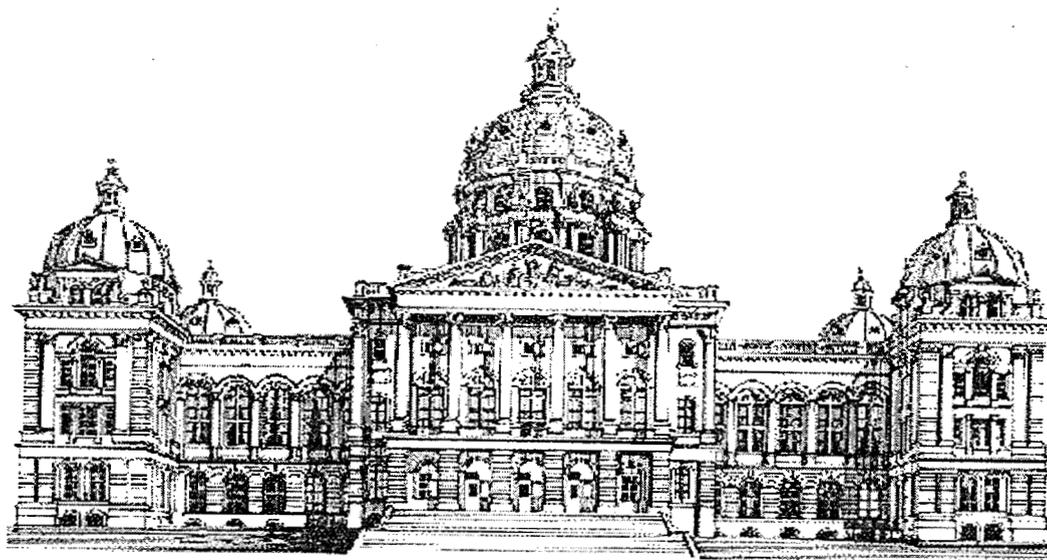


**STATE OF IOWA
SUMMARY OF FY 1996 BUDGET
AND
GOVERNOR'S RECOMMENDATIONS**



**Legislative Fiscal Bureau
January 1995**

FOREWORD

The purpose of this document is to provide the General Assembly with information concerning FY 1996 General Fund estimated receipts, departmental requests, and Governor's recommendations. This information provides an overall summary of the State Budget and is intended to help the General Assembly take a proactive approach toward the budgetary process.

The emphasis of this document is to provide an overview of the General Fund, including revenue, expenditures, and FTE positions to all members of the General Assembly. The Legislative Fiscal Bureau (LFB) will have detailed budget documents for each Appropriations Subcommittee containing an overview and analysis of departmental budgets and Governor's recommendations. The Appropriations Subcommittees can use the documents for consideration of the FY 1996 budget.

If you need additional detail information regarding a departmental request, Appendix D contains a list of LFB staff members. The individual analysts have additional information concerning each request.

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DOCUMENT NOTES

WHEN REVIEWING THIS DOCUMENT, PLEASE NOTE THE FOLLOWING:

Section 8.35A (2) Code of Iowa, requires the Department of Management (DOM) to transmit the Governor's recommendation to the Legislative Fiscal Bureau (LFB) by January 1 or no later than the date the Governor's budget document is delivered to the printer. The information in this document is based upon the January 5 budget tape received by the LFB. Other items worth noting when reviewing this document include:

- The FTE position figures in the subcommittee historical funding tables are FTE positions funded with all funds, not just the General Fund. The FTE positions are estimated for FY 1995.
- Revenue and expenditures are estimated for FY 1995 and FY 1996.
- Fiscal Year 1994 and FY 1995 data includes supplemental appropriations and salary adjustments, but not appropriation transfers or reversions. Fiscal Year 1996 data does not include supplemental appropriations, salary adjustments, appropriation transfers, or reversions.
- This document is based upon the 1995 Legislative Session appropriations subcommittee structure.
- **Appendix A** is a General Fund appropriations tracking document by appropriations subcommittee.
- **Appendix B** is a glossary of budget terms.
- **Appendix C** contains a listing of the *Issue Reviews* completed by the LFB during the 1994 Interim.
- **Appendix D** contains the LFB staff listing.

Questions concerning this document should be directed to Dennis Prouty, LFB Director, (515) 281-5279.

1995 IOWA LEGISLATIVE SESSION TIMETABLE

- **January 9** - First day of Session.
- **February 24** - Final day for individual requests for bill drafts to the Legislative Service Bureau.
- **March 17** - Final day for House bills to be reported out of House committees and Senate bills out of Senate committees.
- **March 20 - 24** - House considers only House bills and unfinished business and Senate considers only Senate bills and unfinished business.
- **April 7** - Final day for Senate bills to be reported out of House committees and House bills to be reported out of Senate committees.
- **April 10 - April 14** - House considers only Senate bills and unfinished business and Senate considers only House bills and unfinished business.
- **April 17** - Amendments need not be filed on the day preceding floor debate.
- **April 17** - Only the following bills are eligible for consideration:
 - Appropriations bills
 - Ways and Means bills
 - Legalizing Acts
 - Bills Co-sponsored by Majority and Minority Leaders
 - Companion bills sponsored by House and Senate Majority Leaders
 - Conference Committee Reports
 - Bills passed by both Houses in different forms
 - Concurrent or Simple Resolutions
 - Bills on the Veto Calendar
 - Administrative Rules Review Committee bills
 - Joint resolutions nullifying Administrative Rules
 - Unfinished business
- **April 28** - 110th day of the Session.

EXPENDITURE LIMITATION

The statutory limitation on expenditures is 99.0% of the adjusted revenue estimate. The expenditure limitation is required to be used in the preparation of the Governor's budget. Only 95.0% of any new revenue generated in a fiscal year will be available for expenditure.

If the April Revenue Estimating Conference (REC) reduces the revenue estimate for the current budget cycle, the Governor must adjust the budget recommendations to account for the reduction in revenue. The Governor and General Assembly shall continue to use the lower projection if the Revenue Estimating Conference subsequently increases the estimate above the December figure.

CASH RESERVE FUND

- Expenditures from the Cash Reserve Fund are limited to nonrecurring emergency expenditures.
- The annual contribution to the Fund is 1.0% of the adjusted revenue estimate for the fiscal year, which may include any surplus existing in the General Fund at the end of the fiscal year.
- The General Assembly has established cash reserve goals. The goal of 2.0% for FY 1995 is complete. To meet future goals, the Cash Reserve Fund must accumulate 1.0% of General Fund adjusted revenues each fiscal year until the Fund reaches 5.0% of FY 1998 General Fund adjusted revenues.
- Funds in the Cash Reserve Fund may be appropriated only if the appropriation is made in the same fiscal year as the appropriation is expended.
- The Cash Reserve Fund balance at the end of FY 1994 was \$35.2 million. The Fund is expected to have a balance of \$76.2 million at the end of FY 1995.

The Governor is recommending that an appropriation from the Cash Reserve Fund require a three-fifths majority vote of the General Assembly. Current law requires that an appropriation from the Cash Reserve Fund that causes the Fund's balance to drop below 3.0% of the adjusted revenue estimate require a three-fifths majority vote of the General Assembly. Otherwise a simple majority vote is required.

The Governor is recommending that \$178.2 million from the FY 1995 General Fund ending balance be transferred to the Cash Reserve Fund in FY 1996. This action is expected to meet the goal of 5.0% of General Fund adjusted revenues. The Governor is also recommending that the excess (\$59.1 million) be transferred to an Income Tax Rate Reduction Replacement Fund, which would be established in FY 1996, and repealed in FY 2001.

The Governor is recommending that excess moneys in the Cash Reserve Fund be transferred to the Income Tax Rate Reduction Replacement Fund, and that the interest from the Cash Reserve Fund be transferred to the Iowa Infrastructure Account.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) DEFICIT REDUCTION FUND

- The GAAP Fund receives approximately 20.0% from motor vehicle use tax receipts.
- Unexpended money from the General Fund, after the Cash Reserve Fund target is made, is also deposited in the GAAP Fund.
- The Department of Management is appropriated the funds for the purpose of eliminating the State's GAAP deficit. The GAAP deficit is to be eliminated beginning in FY 1997. From a GAAP perspective, the State budget has netted out to the following balances:
 - \$ -42.0 million in FY 1989
 - \$-132.6 million in FY 1990
 - \$-338.3 million in FY 1991
 - \$-408.8 million in FY 1992
 - \$-306.8 million in FY 1993
 - \$ 105.9 million in FY 1994
 - \$ 335.0 million in FY 1995 (estimate)
 - \$ 353.0 million in FY 1996 (estimate)
- The Government Accounting Standards Board is beginning deliberation on the governmental reporting model. The results of these potential accounting changes are not expected until the middle of 1995.

The Governor is recommending that \$86.2 million be expended in FY 1995 for GAAP adjustments so that various items will be paid in the fiscal year in which they are charged. The major items are school aid (\$35.2 million), accrual of salaries (\$22.7 million), and community colleges (\$16.5 million).

The Governor is recommending that the excess in the GAAP Deficit Reduction Fund on June 30, 1996 (\$24.1 million) be transferred to the Income Tax Rate Reduction Replacement Fund in lieu of the Economic Emergency Fund.

ECONOMIC EMERGENCY FUND

- Once all GAAP obligations are retired, remaining funds are credited to the Economic Emergency Fund.
- The maximum balance of the Economic Emergency Fund is 5.0% of the adjusted revenue estimate.
- Excess funds shall be transferred to the General Fund if the Economic Emergency Fund is at the maximum balance. Currently, there is approximately \$3.2 million in the Economic Emergency Fund. The estimated FY 1995 year-end balance is \$7.2 million.
- Spending from the Economic Emergency Fund is limited to emergency expenditures.

The Governor is recommending that the balance and interest earnings from the Economic Emergency Fund be transferred to the Iowa Infrastructure Account in FY 1996.

IOWA INFRASTRUCTURE ACCOUNT

- The Iowa Infrastructure Account was created in SF 2318 (Budget Processes Bill) during the 1994 Legislative Session.
- Moneys in the Account are required to be expended for public infrastructure-related expenses.
- The General Assembly may direct money to the Iowa Infrastructure Account that would previously have gone to the Economic Emergency Fund.
- Currently, there is no balance in the Iowa Infrastructure Account.

The Governor is recommending that the Iowa Infrastructure Account receive \$7.2 million from the Economic Emergency Fund in FY 1996, and that interest earnings from the Cash Reserve Fund (\$9.8 million) and Income Tax Rate Reduction Replacement Fund (\$4.2 million) be transferred to the Iowa Infrastructure Account. Under the Governor's recommendation, the Iowa Infrastructure Account will fund approximately \$21.2 million in various capital projects in FY 1996.

INCOME TAX REDUCTION FUND

The Governor is recommending that an Income Tax Rate Reduction Replacement Fund be created in FY 1996.

Moneys in the Income Tax Rate Reduction Replacement Fund would be made available to the General Fund if receipts in future years are not adequate for the individual income tax reduction plan recommended by the Governor.

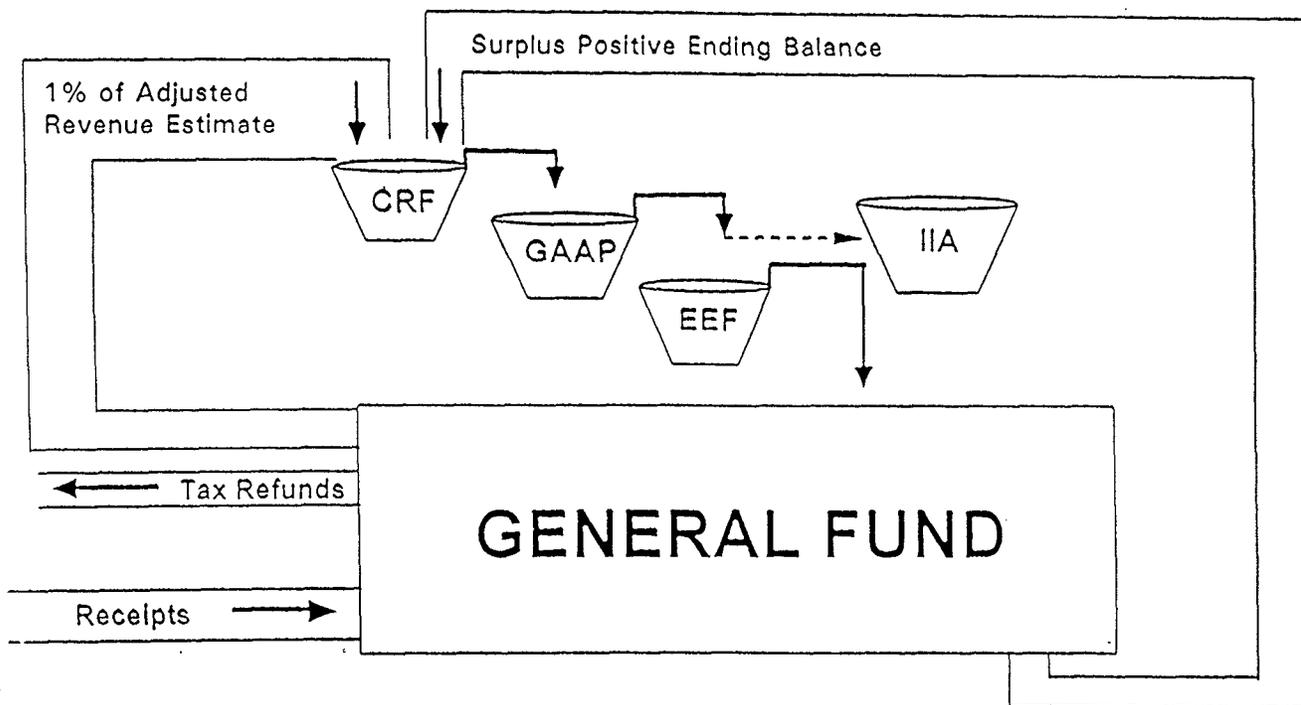
The REC would continually estimate the impact of the individual income tax reduction recommended by the Governor.

