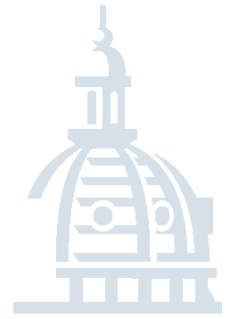


# FISCAL UPDATE

## Fiscal Services Division

July 17, 2014



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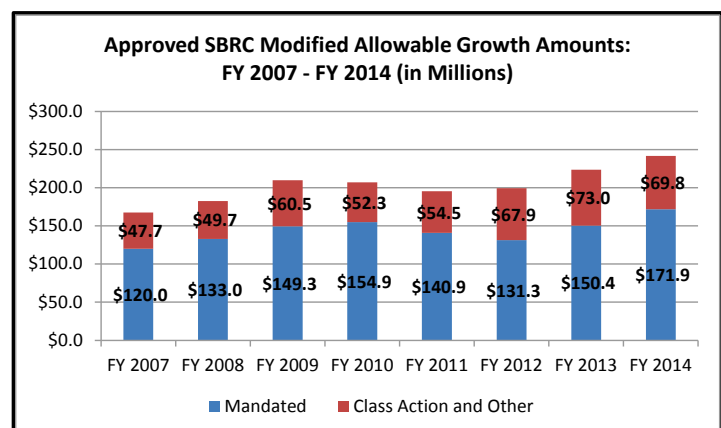
### SCHOOL AID MODIFIED ALLOWABLE GROWTH

**School Budget Review Committee (SBRC) Duty.** During the 2013-2014 school year, the SBRC met three times (October 8, 2013, December 17, 2013, and March 25, 2014). Among the specific duties of the SBRC is the ability to establish modified allowable growth (MAG) to school districts for certain circumstances. The amount of approved MAG provides the impacted school districts with increased spending authority. Generally, the increased spending authority may eventually be funded with local property taxes.

**Modified Allowable Growth Established.** In FY 2014, the SBRC established a total MAG amount of \$241.7 million. This included \$171.9 million for provisions the SBRC specified as mandated, \$60.1 million for provisions the SBRC has specified as class action, and approximately \$9.7 million for other provisions. Specifically:

- The mandated provisions are MAG requests that Iowa Code requires the SBRC to approve. In FY 2014, these included: costs associated with an asbestos abatement project totaling \$1.3 million; special education deficit fund balance totaling \$67.1 million; and returning dropout and dropout prevention programs totaling \$103.5 million.
- The class action provisions, in general, are MAG requests that the SBRC approves en bloc. In FY 2013, these included: increased enrollment (also referred to as on-time funding) totaling \$36.0 million; open enrollment out for students not included in the prior year's certified enrollment totaling \$20.0 million; and costs associated with instructing limited English proficient (LEP) students where the supplementary weighting provision has expired totaling \$4.1 million.
- Other provisions include unusual circumstances in which MAG requests are made to the SBRC and require SBRC discretion. For FY 2014, these included: start-up costs associated with opening new schools/programs totaling \$7.4 million, MAG for negative unspent balances totaling \$1.3 million, additional LEP costs approved on a district-by-district basis totaling \$0.9 million, and MAG for other reasons totaling \$0.1 million.

**Chart.** The chart to the right provides the SBRC-approved modified allowable growth amounts by provision type from FY 2007 through FY 2014. The total amounts have fluctuated from \$167.6 million in FY 2007 to \$241.7 million in FY 2014. For the years displayed, the mandated provisions have annually accounted for a majority of the overall total, ranging from 65.9% in FY 2012 to 74.8% in FY 2010.



The Department of Education posts agendas and meeting notes of each of the [SBRC meetings](#). Additionally, the Legislative Services Agency (LSA) maintains historic data on the amount of MAG approved by the SBRC by school district and reason. Please contact the LSA for additional information.

**Modified Allowable Growth Terminology Change:** Legislation enacted during the 2013 and 2014 Legislative Sessions changed the term modified allowable growth to modified supplemental amount beginning in FY 2015.

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## FY 2015 CERTIFIED SCHOOL AID AMOUNTS

**Statewide Amounts.** The Department of Management has finalized the FY 2015 school aid amounts. The finalized certification of school district budgets yielded the following statewide amounts for FY 2015 (see following table also):

- **State School Aid:** The FY 2015 State school aid amount (including preschool formula aid and property tax equity and relief funds) totaled \$2,873.5 million, an increase of \$148.2 million (5.4%) compared to FY 2014. Of the 338 school districts, 263 (77.8%) had an increase in State school aid.
- **Combined District Cost:** The FY 2015 combined district cost totaled \$4,169.4 million, an increase of \$172.1 million (4.3%) compared to FY 2014. Of the 338 school districts, 286 (84.6%) had an increase in combined district cost in FY 2014.
- **School Aid Property Taxes:** The uniform levy and additional levy combined to total \$1,349.3 million for FY 2015, an increase of \$11.5 million (0.9%). These levies are used to fund the property tax portion of the combined district cost. 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 \$1,652.1 million in FY 2015, an increase of \$9.2 million (0.6%) compared to FY 2014. The statewide average general fund levy rate (expressed in \$1,000 of taxable valuation) in FY 2015 is \$11.4322, a decrease of \$0.1788 (-1.5%) compared to FY 2014. 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 \$182.7 million in FY 2015, a decrease of \$7.4 million (-3.9%) compared to FY 2014. The statewide average cash reserve levy rate in FY 2015 is \$1.2706 a decrease of \$0.0788 (-5.8%) compared to FY 2014. The cash reserve levy amount has decreased for the fourth consecutive year in FY 2015.

