershed Improvement Review Board Tour	June 27, 2013	Deb Kozel (281-6767)
State Appeal Board	July 1, 2013	Marcia Tannian (281-7942)

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