The following diagrams illustrate the current and recommended flow of General Fund revenues with expenditure limitation:

EXPENDITURE LIMITATION - FLOW OF GENERAL FUND REVENUES

(CURRENT LAW)

Expenditure Limitation

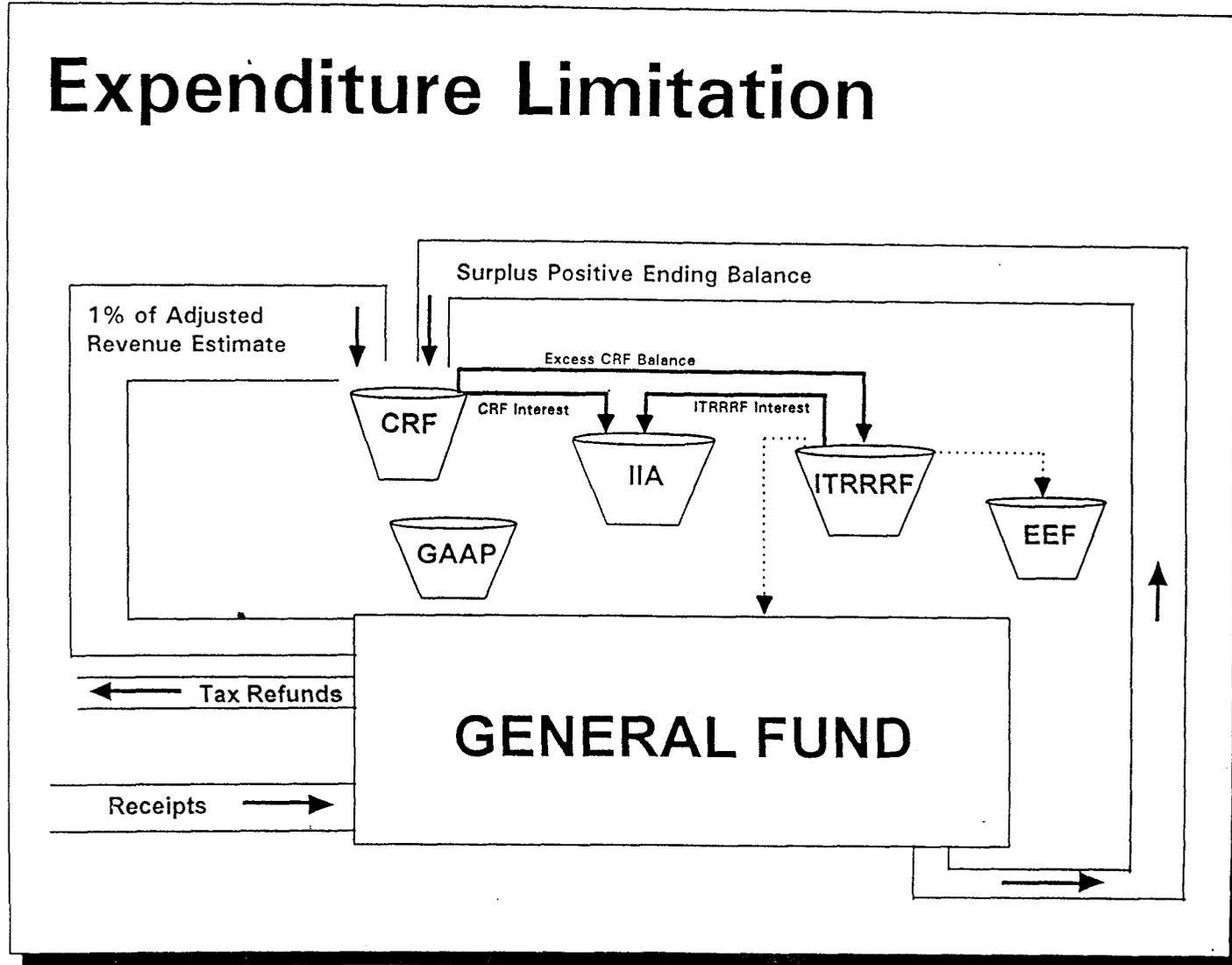


CRF - Cash Reserve Fund
EEF - Economic Emergency Fund

GAAP - Generally Accepted Accounting Principles Deficit Reduction Fund
IIA - Iowa Infrastructure Account

EXPENDITURE LIMITATION - FLOW OF GENERAL FUND REVENUES
(GOVERNOR'S RECOMMENDATION)

Expenditure Limitation



CRF - Cash Reserve Fund
 EEF - Economic Emergency Fund
 ITRRRF - Income Tax Rate Reduction Replacement Fund (new fund recommended by Governor; will sunset in FY 2001)

GAAP - Generally Accepted Accounting Principles Deficit Reduction Fund
 IIA - Iowa Infrastructure Account

FY 1996 REVENUE ESTIMATES

State General Fund revenues are estimated by a three-member Revenue Estimating Conference (REC) which meets at least quarterly. Members are the Director of the Legislative Fiscal Bureau (Dennis Prouty), the Governor or the Governor's designee (Gretchen Tegeler, Director of the Department of Management, (DOM)), and a third member agreed to by the other two members. The third member, Darryl Hansen, is Chief Executive Officer of Norwest Bank Iowa, N.A., and has served on the REC since August 1994. The REC was created by statute in 1987 during government reorganization.

The December estimate is required to be used by the Governor in the preparation of the budget message and by the General Assembly in the budget process. If the April estimate reduces the December revenue estimate, the Governor must adjust the budget recommendations to account for the reduction in revenue. If the REC increases the April estimate above the December figure, the Governor and General Assembly shall continue to use the lower projection established in December.

On December 9, 1994, the REC estimated FY 1996 State General Fund revenues at \$4.250 billion. This reflects growth in revenue of \$159.5 million (3.9%) compared to estimated FY 1995. The statutory limitation on expenditures is 99.0% of the adjusted revenue estimate. The Governor's FY 1996 General Fund budget recommendation includes a \$79.3 million decrease in revenue adjustments and total transfers of \$71.4 million. The Governor's FY 1996 proposed expenditure limitation target is \$3.865 billion.

The Governor's projected ending balance for FY 1995 is \$178.2 million. This amount is required to be transferred into the Cash Reserve Fund and would fully fund the Cash Reserve Fund goal of 5.0% of adjusted General Fund revenues. The Governor recommends that the projected excess of \$59.1 million be transferred to a new Income Tax Rate Reduction Replacement Fund. The following page shows the projected General Fund balance sheet reflecting the latest REC projections and Governor's recommendations.

STATE OF IOWA
Projected Condition of the General Fund
(Dollars in Millions)

	<u>Fiscal Year 1995</u>		<u>Fiscal Year 1996</u>	
	<u>Governor's Recomm.</u>	<u>Current Law</u>	<u>Governor's Recomm.</u>	<u>Current Law</u>
<i>Estimated Funds Available:</i>				
Estimated Receipts				
Revenue Est. Conference	\$ 4,090.5	\$ 4,090.5	\$ 4,250.0	\$ 4,250.0
Revenue Adjustments (Exh. 1)			-79.3	
Transfers (Exh. 1)	40.9	40.9	71.4	5.8
Total Receipts	<u>4,131.4</u>	<u>4,131.4</u>	<u>4,242.1</u>	<u>4,255.8</u>
Tax Refunds (Exh. 2)	- 332.8	- 332.8	- 348.0	- 348.0
Accruals	11.7	11.7	11.4	11.4
<i>Total Funds Available</i>	<u>3,810.3</u>	<u>3,810.3</u>	<u>3,905.5</u>	<u>3,919.2</u>
<i>Expenditure Limit</i> (Calculation on page 15)			<u>\$ 3,864.6</u>	
<i>Estimated Appropriations:</i>				
General Fund	3,632.9	3,632.9	3,804.8	
Supplemental Appropriations (Exh. 2)	12.0			
Reversions	- 12.8	-12.8	-7.5	
<i>Net Appropriations</i>	<u>3,632.1</u>	<u>3,620.1</u>	<u>3,797.3</u>	<u>0.0</u>
<i>Ending Balance prior to Cash Reserve Transfer</i>	<u>\$ 178.2</u>	<u>\$ 190.2</u>	<u>\$ 108.2</u>	

Exhibit 1

	Fiscal Year 1995		Fiscal Year 1996	
	Governor's Recomm.	Current Law	Governor's Recomm.	Current Law
REVENUE ADJUSTMENTS				
Personal Income Tax	\$	\$	\$ - 81.0	\$
Subchapter S Corporations			- 8.0	
Enhanced Collections			3.3	
Court Fines Surcharge			3.5	
Deferred Judgments			0.5	
Printing Supplies Tax Exemptions			- 1.0	
Real Estate Transfer Tax			0.3	
Asbestos			0.1	
Personnel-Reimbursement for Highway Patrol			- 0.1	
Structured Fines			0.1	
Tuition Tax Credit			- 0.4	
Living Roadway Trust Fund			0.8	
Florist Supplies Sales Tax Exemption			- 0.4	
Area Education Agencies			3.0	
TOTAL REVENUE ADJUSTMENTS	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ - 79.3</u>	<u>\$ 0.0</u>
TRANSFERS				
Lottery Proceeds	\$ 34.5	\$ 34.5	\$ 32.1	\$
Racing Unclaimed Winnings Prior Year	0.4	0.4		
Marine Fuel Tax Revenues	2.5	2.5	2.6	2.6
Indirect Cost Transfers	3.0	3.0	2.7	2.7
Use Tax to Fund Highway Patrol			33.5	
Miscellaneous	0.5	0.5	0.5	0.5
TOTAL CASH TRANSFERS	<u>\$ 40.9</u>	<u>\$ 40.9</u>	<u>\$ 71.4</u>	<u>\$ 5.8</u>

Exhibit 2

	<u>Fiscal Year 1995</u>		<u>Fiscal Year 1996</u>	
	<u>Governor's Recomm.</u>	<u>Current Law</u>	<u>Governor's Recomm.</u>	<u>Current Law</u>
<i>Tax Refunds</i>				
Regular Refunds	\$ - 331.0	\$ - 331.0	\$ - 348.0	\$ - 348.0
Court Ordered Prior Years	- 1.8	- 1.8		
<i>Total Tax Refunds</i>	<u><u>\$ - 332.8</u></u>	<u><u>\$ - 332.8</u></u>	<u><u>\$ - 348.0</u></u>	<u><u>\$ - 348.0</u></u>
<i>Supplemental Appropriations</i>				
Community Economic Betterment Account	\$ 2.3	\$	\$	\$
Indigent Defense	3.8			
Telecommunications	5.2			
Public Safety - Riverboat Regulation	0.7			
<i>Total Supplemental Appropriations</i>	<u><u>\$ 12.0</u></u>	<u><u>\$ 0.0</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

STATE OF IOWA
Estimated Condition of the Cash Reserve,
GAAP, and Economic Emergency Funds
(Dollars in Millions)

	<u>Cash Reserve Fund</u>	<u>GAAP Retirement Fund</u>	<u>Economic Emergency Fund</u>
<u>Actual FY 1993</u>			
General Fund Appropriation	\$	\$ 28.8	\$ 1.8
20% Use Tax Appropriation		27.9	
GAAP Deficit Elimination		-53.5	
Interest Earnings			0.1
	<u>\$ 0.0</u>	<u>\$ 3.2</u>	<u>\$ 1.9</u>
<u>Actual FY 1994</u>			
Balance Forward	\$	\$ 3.2	\$ 1.9
20% Use Tax Appropriation		35.8	
FY 1993 Ending Balance	52.0		
FY 1993 Excess of 1% Required Balance	-16.8	16.8	
GAAP Deficit Elimination		-42.6	
Interest Earnings			1.3
	<u>\$ 35.2</u>	<u>\$ 13.2</u>	<u>\$ 3.2</u>
<u>Estimated FY 1995</u>			
Balance Forward	\$ 35.2	\$ 13.2	\$ 3.2
20% Use Tax Appropriation		37.4	
FY 1994 Ending Balance	90.9		
Racing and Gaming Revenue	9.8	0.0	
FY 1994 Excess of 1% Required Balance	-59.7	59.7	
GAAP Deficit Elimination		-86.2	
Interest Earnings			4.0
	<u>\$ 76.2</u>	<u>\$ 24.1</u>	<u>\$ 7.2</u>

STATE OF IOWA
Estimated Condition of the Cash Reserve,
GAAP, and Economic Emergency Funds
(Dollars in Millions)