**School District Funding: State Aid and Property Tax Amounts**  
Estimated FY 2015 and FY 2014 (Dollars in Millions)

	Estimated FY 2015	FY 2014	FY 2015 vs. FY 2014	Percentage Change
Total State School Aid (All Sources)	\$ 2,873.8	\$ 2,725.6	\$ 148.2	5.4%
Total Levy to Fund Combined District Cost	\$ 1,349.3	\$ 1,337.9	\$ 11.5	0.9%
Combined District Cost	\$ 4,169.4	\$ 3,997.2	\$ 172.1	4.3%
School District General Fund Levy Total	\$ 1,652.1	\$ 1,642.9	\$ 9.2	0.6%
Average School District General Fund Levy Rate *	\$ 11.4322	\$ 11.6110	\$ -0.1788	-1.5%
Cash Reserve Levy Total	\$ 182.7	\$ 190.1	\$ -7.4	-3.9%
Average Cash Reserve Levy Rate *	\$ 1.2706	\$ 1.3494	\$ -0.0788	-5.8%
Total School District Property Taxes (All Sources)	\$ 2,122.0	\$ 2,095.9	\$ 26.1	1.2%
Average Total School District Property Tax Rate *	\$ 14.5516	\$ 14.6923	\$ -0.1407	-1.0%

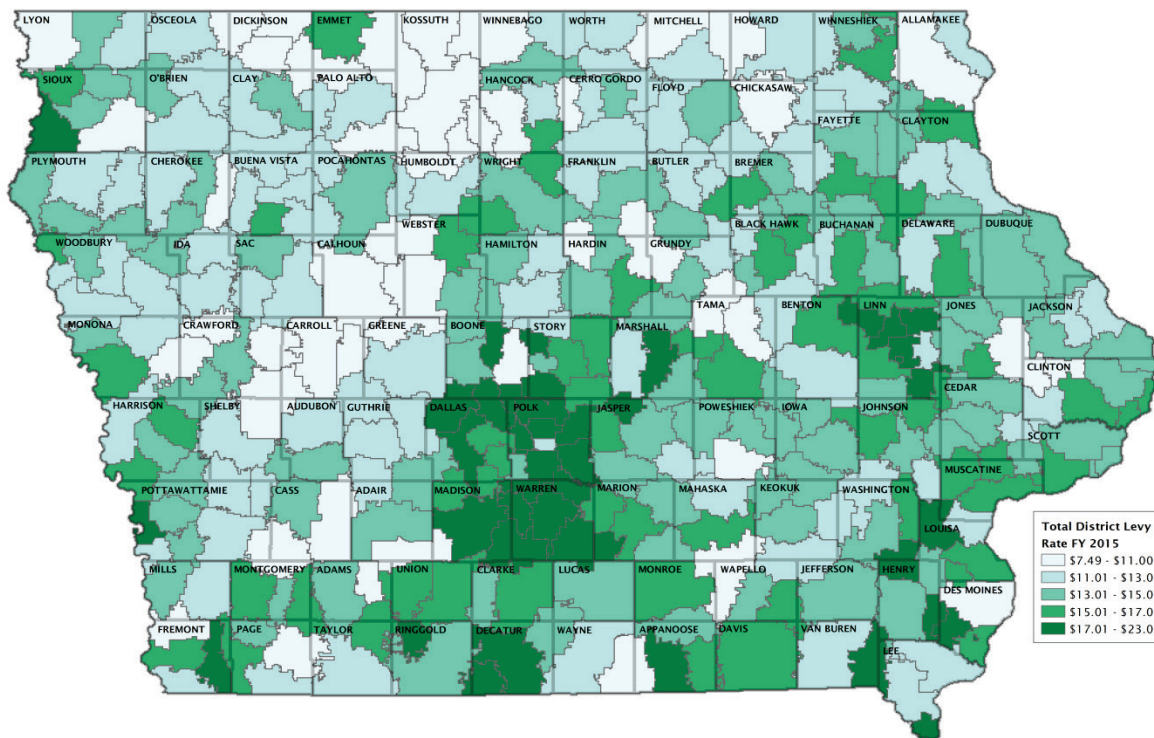
Totals include funding for regular school aid, State categorical supplements, preschool formula funding, and funding from the Property Tax Equity and Relief (PTER) Fund.