	Cash Reserve Fund	GAAP Retirement Fund	Economic Emergency Fund	Infrastructure Account	Income Tax Rate Reduct. Fund
Estimated FY 1995					
Balance Forward	\$ 35.2	\$ 13.2	\$ 3.2		
20% Use Tax Appropriation		37.4			
FY 1994 Ending Balance	90.9				
Racing and Gaming Revenue	9.8	0.0			
FY 1994 Excess of 1% Required Balance	-59.7	59.7			
GAAP Deficit Elimination		-86.2			
Interest Earnings			4.0		
	<u>\$ 76.2</u>	<u>\$ 24.1</u>	<u>\$ 7.2</u>		
Recommended FY 1996					
Balance Forward	\$ 76.2	\$ 24.1	\$ 7.2	\$ 0.0	\$ 0.0
20% Use Tax Appropriation		0.0			
FY 1995 Ending Balance	178.2				
Racing and Gaming Revenue	0.0				
FY 1995 Excess of 5% Required Balance	-59.1				
Transfer to Recommended Account		-24.1	-7.2	7.2	59.1
Interest Earnings			0.0	14.0	24.1
Capital Projects				-21.2	
	<u>\$ 195.3</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 83.2</u>
Recommended FY 1997					
Balance Forward	\$ 195.3	\$ 0.0	\$ 0.0	\$ 0.0	\$ 83.2
20% Use Tax Appropriation		0.0			
FY 1996 Ending Balance	108.2				
Racing and Gaming Revenue	0.0	0.0			
FY 1996 Excess of 5% Required Balance	-101.5	0.0			
Interest Earnings				14.0	
Capital Projects				-13.9	
	<u>\$ 202.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.1</u>	<u>\$ 184.7</u>

Shading reflects Governor's Recommendation

STATE OF IOWA
Calculation of Statutory Expenditure Limit
(Dollars in Millions)

Fiscal Year 1996	Governor's Recommendation		
	Current	New	Total
	Revenue	Revenue	Revenue
Revenue Estimate per Revenue Estimating Conference	\$ 4,250.0	\$	\$ 4,250.0
Refund of Taxes	- 348.0		- 348.0
Accrued Revenue Changes	11.4		11.4
Transfers	37.9	33.5	71.4
Total	3,951.3	33.5	3,984.8
Revenue Adjustments:			
Personal Income Tax	- 81.0		- 81.0
Subchapter S Corporations	- 8.0		- 8.0
Enhance Collections		3.3	3.3
Court Fines Surcharges		3.5	3.5
Deferred Judgments		0.5	0.5
Printing Supplies Sales Tax Exemption	- 1.0		- 1.0
Real Estate Transfer Tax		0.3	0.3
Asbestos		0.1	0.1
Personnel-Reimbursement for Highway Patrol	- 0.1		- 0.1
Structured Fines		0.1	0.1
Tuition Tax Credit	- 0.4		- 0.4
Living Roadway Trust Fund		0.8	0.8
Florist Supplies Sales Tax Exemption	- 0.4		- 0.4
Area Education Agencies		3.0	3.0
Total Revenue Adjustments	- 90.9	11.6	- 79.3
Total Funds Available for Expenditure Limit Calculation	3,860.4	45.1	3,905.5
Applicable Limit Percentage	99%	95%	
Total Amount of Expenditure Limit	\$ 3,821.8	\$ 42.8	\$ 3,864.6

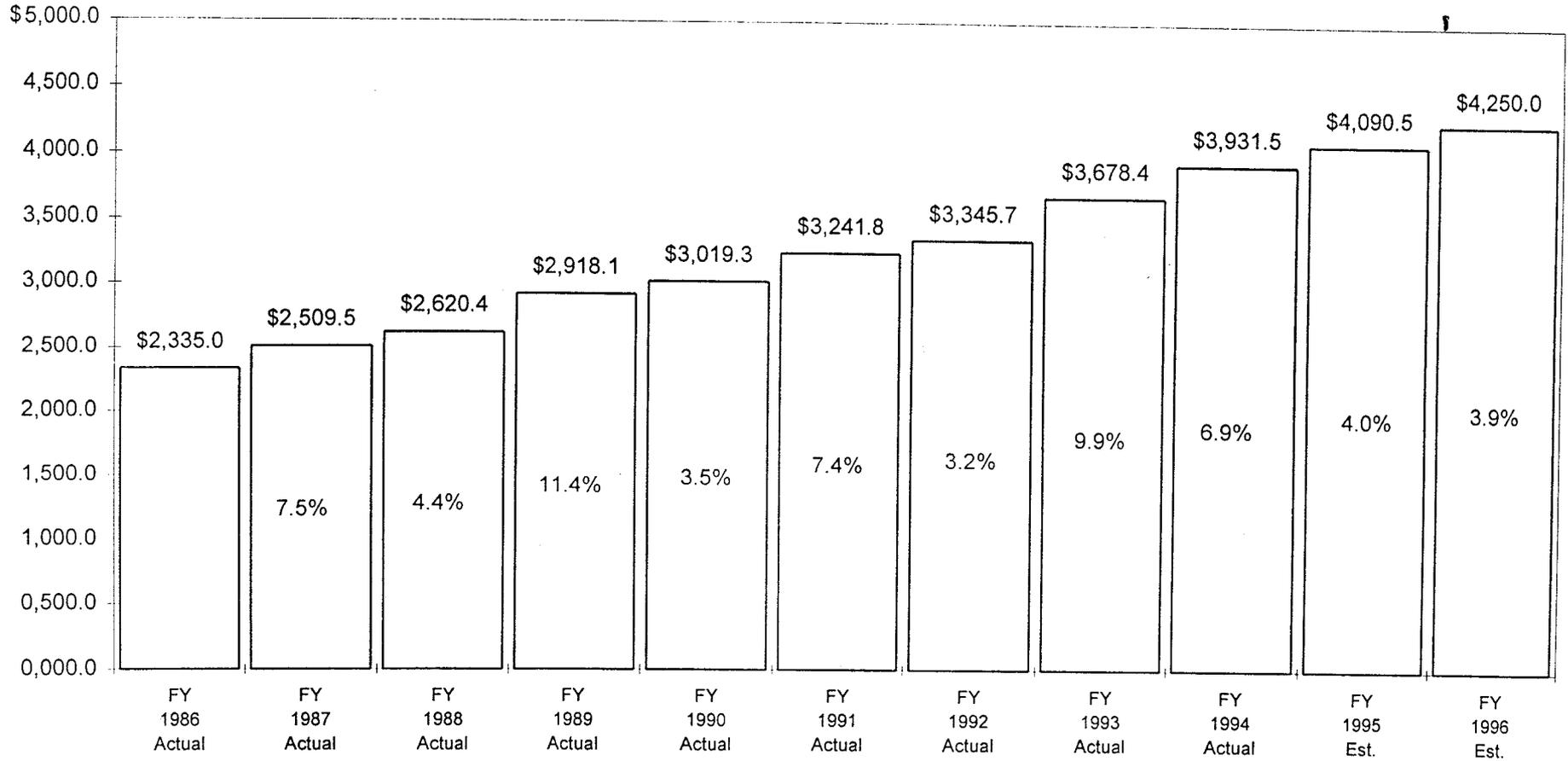
STATE OF IOWA
Schedule of GAAP Adjustments
(Dollars in Millions)

	<u>Actual</u> <u>FY 1993</u>	<u>Actual</u> <u>FY 1994</u>	<u>Estimated</u> <u>FY 1995</u>
GAAP ADJUSTMENTS			
Medicaid	\$ 26.5	\$	\$
Insurance Reserves	27.0		
Tax Refunds		23.2	
Accrued Revenue Adjustments		12.7	
Foster Care		4.0	
Indigent Defense		0.7	
Various Standing Unlimited Appropriations		2.0	
Education of Children in Foster Care			0.2
Women, Infants, and Children Program			•
Education of Children Placed by Court			•
Human Services Decategorization Projects			•
Permanent School Fund Loan			2.3
Franchise Tax Distribution			1.6
Vocational Education Aid Secondary Schools			3.3
Nonpublic Transportation Aid			3.4
Merged Area Schools Fourth Quarter			16.5
School Aid Property Tax Credits			35.3
Accrual of State Employees Salaries			22.7
County Juvenile Detention Reimbursement			0.9
TOTAL GAAP ADJUSTMENTS	<u>\$ 53.5</u>	<u>\$ 42.6</u>	<u>\$ 86.2</u>

• No FY 1994 payables were reported.

GENERAL FUND RECEIPTS AND PERCENT OF GROWTH FY 1986 - FY 1996

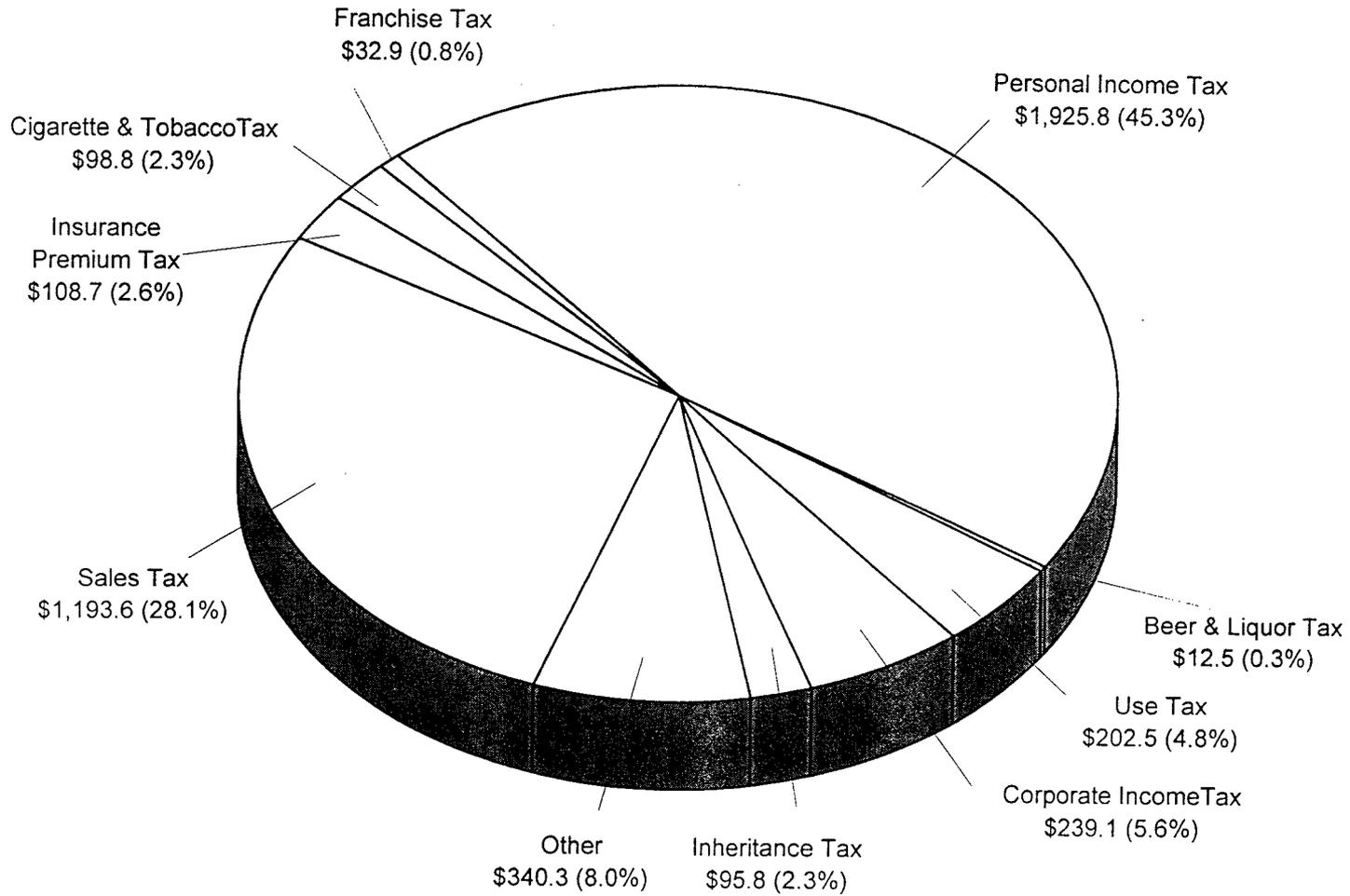
(In millions)



Note: FY 1995 and FY 1996 figures as estimated by December 9, 1994 Revenue Estimating Conference.

FY 1996 ESTIMATED GENERAL FUND RECEIPTS

(In millions)



Total: \$4.250 billion

As Estimated by December 9, 1994 Revenue Estimating Conference

FY 1993 - FY 1996 REVENUE PROJECTION FOR THE GENERAL FUND

(In Millions)

<u>Tax Source</u>	FY 1993 Actual	FY 1994 Actual	% Change from FY 1993 Actual	FY 1995 Estimated	% Change from FY 1994 Actual	FY 1996 Estimated	% Change from FY 1995 Estimated
Personal Income Tax	\$ 1,698.9	\$ 1,784.9	5.1 %	\$ 1,843.8	3.3 %	\$ 1,925.8	4.4 %
Sales Tax	1,012.5	1,110.1	9.6	1,152.9	3.9	1,193.6	3.5
Use Tax	151.2	175.1	15.8	193.3	10.4	202.5	4.8
Corporate Income Tax	224.2	220.8	-1.5	238.1	7.9	239.1	0.4
Inheritance Tax	76.9	88.1	14.6	90.1	2.2	95.8	6.3
Insurance Premium Tax	96.5	103.3	7.1	108.5	5.0	108.7	0.2
Cigarette Tax	90.7	91.6	1.0	93.6	2.2	94.0	0.4
Tobacco Tax	4.0	4.6	14.9	4.6	0.1	4.8	4.3
Beer Tax	12.5	12.5	-0.2	12.6	1.0	12.5	-0.8
Franchise Tax	31.7	34.1	7.4	32.9	-3.4	32.9	0.0
Miscellaneous Tax	0.8	1.1	41.3	0.9	-20.4	0.9	0.0
Total Special Taxes	\$ 3,399.9	\$ 3,626.2	6.7 %	\$ 3,771.3	4.0 %	\$ 3,910.6	3.7 %
<u>Other Receipts</u>							
Institutional Payments	104.4	105.5	1.1	107.9	2.3	108.3	0.4
Liquor Transfers							
A. Profits	14.5	25.5	75.9	25.4	-0.4	25.4	0.0
B. 7% Gross Revenues	9.8	9.0	-8.2	9.0	0.0	9.0	0.0
Interest	6.7	7.9	18.1	13.5	70.7	13.5	0.0
Fees	53.1	55.6	4.8	54.8	-1.5	55.0	0.4
Judicial Revenue	40.4	43.6	8.0	48.1	10.2	44.1	-8.3
Miscellaneous Receipts	36.6	47.9	30.9	39.6	-17.3	39.9	0.8
Pari-Mutuel Receipts	13.0	10.2	-21.5	20.9	104.8	44.2	111.5
Total Receipts	\$ 3,678.4	\$ 3,931.5	6.9 %	\$ 4,090.5	4.0 %	\$ 4,250.0	3.9 %

Note: FY 1995 and FY 1996 were estimated by the Revenue Estimating Conference on December 9, 1994. The revenues do not reflect transfers, refunds, or accruals.

GOVERNOR'S FY 1996 GENERAL FUND RECOMMENDATION

The Governor's FY 1996 General Fund budget recommendation is \$3.805 billion, an increase of \$171.8 million compared to estimated FY 1995. The Governor recommends:

- A FY 1995 ending General Fund balance of \$178.2 million. The Governor recommends using \$119.1 million to fund the Cash Reserve Fund at 5.0% and transferring the remaining amount (\$59.1 million) to a newly created Income Tax Rate Reduction Replacement Fund.
- Changing the deposit of the fifth cent of the sales on motor vehicles (\$38.5 million) into the GAAP Deficit Reduction Account to the General Fund. The Governor recommends funding for the Iowa State Patrol (\$33.5 million) be shifted from the Road Use Tax Fund to the General Fund.
- That all interest earned on the Cash Reserve Fund and the proposed Income Tax Rate Reduction Replacement Fund be placed into the existing Infrastructure Account. The Governor proposes expending \$21.2 million for capitals by transferring into the Infrastructure Account the following amounts; the existing balance of the Economic Emergency Fund (\$7.2 million), anticipated interest on the Cash Reserve Fund (\$9.8 million), and the proposed Income Tax Rate Reduction Replacement Fund anticipated interest (\$4.2 million).
- No provision for salary adjustment. Traditionally, the Governor makes a formal recommendation at the conclusion of the collective bargaining process.
- A property tax replacement program with a FY 1996 cost of \$26.0 million and an income tax reduction program with an estimated FY 1996 reduction to revenues of \$81.0 million.
- An estimated FY 1996 ending General Fund balance prior to a transfer to the Cash Reserve Fund of \$108.2 million.

The following table lists the major General Fund increases and decreases, of \$1.0 million or more, recommended by the Governor for FY 1996:

MAJOR GENERAL FUND DECREASES/INCREASES RECOMMENDED BY THE GOVERNOR

<u>DEPARTMENT</u>	<u>APPROPRIATION</u>	<u>ESTIMATED FY 1995</u>	<u>GOVERNOR'S REC. FY 1996</u>	<u>DIFFERENCE GOV. REC. V. FY 1995</u>	<u>% CHANGE GOV. REC. V. FY 1995</u>
<u>Decreases</u>					
Human Services	MI/MR/DD/BI Community Service	\$ 29,277,958	\$ 16,239,182	\$ -13,038,776	-44.5%
Management	Salary Adjustment	5,326,743	0	-5,326,743	-100.0%
Human Services	Family Investment Program	37,139,476	32,820,032	-4,319,444	-11.6%
Human Rights	Community Grant Fund	1,800,000	0	-1,800,000	-100.0%
Executive Council	Performance Of Duty	3,000,000	2,000,000	-1,000,000	-33.3%
	<i>Total Decreases Over \$1 million</i>	<u>\$ 76,544,177</u>	<u>\$ 51,059,214</u>	<u>\$ -25,484,963</u>	
<u>Increases</u>					
Education	School Foundation Aid	\$ 1,266,219,943	\$ 1,323,674,743	\$ 57,454,800	4.5%
Public Safety	Iowa State Patrol / Workers Comp	0	32,960,467	32,960,467	100.0%
Education	School Improvement	0	15,000,000	15,000,000	100.0%
Human Services	Medical Assistance	344,719,351	358,096,521	13,377,170	3.9%
Telecommunication & Techn.	Distance Learning	10,600,000	22,783,414	12,183,414	114.9%
Revenue And Finance	Livestock Product Property Tax	0	10,000,000	10,000,000	100.0%
Human Services	Mental Health Property Tax Rep	0	10,000,000	10,000,000	100.0%
Human Services	Child And Family Services	74,980,112	84,582,084	9,601,972	12.8%
Judicial Branch	Judicial Branch	83,596,673	89,607,334	6,010,661	7.2%
Corrections	Clarinda Institution	6,397,875	10,771,765	4,373,890	68.4%
College Student Aid	Tuition Grant Program - Standing	32,422,362	35,664,750	3,242,388	10.0%
Education	Community College General Aid	99,020,486	102,020,486	3,000,000	3.0%
Veterans Affairs	Iowa Veterans Home	35,716,775	38,195,008	2,478,233	6.9%
Regents	Tuition Replacement	25,843,645	27,700,000	1,856,355	7.2%
Corrections	Corrections Education	0	1,850,600	1,850,600	100.0%
Inspections & Appeals	Indigent Defense Appropriation	10,029,000	11,752,697	1,723,697	17.2%
Public Safety	Investigation, Dept of Criminal Inv	7,234,848	8,668,214	1,433,366	19.8%
Human Services	Child Support Recoveries	4,987,485	6,385,265	1,397,780	28.0%
Regents	Univ. Of Iowa: General University	190,350,028	191,745,559	1,395,531	0.7%
Regents	Iowa State: General University	151,331,647	152,693,041	1,361,394	0.9%
Human Services	General Administration	9,693,066	10,907,951	1,214,885	12.5%
	<i>Total Increases Over \$1 million</i>	<u>\$ 2,353,143,296</u>	<u>\$ 2,545,059,899</u>	<u>\$ 191,916,603</u>	
	<i>Total Other Changes</i>	<u>\$ 1,203,240,665</u>	<u>\$ 1,208,647,873</u>	<u>\$ 5,407,208</u>	
	Grand Total	<u><u>\$ 3,632,928,138</u></u>	<u><u>\$ 3,804,766,986</u></u>	<u><u>\$ 171,838,848</u></u>	4.7%

The following table lists the Governor's FY 1996 General Fund recommendation by Appropriations Subcommittee:

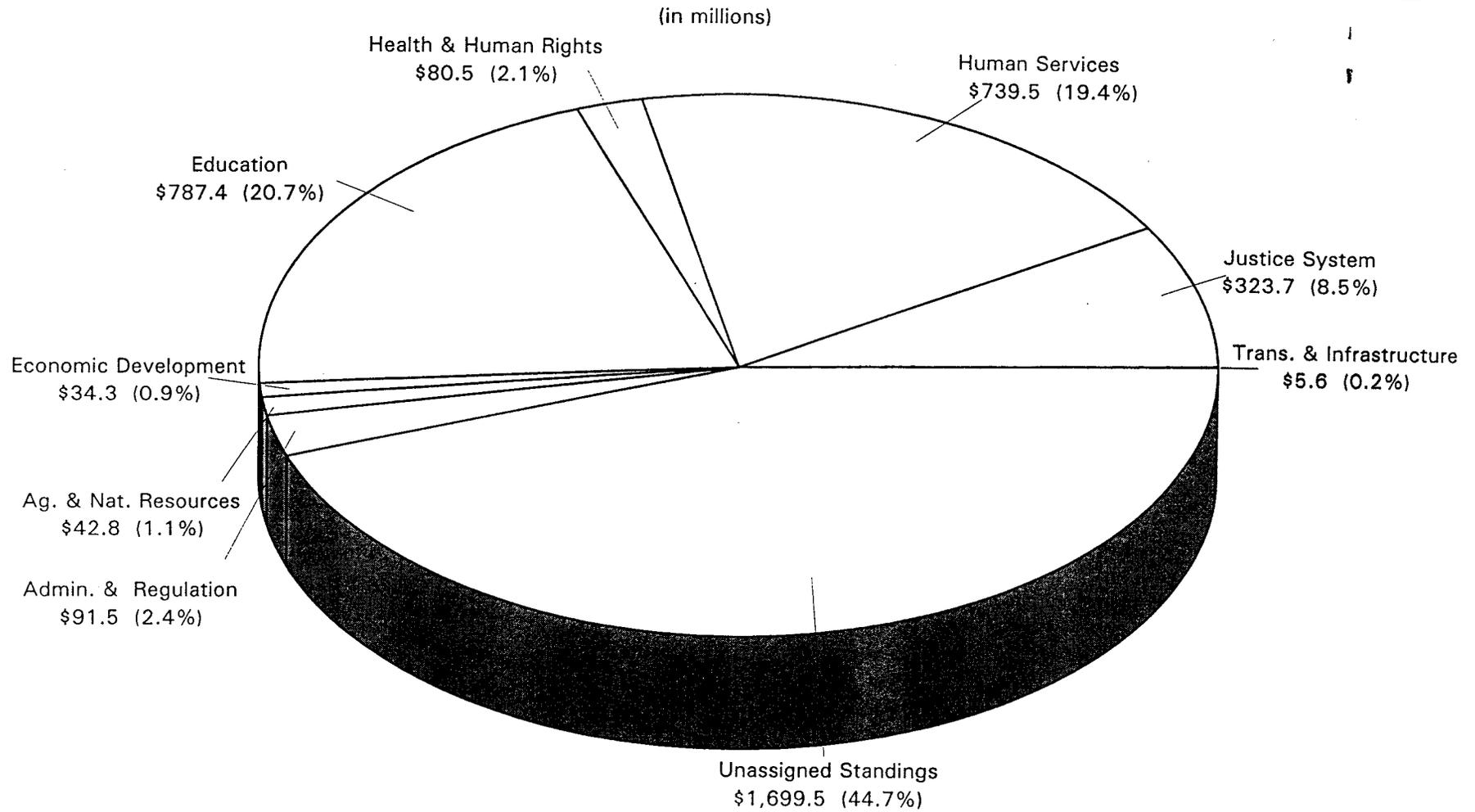
GOVERNOR'S FY 1996 GENERAL FUND RECOMMENDATIONS

(in millions)

Subcommittee	Estimated FY 1995	Gov. Rec. FY 1996	FY 1996 Rec. vs Est. FY 1995
Administration & Regulation	\$ 94.0	\$ 91.5	\$ - 2.5
Agriculture & Natural Resources	43.1	42.8	- 0.3
Economic Development	34.6	34.3	- 0.3
Education	748.9	787.4	38.5
Health & Human Rights	79.7	80.5	0.8
Human Services	722.4	739.5	17.1
Justice System	270.2	323.7	53.5
Transportation & Infrastructure	6.4	5.6	- 0.8
Unassigned Standings	1,633.5	1,699.5	66.0
TOTAL	\$ 3,632.9	\$ 3,804.8	\$ 171.8

Note: The dollar amounts have been rounded.

FY 1996 GENERAL FUND GOVERNOR'S RECOMMENDATIONS



Total: \$3.805 billion

GOVERNOR'S RECOMMENDED FY 1996 GENERAL FUND REDUCTIONS

The Governor is recommending spending reductions totaling \$23.6 million in five specific programs, additional reductions in unspecified programs, and reductions for one-time expenditures included in FY 1995 appropriations. The following list reflects the reductions specified by the Governor:

Governor's Recommended FY 1996 Reductions (in millions)

Welfare Reform Changes	\$	2.7
Health Insurance Education		1.7
Substance Abuse Managed Care Contract		1.2
Indigent Defense		2.2
Board of Regents Institution Contracting		0.6
Program Reductions		5.1
Reductions - One-Time FY 1995 Spending		10.1
Total	\$	<u>23.6</u>

The Department of Management provides the following explanation of the proposed expenditure reductions:

1. Welfare Reform Changes - The Governor has estimated \$2.7 million in savings due to current and proposed welfare reform changes. The current savings are due to the reduced FY 1996 appropriation recommendation for the Family Investment Program of \$2.5 million. The proposed welfare reform changes are estimated to save a total \$204,000 and include the following:
 - A. Requiring teen parents to attend parenting classes, live with their parents, or participate in a family development program.
 - B. Teens whose families are receiving public assistance and who are pursuing a high school education full-time will have their employment earnings disregarded from payment computation.