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

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

- **Total School District Property Taxes:** The total school district property tax amount for FY 2015 was \$2,122.0 million, an increase of \$26.1 million (1.2%) compared to FY 2014. The average statewide total school district levy rate is \$14.5516 in FY 2015, a decrease of \$0.1407 (-2.7%) compared to FY 2014. Of the 338 school districts, 221 (65.4%) had an increase in the total levy amount and 121 (35.8%) had an increase in the total levy rate compared to FY 2014. The following map provides additional information pertaining to total school district property tax rates in FY 2015 (levy rates are expressed in \$1,000 of taxable valuations).

**Map: FY 2015 Total School District Levy Rates by School District**



**More Information.** Additional school aid information, including specific school aid funding by school district for FY 2015, is available on the [LSA website](#) or upon request.

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## DEPARTMENT OF PUBLIC SAFETY TRAINING ACADEMY UPDATE

**Training Academy.** The current Department of Public Safety (DPS) Training Academy began on June 23 and will graduate on November 7. The Academy started with 15 individuals and there are currently 14 still enrolled. The current vacancies in this Academy are all for Trooper positions. All other vacancies in the other divisions (Narcotics Enforcement, Fire Marshal's Office, Criminal Investigation, and Gaming Enforcement) are being filled with transfers from within the DPS. There are no Department of Transportation (DOT) cadets in this Academy. Instead, the DOT will be training at the Iowa Law Enforcement (ILEA) Academy for this year.

**Planned Academy.** The next DPS Academy is being planned for late Fall/early Winter and will graduate in the Spring. Testing for this Academy will begin in August. All positions in this Academy will be for Troopers as well and no DOT cadets will be in this Academy either.

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## **FY 2013 SUPPLEMENTAL FUNDING FOR DEPARTMENT OF PUBLIC SAFETY**

**Appropriation.** House File 648 (Bond Repayment and Supplemental Appropriations Act) provided the Department of Public Safety (DPS) with an FY 2013 supplemental appropriation of \$1.0 million to be used for the purchase of equipment. Language in the Act permitted the appropriation to be carried forward and expended in FY 2014. The DPS purchased 482 tasers and necessary accessories from Ed Roehr and Associates (Taser). The total price was \$640,000.

**Taser Policy.** The tasers will be issued to all Iowa State Patrol troopers at the level of Sergeant and below. Personnel in the investigative divisions of the DPS will have tasers assigned to their office and will utilize them when the need is anticipated. Each taser has the capability to shoot projectiles and can also be used without the projectiles. Training on the tasers will be done by the DPS defensive tactics instructors who have been certified through the TASER Instructor Certification Course.

**Remainder.** The remaining \$360,000 has been used for the purchase of rifles and arbitrators (digital video equipment) for the Iowa State Patrol vehicles.

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## **SENATE GOVERNMENT OVERSIGHT MEETINGS**

**Senate Oversight Meeting.** The Senate Oversight Committee met on June 9 and June 25, 2014, in Des Moines.

**June 9 Meeting.** Senator Petersen called the meeting to order. Testimony was received related to the construction projects at the Iowa Veterans Home from the following speakers:

- Mark Higgins, Executive Vice President of the Architect Division, Schemmer and Associates, discussed the construction phases at the Iowa Veterans Home that began in 2007.
- Gary Forshee, former Senior Construction Design Engineer, Department of Administrative Services (DAS), discussed the change orders with the Schemmer and Associates contracts and the termination of their contract.
- Greg Wright, former Business Manager of the Iowa Veterans Home, discussed the hiring of OPN Architects, the firm that replaced Schemmer and Associates.
- General Jodi Tymeson, Chief Operating Officer of the Iowa Veterans Home, discussed the construction phases at the Iowa Veterans Home.
- Doug Woodley, former Chief Operating Officer at the DAS, explained that he was hired by the DAS in 2011 to get the Iowa Veterans Home project back on schedule and under budget.
- Brant Carr, former DAS employee, was the project manager at the Iowa Veterans Home in 2011. Mr. Carr explained the change order process on Phase 1 of the construction project.
- Paul Carlson, Chief Maximization Officer, DAS, described the various phases of the Iowa Veterans Home construction project.

**June 25 Meeting.** Senator Petersen called the meeting to order. Testimony was received from the following speakers:

- Ryan Lamb, former employee at the DAS.
- Mike Carroll, former Director of the DAS.
- Director Janet Phipps, Bill West, and Michelle Minnehan, DAS.
- Doug Woodley, former Chief Operating Officer at the DAS.

**Additional Information.** Additional information and documents related to the meetings can be found at: <https://www.legis.iowa.gov/committees/meetings/documents?committee=588&ga=85>.

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## NATURAL RESOURCE COMMISSION TOUR AND MEETING

**Natural Resource Commission Tour.** The Natural Resource Commission met on June 11, 2014, at Honey Creek Resort for an update on the Resort and to tour the Sedan Bottoms Wildlife Management Area.