- C. Limiting the number of children eligible for assistance to the number of children in the family at the time of initial receipt of assistance.
 - D. Imposing sanctions to disqualify those who defraud or abuse the system.
 - E. Changing the Promise Jobs Program participation exemption from families with children less than six months of age to families with children less than three months of age.
 - F. Limiting payment levels to the lesser of Iowa's standard or the standard of previous residence.
 - G. Revoking professional or driver's licenses or preventing renewal of vehicle registrations based upon failure to pay child support.
2. Health Insurance Education - The Governor is recommending that budgets in most departments be reduced by the amount of General Fund savings that could be achieved if the department is successful in reaching a threshold where no more than 35.0% of the department's employees with family health insurance policies are in a Plan costing more than Blue Cross Blue Shield Plan 3. Currently, 64.1% of health insurance family plans are at a cost greater than that of Blue Cross Blue Shield Plan 3. The total General Fund dollar amount of the Governor's assumed savings is \$1.7 million. If departments are unable to achieve the target of 35.0%, the difference will come from department operating funds. Conversely, if departments are able to exceed the target of 35.0%, the savings will be allocated internally within the department.
3. Substance Abuse Managed Care Contract - The Governor is recommending that the Departments of Public Health, Human Services, and Corrections, and the University of Iowa collaborate in the development of a statewide managed care contract for substance abuse treatment. The Governor estimates a savings of \$1.2 million through leveraging of federal match for Medicaid-eligible services. The savings of \$1.2 million would be a reduction of approximately 3.0% in the cost of these services.
4. Indigent Defense - The Governor is estimating total net savings of \$2.2 million for Indigent Defense as a result of the following recommendations:
- A. Increasing the General Fund appropriation for the Public Defender's Office by \$776,000 for an additional 16.50 FTE positions in FY 1996. The additional FTE positions will be placed in the Des Moines, Sioux City, Waterloo, and Council Bluffs office locations, and will be responsible for addressing the increase in criminal and juvenile caseloads, reducing the cases to be assigned to contracted and non-contracted private attorneys. The estimated savings for this initiative is \$1.6 million.

- B. Increasing the number of counties permitted to contract for indigent defense services from 4 to 23, with anticipated total annual savings of \$560,000.
5. Board of Regents Institution Contracting - The Governor is recommending additional privatization by the Board of Regents' institutions, saving \$612,000 in FY 1996. The specific areas are not identified in the recommendation. The estimated savings, by institution are:
- A. University of Iowa - \$200,000
 - B. Iowa State University - \$200,000
 - C. University of Northern Iowa - \$200,000
 - D. Iowa School for the Deaf - \$6,000
 - E. Iowa Braille and Sight Saving School - \$6,000
6. Program Reductions - The Department of Management will provide additional information in the future.
7. Reduction for One-Time FY 1995 Expenditures - The Department of Management will provide additional information in the future.

SALARIES AND COLLECTIVE BARGAINING

The State of Iowa is currently negotiating with the five unions representing State employees for the salaries and benefits for FY 1996 and FY 1997. Chapter 20, Code of Iowa, establishes the framework and timeline for the bargaining process. The basic deadlines are:

- September through December - Unions and the State present initial proposals.
- January through March - Subsequent bargaining sessions which can include the appointment of a mediator, fact finding, and binding arbitration.
- March 15 - Deadline for completion of the agreement.

The following table is a summary of the opening offers of three of the five collective bargaining units. The table contains only a summary of some of the major points. The Department of Management estimates that a 1.0% salary increase costs the General Fund \$10.0 million for all State employees.

The Governor's FY 1996 budget does not include any provision for funding of salary adjustment. Traditionally, the Governor makes a formal recommendation at the conclusion of the collective bargaining process.

A full list of the proposed changes is available from the LFB. As soon as additional information becomes available, the LFB will provide an update to the members of the General Assembly.

The Governor is recommending changes in Chapter 20, Code of Iowa, to allow an arbitrator to consider the wages of private employees doing comparable work in Iowa when making decisions concerning an award granted under the public employee collective bargaining process.

COLLECTIVE BARGAINING OPENING OFFERS

Bargaining Unit	FY 1996		FY 1997	
	Wages	Benefits	Wages	Benefits
American Federation of State, County, and Municipal Employees (AFSCME)	<ul style="list-style-type: none"> • 5.0% across-the-board increase. • Steps for eligible employees. • Additional (seventh) step for all ranges. 	<ul style="list-style-type: none"> • Freeze employee portion of health insurance at FY 1995 level. • Balance of sick leave at retirement converted at current value for health and life insurance. • Inclusion of Christmas Eve Day as 12th paid holiday, except Regents would receive an additional unscheduled holiday. 	<ul style="list-style-type: none"> • 5.0% across-the-board increase. • Steps for eligible employees. • Seventh step would continue in effect. 	<ul style="list-style-type: none"> • Same as FY 1996
Iowa United Professionals (IUP)	<ul style="list-style-type: none"> • 8.0% across-the-board increase. • Steps for eligible employees. • Increase the pay grade for each employment class by two paygrades. Equates to a 10.0% increase over the two years of the contract. 	<ul style="list-style-type: none"> • Employer contribution of 100.0% of cost for all plans except Blue Cross Plan 1. • Adds vision insurance plan - employer would pay 100.0% of cost. • Increase sick leave payout from \$2,000 to \$10,000 upon retirement. • Addition of longevity pay. 	<ul style="list-style-type: none"> • 8.0% across-the-board increase. • Steps for eligible employees. 	<ul style="list-style-type: none"> • Same as FY 1996
United Faculty of Iowa (UFI)	<ul style="list-style-type: none"> • 6.4% base pay increase. • \$950 bonus to be added to the base salary. • Merit increases for eligible faculty. • Promotional increases. 	<ul style="list-style-type: none"> • Increase the employer contribution of health insurance from 75.0% to 85.0%. • Increase in life insurance coverage from 2.5 times earnings to five times earnings (maximum \$300,000 coverage). 	<ul style="list-style-type: none"> • 6.4% base pay increase. • \$950 bonus to be added to the base salary. • Merit increases for eligible faculty. • Promotional increases. 	<ul style="list-style-type: none"> • Same as FY 1996

COLLECTIVE BARGAINING OPENING OFFERS (CONTINUED)

Bargaining Unit	FY 1996		FY 1997	
	Wages	Benefits	Wages	Benefits
Public Professional and Maintenance Employees (PPME)	<ul style="list-style-type: none"> • 8.0% across-the-board increase. • Merit increases for all employees. • Elimination of bottom step and addition of new top step for each pay grade. 	<ul style="list-style-type: none"> • Creation of an additional paid holiday. • Employer pays all single and family health insurance premium increases. • Increase in sick leave to vacation conversion from four to one to three to one. 	<ul style="list-style-type: none"> • 8.0% across-the-board increase. • Merit increases for all employees. • Elimination of bottom step and addition of new top step for each pay grade. 	<ul style="list-style-type: none"> • Same as FY 1996
State Police Officers Council (SPOC)	<ul style="list-style-type: none"> • Flat dollar amount increase equal to an 8.0% across-the-board increase for top special agents. This equates to an average across-the-board increase of 10.6%. • Step increases for eligible individuals. • Two additional steps at the top and bottom of each pay range. 	<ul style="list-style-type: none"> • Employer would pay 100.0% of health insurance premiums. • Increased clothing allowance for troopers and employees of Department of Natural Resources. • Longevity pay for all Department of Public Safety employees covered by the contract. 	<ul style="list-style-type: none"> • Flat dollar amount increase equal to an 8.0% across-the-board increase for top special agents. Equates to an average across-the-board increase of 10.6%. • Step increases for eligible individuals. 	<ul style="list-style-type: none"> • Same as FY 1996

INDIVIDUAL INCOME TAX RATE REDUCTION

The Governor is recommending that the State individual income tax be reduced by 15.0%. The recommendation includes a five-year phase-in, beginning in FY 1996. The Governor is recommending the following rate schedules:

Taxable Income	Marginal Rates By Tax Year					
	1994	1995	1996	1997	1998	1999
\$ 0 - \$ 1,060	0.40 %	0.40 %	0.40 %	0.35 %	0.35 %	0.35 %
1,060 - 2,120	0.80	0.80	0.75	0.75	0.70	0.70
2,120 - 4,240	2.70	2.65	2.55	2.45	2.35	2.30
4,240 - 9,540	5.00	4.90	4.75	4.55	4.35	4.25
9,540 - 15,900	6.80	6.65	6.45	6.20	5.95	5.80
15,900 - 21,200	7.20	7.05	6.80	6.60	6.30	6.10
21,200 - 31,800	7.55	7.35	7.15	6.90	6.60	6.40
31,800 - 47,700	8.80	8.60	8.30	8.05	7.65	7.50
47,700 - and over	9.98	9.75	9.45	9.15	8.70	8.50

The Governor is also recommending that an Income Tax Rate Reduction Replacement Fund be established in FY 1996 with excess monies from the Cash Reserve Fund and GAAP Retirement Fund. According to the Governor, this Fund would have a balance of \$83.2 million on June 30, 1996, and \$184.7 million on June 30, 1997.

BUDGET IMPACT

The budget impact of the Governor's recommendation depends on how the Department of Revenue and Finance administers the reductions. If withholding rates are reduced significantly, then part of the cost of the later years would be shifted to earlier years. The Department of Revenue and Finance has indicated that, if the Governor's recommendation is adopted, the Department will reduce annual withholding by 6.0% on July 1, 1995, 11.0% by July 1, 1997, and 16.5% on July 1, 1998.

The Department of Revenue and Finance estimates that the cost to the State of the Governor's recommended rate reduction coupled with these withholding changes, would be approximately \$81.0 million in FY 1996, and \$98.0 million in FY 1997.

PROPERTY TAX ON MACHINERY AND EQUIPMENT

DESCRIPTION

The tax on machinery and equipment (M&E), as with all property taxes, is paid to local governments. The assessed value of M&E is equal to 30.0% of the initial acquisition price of the M&E. The value remains constant for the life of the M&E. There is no depreciation allowance for M&E property tax purposes.

Since local governments receive property tax revenue from M&E, the local governments are most affected by a change in the tax. If the tax on M&E is eliminated, then the local governments will absorb most of the lost revenue, unless the State enacts a revenue replacement mechanism.

Currently, the tax represents an annual rate of 0.9% of the initial price of the M&E (based on the statewide average property tax rate of \$31.40 per \$1,000 of taxable valuation).

There are already in place several exemptions to the M&E tax, including projects created under the New Jobs and Income Program, tax increment financing districts, and various kinds of agricultural M&E.

OPTIONS FOR REPEAL

If it is determined that the tax on M&E should be repealed, there are three main questions from which various alternatives can be developed:

- Should the tax be eliminated on new and existing M&E, or just new M&E?
- Should the State replace the lost revenue to local governments?
- How should the tax be phased out?

GOVERNOR'S RECOMMENDATION

The Governor is recommending that the taxable valuation of new and existing M&E be phased out equally over six years. The Governor further recommends that local governments be reimbursed for the loss in revenues using the two following methods:

- **School Aid Replacement** - The Governor is recommending that the current law method of replacing lost taxable valuations be left in place. This would require that the State, through the school aid formula, replace \$5.40 per \$1,000 of lost valuation.
- **Replacement Appropriation** - The Governor is recommending that local governments be reimbursed for lost revenues, but that the replacement be phased-out over ten years. Using FY 1996 as the base, the reimbursement would begin in FY 1996 for revenues that will be lost in FY 1998. For the purpose of reimbursement, future valuations are frozen at the FY 1996 level. The following reimbursement rate applies to the years from FY 1996 through FY 2006:

Fiscal Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Reimbursement Percentage	90.0%	75.0%	60.0%	45.0%	30.0%	20.0%	20.0%	20.0%	15.0%	10.0%	0.0%

BUDGET IMPACT

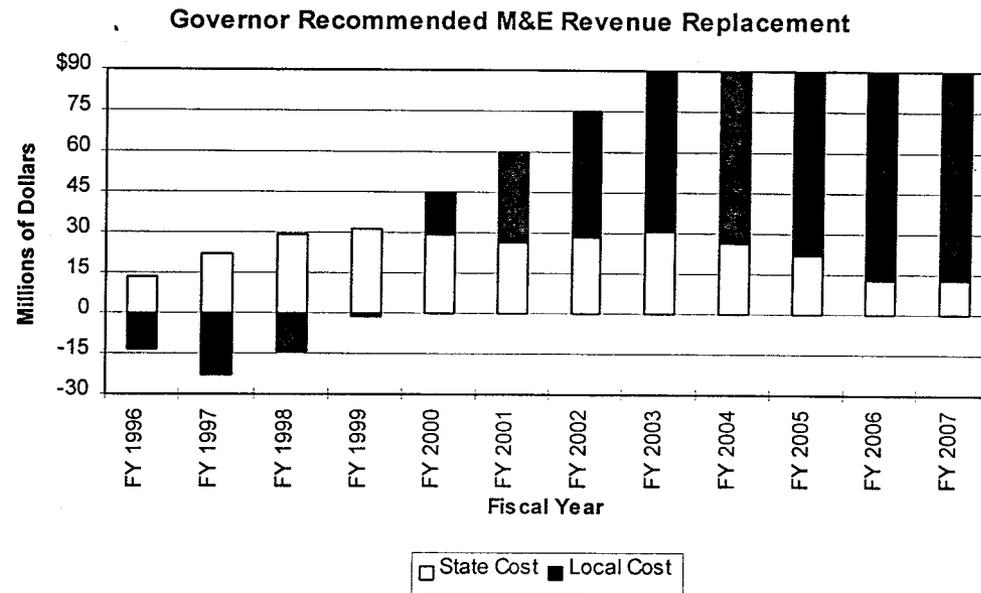
The total assessed value of M&E statewide is approximately \$2.405 billion. Local governments receive approximately \$75.0 million annually from the tax. Another \$15.0 million in tax is being remitted by companies in tax increment financing districts, such that the tax payments go toward the retirement of bonds that have been issued to finance improvements to the area in which they are located.