**Honey Creek Resort.** Andy Woodrick, Manager of Honey Creek Resort, discussed the operations at the resort and potential expansion plans that include:

- Building four additional cottages that would be located on the RV parking lot. Income from RV parking is minimal while the cottage rental receipts income continues to grow.
- Adding an indoor spa. Currently, a local company will come to a guest's room to provide a massage, but having a spa would add additional activities for guests and create additional revenue. The plan would be to convert the current Presidential Suite into two areas. One area would include the spa and the other would include a honeymoon suite.
- Adding an outdoor pool. Although there is an indoor water park, having an outdoor pool would attract additional guests and provide another activity so a guest may stay longer. The plan would connect the outdoor pool next to the water park so guests could use both in the summer months.

**Wildlife Management Area.** Jeff Telleen, Department of Natural Resources (DNR) Wildlife Manager, provided a tour of the Sedan Bottoms Wildlife Management Area (WMA). The land includes prairies, savannas, forests, and floodplains that host a variety of habitat for hunting and observing.

**Meeting.** The Commission met on June 12, 2014, and discussed the following:

- Contract approval with Polk County Conservation Board for the Easter Lake Project, Poweshiek County Conservation Board for the Diamond Lake Project, and Story County Conservation Board for the Hickory Grove Lake Project.
- The 2014-2015 deer management zone hunts.
- Construction project approval for the Lake Miami Shoreline, the Mines of Spain Shop, the Rock Creek restrooms, the Buck Creek riffle construction, and the Union Grove State Park cabin road.
- Land acquisition for the Pictured Rocks WMA in Jones County, the Turin Preserve WMA in Monona County, and the Gull Point State Park in Dickinson County.
- Public comment was received related to a petition for rulemaking on Non Resident Deer Hunting and Deer Hunting by Residents that allows the use of a leashed tracking dog to locate a deer that has been legally shot.
- An update on the Honey Creek Resort financial statements. May 2014 was a very successful month in terms of revenue growth. The resort cottages have been continuously booked and the golf course has been very successful.

**Next Meeting.** The next meeting will be held July 10, 2014, in Des Moines. Additional information and documents related to the meeting can be found at:

<http://www.iowadnr.gov/InsideDNR/BoardsCommissions/NaturalResourceCommission.aspx>

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## REGENTS – SPECIAL SCHOOL BUDGETS

**Board Meeting.** At the June 4, 2014, meeting of the Board of Regents, the Iowa School for the Deaf (ISD) and the Iowa Braille and Sight Saving School (IBSSS) sought and received approval of the FY 2015 general operating and restricted budgets.

**Iowa School for the Deaf.** The FY 2015 general operating budget for ISD is \$10.4 million, a 4.2% increase compared to FY 2014. Included in that budget is the State General Fund appropriation of \$9.4 million, a 4.0% increase compared to FY 2014. The remaining \$1.0 million includes federal support and revenue from interest, sales and services, and other income.

**Restricted Budget.** The FY 2015 restricted budget for ISD is \$1.0 million, consisting primarily of federal funding and revenue from sales and services, including revenue generated from Nebraska students attending ISD. The FY 2015 budget is a 10.4% increase compared to FY 2014, due to an additional federal grant to support a Federal Hearing Impaired Consultant.