Under the Governor's recommendation, the budget impact associated with school aid replacement applies only to M&E that does not exist in tax increment financing districts, and will have no impact on the General Fund until FY 1998 (the first year that tax payments would be reduced). The appropriated replacement applies to all M&E. The following table details the budget impact to the General Fund:

Cost of Governor's Recommendation to General Fund
(Millions of Dollars)

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
School Aid	\$ 0.0	\$ 0.0	\$ 2.2	\$ 4.3	\$ 6.5	\$ 8.7	\$ 10.8	\$ 13.0	\$ 13.0	\$ 13.0	\$ 13.0	\$ 13.0
Appropriation	<u>13.5</u>	<u>22.5</u>	<u>27.0</u>	<u>27.0</u>	<u>22.5</u>	<u>18.0</u>	<u>18.0</u>	<u>18.0</u>	<u>13.5</u>	<u>9.0</u>	<u>0.0</u>	<u>0.0</u>
Total State Cost	\$ 13.5	\$ 22.5	\$ 29.2	\$ 31.3	\$ 29.0	\$ 26.7	\$ 28.8	\$ 31.0	\$ 26.5	\$ 22.0	\$ 13.0	\$ 13.0

The following chart illustrates the effect of the Governor's recommendation on State and local governments from FY 1997 through FY 2007. School districts are assumed to be part of local governments. The estimates do not take into account any positive revenue impact that may result due to the repeal of the tax on M&E, and assume a constant value of M&E over the term of the plan.



COUNTY MENTAL HEALTH EXPENDITURES

DESCRIPTION

Counties are currently required to provide mental health services and services for mentally retarded juveniles. There is a significant amount of variance in the quality and extent of services across Iowa's 99 counties. The growth in the cost of the services, coupled with a property tax freeze, resulted in legislation during the 1994 Legislative Session (HF 2430) to provide property tax relief. The State agreed to reimburse the counties for 50.0% of the increase in mental health costs, and 100.0% of the mental retardation costs. Additionally, cost containment measures have been enacted to reduce the budget impact on the State as well as the counties.

OPTIONS

- Status Quo Option - The State would continue to provide relief as described in the previous section.
- Elimination of State Reimbursement - Under HF 2430, this action (absent contrary legislation) would lead to automatic repeal of the property tax freeze.
- State Assumption of Costs - This option would involve total or partial State payment for or provision of mental health services.

The Governor is recommending a ten-year phase-in of the State assumption of 50.0% of mental health costs, beginning with a \$10.0 million appropriation for property tax replacement in FY 1996.

BUDGET IMPACT

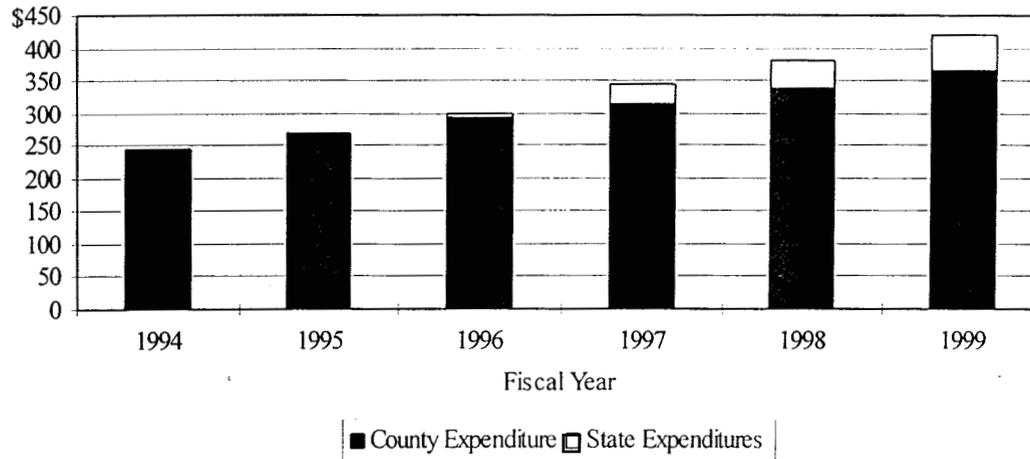
The status quo option is expected to cost the State (relieve the counties) approximately \$6.6 million in FY 1996. The following table and chart illustrate projected costs for mental health under current law. Dollars are in millions.

PROJECTED STATE AND COUNTY EXPENDITURES - CURRENT LAW

<u>Fiscal Year</u>	<u>Community Services for MR Juveniles</u>	<u>50% of Increase in County Expenditures</u>	<u>Total State Cost Under HF 2430</u>	<u>Projected County Expenditures</u>
1994	NA	NA	NA	\$ 244.7
1995	NA	NA	NA	270.1
1996	\$ 6.6	NA	\$ 6.6	291.9
1997	7.5	\$ 23.6	31.1	313.9
1998	7.9	34.6	42.5	338.3
1999	8.3	46.8	55.1	365.4

Note: 50% of Increase in County Costs column is calculated by subtracting the FY 1994 base expenditures from the projected FY 1997, 1998, and 1999 expenditures.

Projected Mental Health Expenditures
Current State Commitment

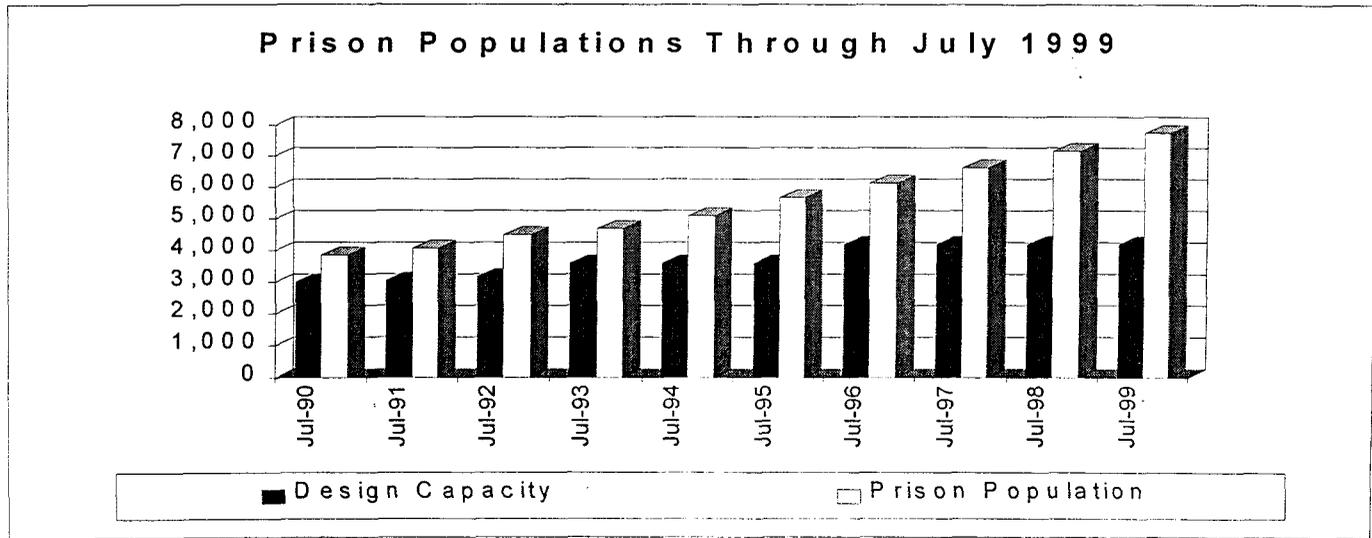


PRISONS AND GROWTH IN THE PRISON POPULATION

Iowa's prison system has eight major prison facilities. The Iowa State Penitentiary at Fort Madison, the oldest Iowa prison, was constructed in 1839 and serves as the primary maximum security facility. Two other facilities were constructed before 1900. The Medical and Classification Center at Oakdale was built in 1969 and is currently the newest facility. A new 750-bed prison is under construction at Clarinda and is scheduled to open in January 1996.

In the past, the majority of the inmates admitted to prison committed property offenses, but more recently other types of crime have grown more rapidly than property crimes. Between FY 1979 and FY 1993, prison admissions for drug offense increased by 638.4%, admissions for other offenses (dominated by drunken driving and traffic offenses) increased by 106.2%, and admissions for violent offense increased by 80.9%, while property offense admissions increased by 58.0%.

Since FY 1979, the prison population has been growing at an average annual rate of 8.8%. On January 9, 1995, there were 5,418 inmates in Iowa's prison system which has a design capacity of 3,603. The System is operating at 150.4% of design capacity. This is significantly above the national average which was 118.0% at the beginning of calendar year 1993. The following chart projects the prison population through the end of the decade.



NEW PRISONS

- The following table projects the costs for the Clarinda prison, which is currently under construction, and for the other facilities proposed by the Department of Corrections.

<u>Location</u>	<u>Security Level</u>	<u>Number of Beds</u>	<u>Construction Cost (millions)</u>	<u>Annual Operating Cost (millions)</u>
Clarinda	Medium	750	\$ 21.1	\$ 10.9
Newton	Medium	750	35.0	15.0
Undecided	Super-Max	150	20.6	4.4
Undecided	Maximum	100	7.5	2.1

The Governor is recommending 1,000 beds, in addition to the Clarinda prison, be completed by 1999.

- In addition, the Department is recommending a 50-bed geriatric infirmary and 50 beds for women be added to existing facilities. The cost estimates are \$9.9 million and \$3.0 million, respectively.
- Prison operating costs far exceed construction costs over the life of a facility. For example, the new prison facility at Clarinda is designed for more efficient staff utilization than Iowa's older prisons. The annual operating costs equal approximately half the total construction costs, so the decision to build a prison is a commitment to costs greater than the construction costs.
- Assuming the prison growth rate continues, by the end of FY 1996, with the new Clarinda facility operating, it is projected that the total prison system will be at 145.9% of design capacity. Assuming the proposed prison at Newton is added and operational by July 1, 1997, the prison population will be 133.8% of design capacity. If the System is to remain at or below 150.0% of design capacity, another 200 beds, in addition to the Newton facility, will need to be added by the end of FY 1999.
- Increased overcrowding encourages inmate lawsuits over prison conditions. If the Department would lose a conditions lawsuit, a court order could require the Department to correct the condition. This could take the decision and policy-making about expenditure of resources, at least in part, out of the hands of the General Assembly.

THE IOWA COMMUNICATIONS NETWORK

The Iowa Communications Network (ICN) was created by the 1989 General Assembly as a fiber optic "highway" capable of carrying all forms of communications traffic including voice, distance education, telemedicine, government information and services, and computer network data. Fiber optic technology converts voice, video, and data signals into digital light impulses which are transmitted over hair-thin glass fibers. The ICN is governed by the three-member Iowa Telecommunications and Technology Commission.

Authorized users of the network include the Iowa National Guard, Iowa Public Television, libraries, state government agencies, community colleges, Regents institutions, private colleges and universities, all local school districts, area education agencies, hospitals and physician clinics, federal agencies, Iowa judicial and corrections systems, and the United States Postal Service.

The installation of the Network has been divided into three parts. Construction of Parts I and II began in 1991 and have been completed at a cost of \$97.5 million, funded by Certificates of Participation. The hub of the Network is located at the State Area Command (STARC) Armory in Johnston. Part I includes 15 regional centers located at each of the community colleges throughout the State, the three Regents Universities, Iowa Public Television, and the State Capitol Complex. Part II consists of 84 separate fiber optic lines from the respective regional center to each of the remaining counties. Parts I and II include 2,992 miles of fiber. As of September 9, 1994, there were 147 sites including 126 classrooms.

Part III, as proposed, will include 543 additional sites including more than 350 local school districts and 115 libraries. Bids for Part III were due November 15, 1994. The lowest net present value bid for the leased portion of Part III for all sites in all merged areas is \$97.7 million. The total cost for Part III is \$139.0 million which includes estimated buildout costs for Parts I and II to accommodate additional telecommunications traffic of \$41.3 million. This does not include local costs such as classroom equipment or organizational cost. The Iowa Telecommunications and Technology Commission has issued a report on Part III implementation recommendations to the General Assembly, which is available from the Legislative Fiscal Bureau upon request.

Between September and December 1994, there were 19 K-12 semester courses meeting daily, 123 postsecondary semester courses meeting once or twice per week, 131 development meetings, 78 educational and State agency

meetings, and 300 miscellaneous sessions. Miscellaneous sessions are one-time events such as an elementary class meeting with Dr. Van Allen, an University of Iowa astronomy professor.

The estimated FY 1995 Iowa Telecommunications and Technology budget includes \$10.2 million in operating revenue and a \$10.6 million General Fund appropriation. The budget also includes \$12.5 million in operating expenses and \$14.7 million in capital costs. The following table summarizes the revenue and expenses for the ICN from FY 1994 through FY 1996.

IOWA COMMUNICATIONS NETWORK

Operating Financial Summary

(in millions)

	Actual FY 1994	Estimated FY 1995	Estimated FY 1996
<i>Revenue</i>			
Operations	\$ 3.7	\$ 10.2	\$ 10.2
General Fund	1.9	10.6	12.8
Other	0.4	1.0	0.9
<i>Total Revenue</i>	\$ 6.0	\$ 21.8	\$ 23.9
<i>Expenses</i>			
Operating Costs	\$ 4.3	\$ 12.5	\$ 11.3
Capital Costs	0.9	14.7	14.4
<i>Total Expenses</i>	\$ 5.4	\$ 27.1	\$ 25.8
<i>Revenue minus Expenses</i>	\$ 0.6	\$ -5.4	\$ -1.9
<i>Cumulative Surplus/Deficit</i>	\$ 1.2	\$ -4.2	\$ -6.1

Based upon the listed information, revenues less expenses result in an estimated deficit of \$5.4 million in FY 1995. The FY 1995 deficit combined with the cumulative FY 1992 through FY 1994 surplus of \$1.2 million results in an projected cumulative deficit of \$4.2 million in FY 1995. The projected cumulative deficit has increased since the last reported projected deficit. The Legislative Fiscal Bureau reported in the ICN Monthly Financial Summary

Memorandum dated December 16, 1994, a FY 1995 cumulative deficit of \$2.7 million. Using the Governor's recommendation of a General Fund appropriation of \$12.8 million, the estimated FY 1996 deficit would be \$1.9 million. These estimates do not include any cost for Part III.

For FY 1996, the Iowa Telecommunications and Technology Commission is requesting \$15.6 million from the General Fund, an increase of \$5.0 million (47.2%) compared to estimated FY 1995. The \$15.6 million request includes the \$5.0 million standing appropriation through FY 1996. The request includes:

- An increase of \$3.3 million to fund the projected deficit for FY 1996. This level of funding will provide status quo operation of the ICN and assumes the FY 1995 cumulative deficit of \$2.7 million will be paid by a transfer or supplemental appropriation in FY 1995.
- An increase of \$706,000 to comply with the requirements of SF 2089 (Iowa Communications Network Bill). This would make the Commission a permanent state agency as mandated by SF 2089.
- An increase of \$300,000 for computer software upgrade for the voice toll switch to maintain the Network voice service.
- An increase of \$719,000 for video, voice, and data service growth.

The Governor is recommending \$12.8 million from the General Fund for FY 1996 to fund the net debt service of Parts I and II. The Iowa Telecommunication Network will be allowed to operate as an enterprise by adjusting rates and expenses to fund any remaining deficit. The Network will also be allowed to use debt to pay for capital expenses. This does not include any costs for Part III.

The Governor is recommending \$10.0 million to implement Part III. These funds can be used for any Part III cost such as lease cost, buildout cost, organizational cost, and local costs.

The Governor is recommending a FY 1995 supplemental appropriation of \$5.2 million for the Iowa Telecommunications and Technology Commission. The supplemental includes:

- An increase of \$2.7 million to fund the cumulative FY 1995 projected deficit as of October 31, 1994, as reported in the LFB monthly ICN memo dated December 16, 1994.

- An increase of \$303,000 to fund adjustment for errors in the FY 1995 projected deficit.
- An increase of \$473,000 for an additional 13.0 FTE positions (\$248,000) and related expenses such as furniture and equipment (\$225,000).
- An increase of \$152,000 for expenses associated with locating and relocating fiber lines.
- An increase of \$43,000 for fiber and right of way repairs.
- An increase of \$95,000 for additional maintenance due to network growth.
- An increase of \$180,000 for infrastructure growth needs.
- An increase of \$127,000 for infrastructure maintenance needs.
- An increase of \$139,000 for office related expenses including rent (\$25,000), construction (\$67,000), and equipment (\$48,000).
- An increase of \$1.0 million for initial capital for the ICN to begin operations as an Enterprise Fund. An Enterprise Fund treats the ICN like a self-sustaining operation.

The Governor is recommending increased funding in FY 1996 for projects related to the ICN, in State departments other than the Commission, including:

- An increase of \$102,000 increase for Iowa Public Television to replace funding for FTE positions previously funded with federal Star School funds which expired September 30, 1994.
- An increase of \$50,000 to Iowa Public Television for a spare classroom equipment inventory for ICN classrooms.
- An increase of \$101,000 to the Iowa National Guard to provide technical support for the ICN hub at the State Area Command (STARC) Armory.
- An increase of \$161,000 from the Iowa Infrastructure Account to the Iowa Department of Corrections to match federal funds and establish a video classroom at Fort Madison.

THE IOWA SCHOOL FOUNDATION FORMULA

The Iowa School Foundation Formula was created between 1970 and 1972, for the school year beginning July 1, 1972. The Formula is a student-driven financing mechanism that works to equalize revenues from State sources and property taxes. The Formula was revised in 1989 to equalize per pupil spending, provide an enrollment cushion (phantom students), increase property tax relief, and provide for increased local discretion. In 1992, further revisions to the Formula included eliminating advanced funding for increasing enrollment, eliminating the enrollment decline cushion (phantom students), and requiring the Governor and General Assembly to establish the allowable growth rate each year, which was previously established by the formula.

In FY 1995, the School Foundation Formula required \$1.266 billion in State Aid and \$822.0 million in property taxes for a total budget for local school districts of \$2.088 billion. This budget was generated based on a student enrollment of 497,009. The special education weightings equaled 46,067 students.

In FY 1996, the School Foundation Formula amount will be determined by the allowable growth set by the General Assembly or any changes made in the formula. The allowable growth rate is required to be set by statute within 30 days after the submission of the Governor's budget. Enrollment counts were taken on the third Friday of September and certified by October 1. Special Education enrollment must be taken on December 1 and certified by December 15. Student enrollment is estimated to be 500,592 for the FY 1996 School Foundation Formula calculations.

The School Foundation Formula is based upon basic enrollment, a school district's regular program cost per pupil, State Aid determined by a foundation level, and an amount generated by the uniform property tax levy. Special statutory provisions guarantee that a district's regular program cost and area education agency special education support will be at least as much as in the prior year (100% budget guarantee). This places the full amount of the budget guarantee on property taxes. Other funding sources available to school districts on an optional basis in the general education fund area include talented and gifted programs, drop-out prevention programs, School Budget Review Committee authorizations, and the instructional support levy. Other optional funding sources available to districts in the general education fund area include the cash reserve levy, management levy, and enrichment levy.

Local school districts have a number of optional funding sources available to them for nongeneral education fund activities. The levies are used for building construction, building maintenance, equipment purchases, and certain

operational expenditures. These include: debt service levy, schoolhouse property tax levy, physical plant and equipment levy, and the educational and recreation levy.

The Governor is recommending \$1.324 billion in State Aid from the General Fund, an increase of \$57.5 (4.5%) million compared to Estimated FY 1995. This State Aid includes:

- An increase of \$49.7 million for allowable growth of 3.0%.
- An increase of \$1.2 million to provide a 101.0% budget guarantee from a 100.0% budget guarantee. Property taxes would still provide the funding for the 100.0% budget guarantee.
- An increase of \$11.2 million for enrollment growth. Enrollment increased by 3,585 students (0.7%).
- An increase of \$7.5 million for an assumed 5.4% increase in special education.
- A decrease of \$2.9 million due to estimated decrease in supplemental weights.
- A decrease of \$9.2 million due to an assumed increase in property tax valuation of 2.25%.

The Governor is also recommending an additional \$15.0 million appropriation for the School Improvement Program. This Program is a new funding source to supplement the School Aid Formula. The Governor is recommending that the appropriation increase to \$60.0 million by FY 1999. This is in addition to allowable growth for schools which the Governor is recommending be set at a minimum of 3.0% per year.

FY 1995 GENERAL FUND SUPPLEMENTAL RECOMMENDATIONS

The Governor is recommending \$12.0 million in FY 1995 supplemental appropriations from the General Fund. The following list reflects the recommendations:

Governor's FY 1995 Supplemental Recommendations

(in millions)

Economic Development	
Community Economic Betterment Account	\$ 2.3
Inspections & Appeals	
Indigent Defense	3.8
Public Safety	
Gambling Enforcement	0.7
Telecommunications & Technology	
Iowa Communications Network	5.2
<i>Total</i>	<u>\$ 12.0</u>

The Department of Management provides the following explanation of the proposed supplemental appropriations:

1. The Governor is recommending a FY 1995 supplemental appropriation of \$2.3 million for the Community Economic Betterment Account Program due to the continued strong demand for financial assistance from qualified companies creating and retaining jobs in Iowa.
2. The Governor is recommending a FY 1995 supplemental appropriation of \$3.8 million to cover the cost of court-appointed attorneys and contract attorneys for indigent defense services. The actual costs incurred by court-appointed attorneys and contract attorneys are projected to exceed the amount appropriated for FY 1995.

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3. The Governor is recommending a FY 1995 supplemental appropriation of \$700,000 for Riverboat Regulation. The Department of Public Safety projected total costs of \$220,000 would be needed to fund three Gaming Enforcement Officers and two Special Agents for the Catfish Bend Riverboat in Fort Madison. In SF 2330 (Capitals and Standings Bill), specific funds were appropriated to cover 7/12ths of the total projected costs. The supplemental appropriation includes funding for the remainder of the fiscal year's cost, plus funding for an additional Gaming Enforcement Officer, and funding to provide adequate staffing for Iowa's racetracks, excluding the Waterloo racetrack, and riverboats located in Marquette and Bettendorf.
4. The Governor is recommending a FY 1995 supplemental appropriation of \$5.2 million for the Iowa Telecommunications and Technology Commission. The supplemental includes:
 - A. An increase of \$3.0 million to fund the cumulative FY 1995 projected deficit.
 - B. An increase of \$1.0 million for initial capital for the Iowa Communications Network to begin operations as an Enterprise Fund. The Enterprise Fund would finance the Iowa Communications Network as a self-sustaining operation.
 - C. An increase of \$248,000 for an additional 13.0 FTE positions.
 - D. An increase of \$225,000 for furniture and equipment.
 - E. An increase of \$180,000 for infrastructure growth needs.
 - F. An increase of \$152,000 for expenses associated with locating and relocating fiber lines.
 - G. An increase of \$139,000 for office expenses including rent, construction, and equipment.
 - H. An increase of \$127,000 for infrastructure maintenance needs.
 - I. An increase of \$95,000 for additional maintenance due to network growth.
 - J. An increase of \$43,000 for fiber and right of way repairs.

ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND SAVINGS

The following spreadsheet shows the projected FY 1996 built-in increases and savings from FY 1995. A *built-in increase* is a standing appropriation as required by the Code of Iowa, an entitlement program, or a prior appropriation for a future fiscal year. The projected savings for FY 1996 are one-time expenditures in FY 1995 or a reduction due to a standing appropriation as required by the Code of Iowa. Any built-in increases or savings can be changed by enacted legislation.

The Legislative Fiscal Bureau (LFB) is projecting \$59.3 million General Fund built-in increases for FY 1996.

The Governor is recommending General Fund built-in increases at \$78.6 million. The Governor is recommending General Fund built-in savings at \$10.1 million due to reductions in one-time FY 1995 spending. No detail is available on the projected savings. Additional information will be provided when available. The following table summarizes the projected FY 1996 built-in increases:

	LFB's Estimates	Governor's Recommend.	Difference
FY 1996 Built-in Increases (in thousands)			
Natural Resources - Resource Enhancement and Protection (REAP) Standing	\$ 23,000.0	\$ 0.0	\$ -23,000.0
Human Services - Medical Assistance	15,127.0	13,377.0	-1,750.0
K-12 School Aid (Funds Foundation formula at 0.0%. Each 1.0% increase growth costs an estimated \$16.8 million.)	6,600.0	57,454.8	50,854.8
Indigent Defense	4,662.2	1,723.7	-2,938.5
Corrections - Clarinda Start-up Costs	4,054.5	4,054.5	0.0
Community College - Excellence 2000 Account	3,900.0	0.0	-3,900.0
Regents - Tuition Replacement	1,856.4	1,856.4	0.0
Corrections - Ft. Madison Medical Services	100.0	100.0	0.0
Targeted Small Business Incubator	40.0	40.0	0.0
Total Built-in Increases	\$ 59,340.1	\$ 78,606.4	\$ 19,266.3

The remaining pages describe the General Fund built-in expenditure increases in detail by providing:

1. Type of appropriation.
 - A. Standing unlimited appropriation
 - B. Standing limited appropriation
 - C. Regular appropriation
2. Description of the program or budget unit.
3. Reasons for the increases.
4. Dollar amount of the increase under current law as projected by the LFB, in thousands.
5. Governor's Recommended dollar amount of the increase, in thousands.
6. Description of the Governor's Recommendation.
7. Dollar change from current law for each Governor's Recommendation, in thousands.