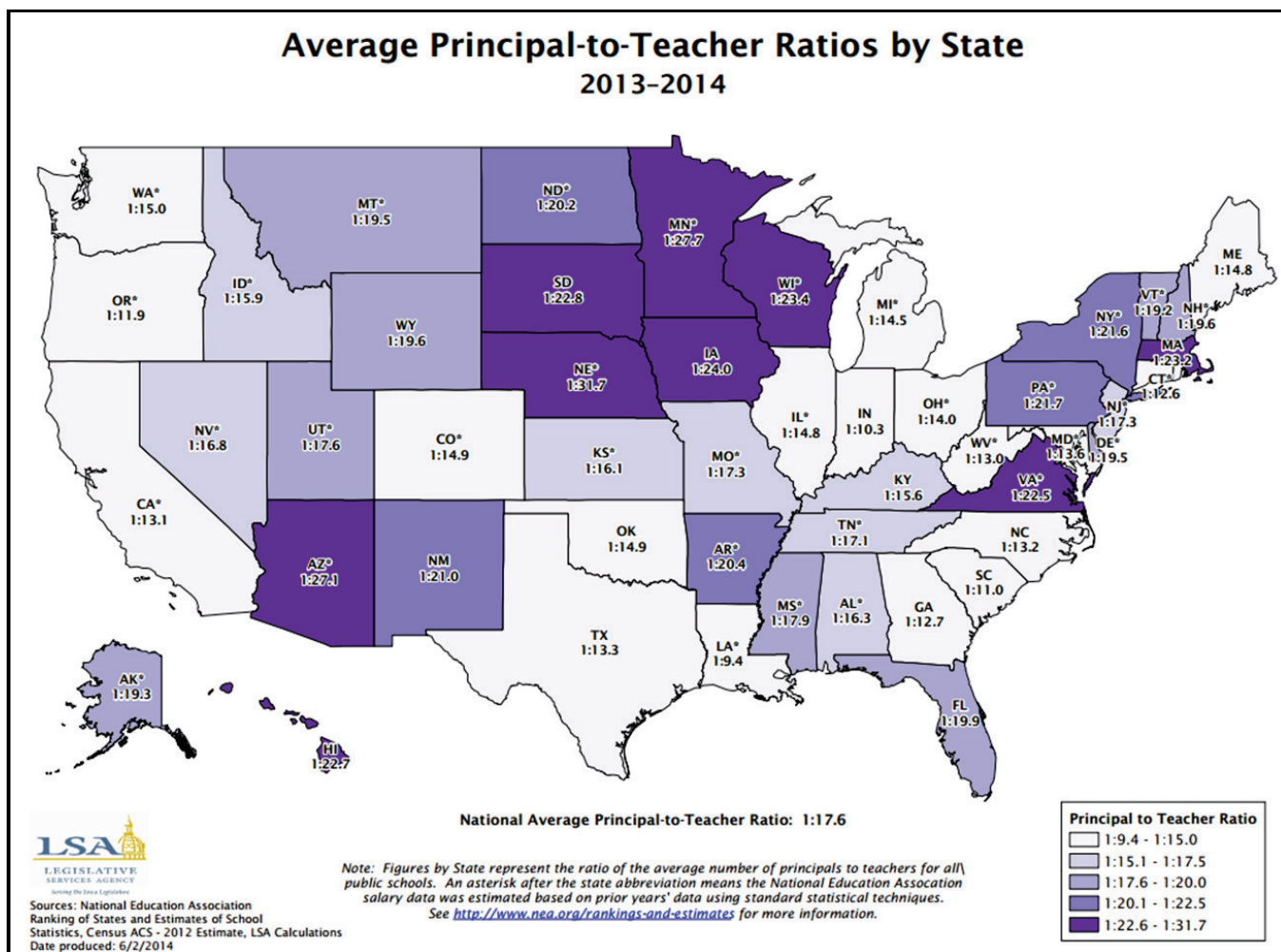
**Iowa Braille and Sight Saving School.** The FY 2015 general operating budget for IBSSS is \$8.6 million, a 3.3% increase compared to FY 2014. That includes the State General Fund appropriation of \$3.9 million, a 4.0% increase compared to FY 2014. Sales and Services revenue of \$4.3 million is the other significant portion of general operating funds. That revenue stream is budgeted to increase 3.1% compared to FY 2014 primarily due to increasing services provided and billed to the Area Education Agencies as part of the statewide system for vision services (Iowa Educational Services for the Blind and Visually Impaired).

**Restricted Budget.** The FY 2015 restricted budget for IBSSS is \$339,000, a 13.4% decrease compared to FY 2014. The decrease is due to an FY 2014 State allocation of \$50,000 for deferred maintenance, ADA compliance, and fire safety projects that is no longer available in FY 2015. The FY 2015 restricted budget consists of three federal pass-through grants from the Department of Education and \$89,000 in gift/endowment funds.

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## MAP – RATIO OF PRINCIPALS TO TEACHERS

**Map.** The following map shows the average ratio of principals to teachers by state in 2013-2014. The national average ratio was 1:17.6. The Iowa rate is 1:24.0.



This map and others are available online at:

<https://www.legis.iowa.gov/resources/mappingResources/mapOfTheWeek>

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## CULTURAL TRUST BOARD OF TRUSTEES MEETING

**Meeting.** The Cultural Trust Board of Trustees held a meeting at the Historical Building in Des Moines on June 18, 2014.

**Attorney's General Memo.** The Board had sought an opinion from the Attorney General (AG) on the legality for transfer of \$50,000 in FY 2014 and FY 2015 from the Cultural Trust to the Cultural Trust Grant account made in 2013 Iowa Acts chapter 137 (FY 2014 Economic Development Appropriations Act). Iowa Code section [303A.4](#) had prohibited the principal of the Trust from being used for awards. The AG's memo informed the Board that "one legislature cannot bind future legislatures on policy matters" and that the utilization of "notwithstanding" language was properly enacted. The memo also outlined the current limitations surrounding investment options for the Cultural Trust Fund. The Board plans to reach out to the Treasurer of State's Office for more options on investing the funds of the Cultural Trust.

**Awards.** The Board made awards totaling \$151,000 out of the \$294,000 that was available in the Grant Account. The Board awarded \$140,000 to "Endowment Challenge Grants" (Sustainability Challenge Grants in the Administrative Rules) to five entities. The maximum award made was \$30,000 for any entity that applied, although the Administrative Rules for the Program provide two tiers of awards; one for organizations with operating budgets of up to \$150,000 who can receive a \$20,000 award, and one for organizations with an operating budget greater than \$150,000 that can receive a \$35,000 award. Five awards were made for Stability Grants to five entities totaling \$11,000.

**Next Grant Cycle.** The next round of grant applications for the Cultural Trust will be due in November. There will be an estimated \$184,000 available in total funding when including the amount not awarded in this round, and the \$50,000 transfer that is scheduled for FY 2015. The Board did not commit to awarding any specific amount from the funds available.

**Next Meeting.** The next meeting of the Board of Trustees is currently scheduled for December 2, 2014.

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## STATE SOIL CONSERVATION COMMITTEE TOUR

**State Soil Conservation Committee Tour.** The State Soil Conservation Committee met on June 17, 2014, to tour areas of central Iowa that included:

- Overview of West Lake located near Osceola that was completed in 1935 to supply water to the city.
- Overview of the Clarke County Water Supply Project. An appraiser has been hired by the Clarke County Water Supply Board to appraise the land that will be needed for the project. Landowners will be offered the appraised value for their land. The total project cost is estimated at \$37.6 million.
- Discussion on the North Thompson River Water Quality Project that was implemented to reduce sediment delivery and prevent flood damage. Some of the installed practices include terraces, waterways, grade structures, and buffer strips.
- Tour of the Macksburg Wind Project site. MidAmerican Energy will be adding 48 wind turbines near Macksburg, Iowa. Each turbine will produce 2.3 megawatts of power and the project is schedule to be completed in 2014.
- A discussion on the dredging project at Cedar Lake near Winterset. The project is being completed to increase the water supply for the city of Winterset.
- Overview of the Badger Creek Lake Watershed. The goal of this project is to reduce sediment and nutrients to Badger Creek Lake and to increase aquatic life. The project will include terraces, grade stabilization structures, and a waterway wetland.

**Additional Information.** For additional information refer to the following website at:  
<http://www.iowaagriculture.gov/soilConservationCommittee.asp>

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**DEPARTMENT OF CORRECTIONS REALLOCATIONS**

**Reallocations.** The LSA was notified June 19, 2014, of the reallocation of \$2.4 million in FY 2014 General Fund appropriations within the corrections system. The notice and reallocations are made pursuant to SF 447 (FY 2014 Justice System Appropriations Act) and Iowa Code section [904.116](#). The amount transferred is 0.8% of the General Fund appropriations for the Institutions and Central Office Accounts. This calculation does not include the appropriations made to the Community-Based Corrections (CBC) District Departments because they are not impacted by the reallocations. The table below shows the amounts transferred between the operating budgets for the Institutions and Central Office.

**Reallocations of FY 2014 General Fund Appropriations**

	Budget:	Amount Out:	Amount In:	Rationale:
Reallocation from:	Iowa Medical Classification Center at Oakdale (IMCC)	\$ 1,242,850		Cost savings in equipment maintenance supplies, housing and subsistence supplies, drugs and biologicals, communications, and outside services.
Reallocation to:	Iowa State Penitentiary at Fort Madison (ISP)		\$ 1,242,850	Costs incurred for paying utilities at the new prison since substantial completion of construction in September 2013, plus overtime costs incurred to train existing staff at the new prison, and provide security staff at the new prison.
	Subtotal:	\$ 1,242,850	\$ 1,242,850	
Reallocation from:	Federal Prisoners Account	\$ 130,000		Cost savings by sending fewer offenders to the Federal Bureau of Prisons.
	Iowa Correctional Institution for Women at Mitchellville (ICIW)	70,000		Funds are available to transfer out to other budgets from salary savings due to a delay in filling new positions.
Reallocation to:	County Confinement Account		\$ 200,000	Costs incurred to reimburse the counties for holding alleged parole, work release, and Operating While Intoxicated (OWI) violators in county jail until their revocation hearings.
		\$ 200,000	\$ 200,000	
Reallocation from:	ICIW	\$ 937,351		Funds are available to transfer out to other budgets from salary savings due to a delay in filling new positions.
Reallocation to:	Central Office		\$ 115,000	Maintain payroll costs.
	Anamosa State Penitentiary (ASP)		370,067	Unexpected costs for generator upgrades, boiler repairs, medical emergencies and hospital trips, plus repairs at the Luster Heights Prison Camp including a new furnace, dietary equipment, and utility costs (heating/natural gas).
	Mount Pleasant Correctional Facility (MPCF)		252,889	Reimburse the MPCF for operating the Women's Unit until August 15, 2013, when the offenders were transferred to ICIW.
	North Central Correctional Facility at Rockwell City (NCCF)		199,395	Unexpected costs for boiler repairs, water and sewer lines, plus medical emergencies and hospital trips, and utility costs (heating/natural gas).
		\$ 937,351	\$ 937,351	
Total Amount Reallocated:		\$ 2,380,201	\$ 2,380,201	

**Iowa State Penitentiary at Fort Madison (ISP).** Construction of the new maximum security prison was substantially completed in September 2013; the Department of Corrections (DOC) was contractually obligated to assume responsibility for utility payments at that time. The DOC had scheduled to open the new prison in March 2014. However, there were problems with the sprinkler system that were repaired by the contractor at no cost to the State.

**ISP Geothermal System.** Then design issues were discovered with the geothermal heating and cooling system. The system works but does not provide the required levels of heating and cooling for the extreme weather conditions sometimes experienced in Iowa. The system was designed by the Durrant Group; that firm is no longer in existence. The system is being fixed using the proceeds of an insurance bond of the design engineers. The Office of the Attorney General is aware of the geothermal heating and cooling system issue and is coordinating all legal and insurance issues for the State; there is no known



settlement date. Therefore, the DOC has not scheduled a date for transferring offenders to the new prison.

**ISP Staffing.** The DOC is opening the new maximum security prison within its existing budget. Several administrative staff have moved to their offices in the new Administration Building. The DOC has incurred increased costs to operate the current prison as well as pay utilities, overtime for staff training, and the provision of security at the new prison.

**Iowa Correctional Institution for Women (ICIW).** This prison received an increase of \$5.3 million in FY 2014 to operate new prison beds. This amount includes the transfer of \$1.7 million from the Mount Pleasant Correctional Facility to close the Women's Unit at that location. A total of \$1.0 million was transferred out of the ICIW budget to other prisons and Central Office Accounts in FY 2014. Funds were available to transfer due to salary savings from delays in filling new positions.

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## REGENTS UNIVERSITIES – FY 2015 BUDGETS

**Board Meeting.** At the June 4, 2014, meeting of the Board of Regents, the three State universities reported on the development of the FY 2015 budgets. Iowa State University (ISU) and University of Northern Iowa (UNI) also sought and received approval of amendments to the FY 2014 budgets.

**FY 2015 State Appropriations and Tuition Freeze.** The two largest sources of revenue for the general operating budgets of the universities are State appropriations and tuition revenue. For FY 2015, State appropriations for general operations were increased by 4.0% compared to FY 2014, with UNI receiving an additional 3.2% increase. For the second year in a row, the Board of Regents has frozen tuition for resident undergraduates at all three universities at the FY 2013 level. Increases for nonresidents and graduate/professional students have been approved as detailed below.

**University of Iowa (UI) - FY 2015 Budget.** The Board approved a 1.8% tuition increase in FY 2015 for nonresident undergraduates and for most graduate/professional students, with the exception of students pursuing a Juris Doctor in the College of Law. The Board has approved a 16.4% tuition reduction for those students. The UI projects \$9.8 million in additional tuition revenue in FY 2015 due to increased enrollment. The University also projects a combined decline of \$2.0 million in indirect cost recoveries, due to the impact of federal budget sequestration on research funding, and interest income.

**Salary Increases.** The overall average increase for faculty and nonbargained staff salaries will be between 2.0% and 3.0%; the report to the Board does not specify the total dollar amount for those increases. The cost of bargained salary increases is estimated at \$1.2 million. The savings from a decrease in fringe benefit rates is projected to be \$2.1 million.

**Other Items.** Costs related to new or reassigned facilities supported by the general operating budget are estimated to increase by \$1.9 million. There are also likely to be inflation adjustments to financial aid programs.

**Iowa State University - FY 2015 Budget.** The Board approved tuition increases of 1.7% for nonresident undergraduates, 1.8% for resident graduate students, and 3.2% for nonresident graduate students in FY 2015. Anticipating another year of record enrollment, ISU projects an increase in tuition revenue of \$26.2 million in FY 2015. The University projects a decrease of \$1.3 million in indirect cost recoveries and a slight decrease in other revenue sources.

**Salary Increases.** For FY 2015, the minimum salary increase for faculty and nonbargained staff is 1.0%; the report to the Board does not specify the total dollar amount. The University projects the cost of the American Federation of State, County, and Municipal Employees (AFSCME) contract to be \$1.0 million, including an estimated 8.0% increase in the cost of medical and dental benefits.

**Other Items.** Other cost increases for FY 2015 are estimated at \$2.5 million, including costs related to library acquisition, opening two new buildings, utilities, city services, and insurance.

**University of Northern Iowa - FY 2015 Budget.** The Board has approved tuition increases in FY 2015 of 2.0% for resident graduate students and 2.5% for all nonresident students. The University projects an increase in tuition revenue of \$900,000 and anticipates that all other revenue sources will remain flat compared to FY 2014.

**Salary Increases.** For FY 2015, faculty salaries will increase by 2.25%, and increases for nonbargained staff will be comparable. Eligible AFSCME employees will receive a 4.5% step increase. Health insurance costs are projected to increase by 7.0%. The total increase in salaries, benefits, and fringe benefit costs is expected to be \$3.5 million.

**Other Items.** The University expects student financial aid to remain flat, although more funding may be allocated depending on actual enrollment. The FY 2015 budget will also include the last year of a three-year \$500,000 reduction in support for athletics, as well as an increase in support for Iowa Public Radio.

**ISU FY 2014 Budget Amended.** The Board approved the amended FY 2014 budget for ISU, with an increase in revenues and expenditures of \$13.0 million. The amendment resulted from increased enrollments generating higher than expected tuition revenue, as well as revenue from indirect cost recoveries, interim income and other sources that is forecasted to exceed the budget. The additional revenue resulted in additional spending on financial aid, faculty, hourly employees, and supplies/services.

**UNI FY 2014 Budget Amended.** The Board approved the amended FY 2014 general operating budget for UNI, with an increase in revenues and expenditures of \$1.8 million. The amendment resulted from increased enrollment, as well as one-time funds earned in prior years and increases in income from interest and sales/services. The additional revenues are being used to fund student recruitment strategies and student success initiatives.

**Board Action.** The Board also approved the amended FY 2014 budgets for the Metal Casting Center and MyEntrenet. Both units have carryforward authority, and the budget amendment includes expenditure of revenues received in prior years, with an increase of \$16,000 for the Metal Casting Center and \$26,000 for MyEntrenet.

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## **VETERANS TRUST FUND UPDATE**

**Fund Balance.** As of June 30, 2014, the Veterans Trust Fund Balance is \$19.7 million. The total principal balance is \$19.5 million. The total remaining amount for expenditure (including the interest income and the lottery transfer) is approximately \$126,800. Expenditures to date for FY 2014 total approximately \$298,700.

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## **CORRECTIONS SYSTEM POPULATION AND STAFFING**

**Corrections System Population.** There were 39,268 offenders under the supervision of the Iowa corrections system on June 19, 2014. This number includes 8,174 offenders in the state prison system and 31,094 offenders in the Community-Based Corrections (CBC) system.

**Prison System Information.** The prison population has been hovering around 8,100 offenders during FY 2014. Staffing has slowly trended upward as the Department of Corrections (DOC) hires new staff to open new housing units, primarily at the Iowa Correctional Institution for Women (ICIW) at Mitchellville and the Anamosa State Penitentiary (ASP) that created a Prison Rape Elimination Act (PREA) Unit. Under the federal PREA law, offenders under age 18 are required to be housed separately from the general prison population. The DOC created a PREA unit to house male offenders under age 18 at ASP within the existing FY 2014 budget.

**CBC System Information.** The CBC population ranged from 30,579 offenders to 31,094 offenders during FY 2014, an increase of 1.7% over the reporting period. Staffing slowly trended upward during FY 2014 as additional staff was hired to open residential facilities in Waterloo, Sioux City, Davenport, and Ottumwa.

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## STATE APPEAL BOARD MEETING

**Meeting.** The State Appeal Board met July 7, 2014, at the State Capitol. The Board received an update on litigation of the Sioux County Budget protest from Meghan Gavin of the [Office of the Attorney General](#). The budget protest was filed pursuant to Iowa Code chapter [24](#). A hearing was held at the local level; the budget was sustained.

**Claims.** The State Appeal Board approved the following claims:

- General Claims filed under Iowa Code chapter [25](#). The Board approved approximately \$17,700 and tabled action on Johnson and Polk County Medical Examiner Offices' claims. These claims totaled about \$26,600 and were for autopsies conducted on out-of-state residents. The claims were filed under Iowa Code section [331.802](#). The Board seeks more information before approval of these claims.
- Tort claims filed under Iowa Code chapter [669](#). The State Appeal Board approved four claims totaling approximately \$27,800. The majority of the amount was for one claim (about \$26,000) for a car accident that involved a Board of Regents vehicle.
- The State Appeal Board denied claims totaling approximately \$34.9 million. Three claims totaling approximately \$13.8 million were withdrawn.

**Settlements.** The Board approved three settlements by the Office of the Attorney General for \$753,100 as follows:

- \$2,500 in attorney fees for a patient that sued the Department of Human Services (DHS) Civil Commitment Unit for Sexually Violent Offenders (CCUSO) in federal court. The basis of the lawsuit was the issuance of a disciplinary behavior report for failing a polygraph examination that violated the patient's liberty interest. The settlement ends the use of disciplinary behavior reports for failing a polygraph examination. The use of polygraphs is retained; the CCUSO continues to issue disciplinary behavior reports for misconduct.
- \$600 split equally between two patients at CCUSO that sued in federal court regarding the administration of medicine. Both patients have asthma. The CCUSO changed its policy to permit patients to carry rescue inhalers as long as the medications are administered as prescribed.
- \$750,000 to be paid to the federal government to resolve a federal Medical Cost Reimbursement Act (MCRA) claim. The claim is the result of a near-drowning of a boy on a field trip being supervised by the University of Northern Iowa (UNI) Camp Adventure student interns. The accident occurred in Germany. The U.S. Army incurred medical costs in treating the boy, who ultimately died as a result of the accident. The original claim was for \$1.8 million. This is the final legal action involving the accident. The State of Iowa settled with the parents about two years ago for approximately \$2.1 million for the death of their son.

**Next Meeting.** The next meeting of the State Appeal Board is scheduled for August 4 in Des Moines.

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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
Board of Regents	June 4, 2014	Robin Madison (1-5270)
Cultural Trust Board of Trustees	June 18, 2014	Kent Ohms (5-2200)
Iowa Economic Development Authority Board	June 20, 2014	Kent Ohms (5-2200)
State Appeal Board Meeting	July 7, 2014	Beth Lenstra (1-6301)
Administrative Rules Review Committee	July 8, 2014	Adam Broich (1-8223) Beth Lenstra (1-6301)