FY 1996 BUILT-IN INCREASES

(Dollars in thousands)

Programs/Appropriations (1)	Description of Programs (2)	Growth or Savings Factors (3)	Current Law FY 1996 vs FY 1995 (4)	Gov. Rec FY 1996 vs FY 1995 (5)	Governor's Recommended Changes from Current Law (6)	Gov. Changes (7)
PROJECTED INCREASES						
Natural Resources - Resource Enhancement and Protection (REAP) Fund <i>Standing Limited</i>	<p>The REAP Program provides funds for land maintenance, acquisition and development, grants to cities and counties, soil conservation cost share, alternative roadside vegetation, and historical resource grants.</p> <p>The REAP appropriation for FY 1995 is \$7.0 million. For FY 1996, \$30.0 million is appropriated from the General Fund, but that amount is reduced by any money appropriated from the Lottery Fund (Section 455.18(4), <u>Code of Iowa</u>). The present statutory language specifies appropriations of \$25.0 million from the Lottery Fund and \$5.0 million from the General Fund for FY 1995.</p>	The Standing Appropriation is restored as required by the <u>Code of Iowa</u> .	\$ 23,000	\$ 0	Reduces the standing appropriation.	\$ -23,000

FY 1996 BUILT-IN INCREASES

(Dollars in thousands)

Programs/Appropriations (1)	Description of Programs (2)	Growth or Savings Factors (3)	Current Law FY 1996 vs FY 1995 (4)	Gov. Rec FY 1996 vs FY 1995 (5)	Governor's Recommended Changes from Current Law (6)	Gov. Changes (7)
Human Services - Medical Assistance Appropriation	Medical Assistance is a state/federal entitlement program that provides medical services to eligible low-income recipients. To qualify for federal funding, the State must reimburse providers for certain mandatory services. The State has the option to provide coverage of additional services and can elect to expand coverage to optional eligibility groups. Iowa is currently covering most of the optional services and optional eligibility groups for which federal funding is available. The State also has the ability to set the rates it uses to reimburse service providers, within federal guidelines.	<ul style="list-style-type: none"> · Increased number of eligibles due to federal mandate (5.0% forecast for FY 1995, 1.4% in FY 1996). · Increased utilization rates of services by eligible clients. · Increased nursing home reimbursement costs (6.5% forecast for FY 1996). · Increased Medicare premiums. · Increased service provider reimbursements. · Reduction due to an increase in the Federal Financial Participation rate (\$11.7 million General Fund savings). 	15,127	13,377	· Implement substance abuse managed care contract.	-1,000
					· Implement maximum allowable cost on brand name drugs.	-256
					· Expand Prior Authorization Program.	-465
					· Limit dosing of anti-ulcer drugs.	-29

FY 1996 BUILT-IN INCREASES

(Dollars in thousands)

Programs/Appropriations (1)	Description of Programs (2)	Growth or Savings Factors (3)	Current Law FY 1996 vs FY 1995 (4)	Gov. Rec FY 1996 vs FY 1995 (5)	Governor's Recommended Changes from Current Law (6)	Gov. Changes (7)
Indigent Defense Appropriation	<p>Indigent Defense is a program that pays private court-appointed attorneys and attorneys contracted by the State Public Defender to defend indigent persons. The Program is constitutionally required. Attorneys submit their billings to the presiding judge for approval and submission to the Department of Inspections and Appeals for payment. Indigent status is determined through rules using the federal poverty guidelines. Persons deemed partially indigent or not indigent who receive services are required to make an up front payment of \$100 to \$200 to offset the cost of the legal defense. The State is also required to provide legal representation for persons refusing to hire their own attorney. Nonindigent persons who use the Program must repay the State for the entire cost of services, but rarely do so.</p>	<ul style="list-style-type: none"> · Program is historically underfunded because it is impossible to predict the number or size of claims that will be received in a given year. Given the current level of payout, the supplemental request is the best estimate at this time that will be necessary to pay all claims submitted. · Revise the county thresholds for juvenile indigent defense and require counties to pay a higher share of the costs. 	4,662	1,724	<p>These increases do not reflect the Governor's recommended FY 1995 supplemental of \$3.8 million.</p> <ul style="list-style-type: none"> · Expanding the Public Defender Offices in Des Moines, Sioux City, Waterloo, and Council Bluffs. It is estimated that an additional 5,000 cases can be handled with these expansions resulting in potential net savings. · Increasing the number of counties where indigent defense services are contracted from the current six counties to a minimum of 23 counties. · Detail is not available for the remaining difference between the Department's projection and the Governor's recommendation. 	<p>-1,600</p> <p>-560</p>

FY 1996 BUILT-IN INCREASES

(Dollars in thousands)

Programs/Appropriations (1)	Description of Programs (2)	Growth or Savings Factors (3)	Current Law FY 1996 vs FY 1995 (4)	Gov. Rec FY 1996 vs FY 1995 (5)	Governor's Recommended Changes from Current Law (6)	Gov. Changes (7)
Corrections - New Clarinda Prison Appropriation	Start-up and added ongoing expenses for 750-bed medium security prison opening 1/1/96.	· One-time and ongoing expenditure.	4,055	4,055	· No change recommended.	
K-12 School Aid Standing Unlimited	<p>The School Foundation Program establishes limits and controls on local school district spending authority. By formula, the Program determines the amount of state aid and local property tax used in funding school district budgets.</p> <p>Assumptions: Taxable valuations are estimated to increase 2.25% over FY 1995 levels and special education students are estimated to increase by 5.4%. The increase in the special education students identified is estimated to cost an additional \$7.5 million. The increase in taxable valuation would reduce state aid by \$9.2 million. Supplementary weights will reduce State Aid approximately \$2.9 million. Enrollment growth is estimated to cost \$11.2 million.</p>	<ul style="list-style-type: none"> · Allowable Growth to be set by the General Assembly. · Increased enrollment. · Increased number of special education students identified. · Reduction due to supplemental weighting expiration. · Reduction due to increase in assessed valuation of 2.25%. 	6,600	57,455	<ul style="list-style-type: none"> · Allowable growth of 3.0%. · State Aid pay for a budget guarantee between 101.0% and 100.0%. 	49,700 1,200

FY 1996 BUILT-IN INCREASES

(Dollars in thousands)

Programs/Appropriations (1)	Description of Programs (2)	Growth or Savings Factors (3)	Current Law FY 1996 vs FY 1995 (4)	Gov. Rec FY 1996 vs FY 1995 (5)	Governor's Recommended Changes from Current Law (6)	Gov. Changes (7)
Community College Excellence 2000 Account <i>Standing Unlimited</i>	Provides funds according to Section 286A.14A, <u>Code of Iowa</u> , for quality instructional centers and program and administrative sharing agreements. This account was to begin in FY 1992 but was delayed. Current law requires funding at 2.5% of the community college foundation formula. This percentage grows the next two fiscal years in equal increments until it reaches 7.5%. At 0.0% allowable growth, the community college formula generates \$156.2 million.	<ul style="list-style-type: none"> · New funding (\$156.2 million times 2.5% equals \$3.9 million). · The appropriation will increase as the allowable growth rate increases. 	3,900		0 · Delay the appropriation until FY 1998.	-3,900
Regents - Tuition Replacement <i>Appropriation</i>	Tuition replacement is the appropriation to pay the debt service costs of academic revenue bonds. The bonds are sold when approved by the General Assembly to pay for certain buildings on the campuses of Regents institutions. The payments are "guaranteed" with tuition and fee revenues from the students attending the Regents universities.	<ul style="list-style-type: none"> · Increased debt service on authorized Academic Revenue Bonds. 	1,856	1,856	· No change recommended.	

FY 1996 BUILT-IN INCREASES

(Dollars in thousands)

Programs/Appropriations (1)	Description of Programs (2)	Growth or Savings Factors (3)	Current Law FY 1996 vs FY 1995 (4)	Gov. Rec FY 1996 vs FY 1995 (5)	Governor's Recommended Changes from Current Law (6)	Gov. Changes (7)
Corrections - Fort Madison Medical Services <i>Appropriation</i>	Provides for contracted medical services as required by court order resulting from <i>McBride vs Farrier (1981)</i> .	· Rising medical and pharmaceutical costs.	100	100	· No change recommended.	
Economic Development - Targeted Small Business Incubator <i>Appropriation</i>	The Incubator in Des Moines provides a point of contact for businesses starting up in Des Moines. It provides technical assistance and referral as necessary.	· Funding for FY 1996 was appropriated during the 1994 Legislative Session.	40	40	· The Governor is recommending the same amount, however, the recommendation assumes the amount needs to be appropriated again for FY 1996.	

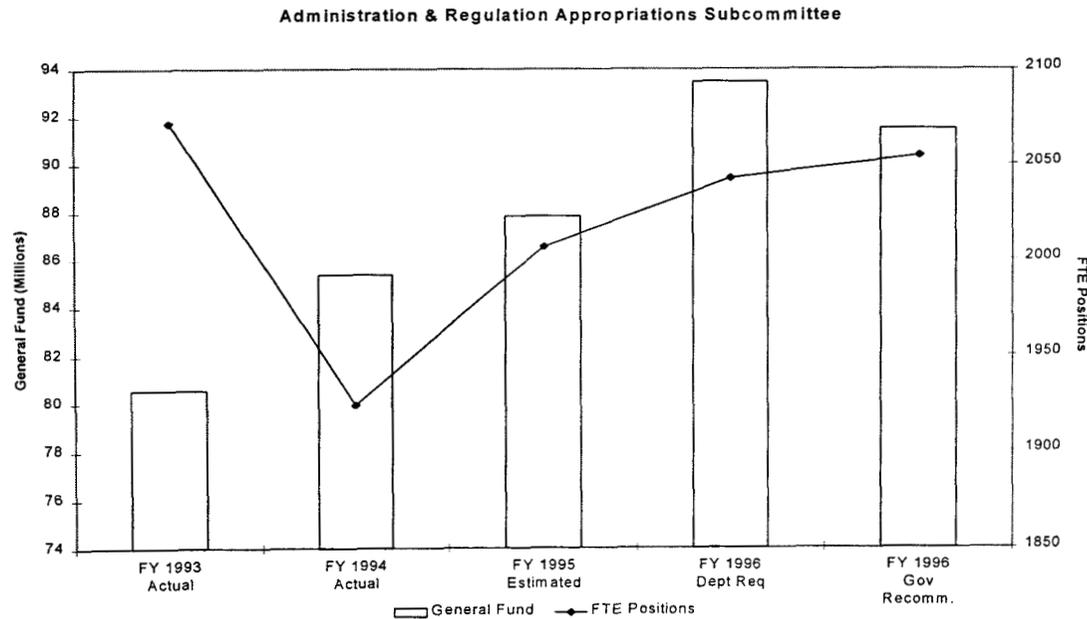
OVERVIEW OF THE FY 1996 BUDGETS AND SUBCOMMITTEE ISSUES

The Overview of the FY 1996 Budgets and Subcommittee Issues Section is an analysis of the FY 1996 Governor's Recommendations compared to estimated FY 1995 appropriations and a presentation of possible issues to be discussed by the individual appropriations subcommittees. When detailing the Governor's recommendations for FY 1996 compared to estimated FY 1995, capitals and unassigned standings are not included in the totals for the appropriations subcommittees, but may be discussed under the Significant General Fund Changes Recommended and Issues Sections. The federal funds is summarized in an individual section following the individual appropriations subcommittee sections.

ADMINISTRATION AND REGULATION APPROPRIATIONS SUBCOMMITTEE

FY 1996 GOVERNOR'S RECOMMENDATION

The Governor is recommending \$91.5 million from the General Fund and 1,953.8 FTE positions for the 12 departments of the Administration and Regulation Appropriations Subcommittee. This is a decrease of \$2.5 million (2.7%) and an increase of 23.7 (1.2%) FTE positions compared to estimated FY 1995. The FY 1996 recommendation does not reflect salary adjustment funds, which were included in the Department of Management's (DOM) FY 1995 budget. The following graph illustrates the history of General Fund appropriations and FTE positions.



SIGNIFICANT GENERAL FUND CHANGES RECOMMENDED

1. Department of General Services
 - A. A decrease of \$180,000 due to a one-time FY 1995 appropriation for computer hardware in the Information Services Division.
 - B. A decrease of \$10,000 due to a one-time FY 1995 appropriation for printing voter registration forms in the Information Services Division.
 - C. An increase of \$63,000 to purchase fuel oil to fill the central energy plant fuel oil tank in the Utilities Division.
 - D. An increase of \$17,000 for increased costs of renting office space at the East Grand Office Park in Des Moines in the Rental Space Division.
 - E. A decrease of \$33,000 due to projected savings from the Governor's Health Insurance Education Plan.
2. Office of the Treasurer
 - A. An increase of \$28,000 for salary annualization.
 - B. A decrease of \$44,000 and 1.0 FTE position due to transferring the Executive Council Secretary to the DOM.
3. Iowa Ethics and Campaign Disclosure Board
 - A. An increase of \$26,000 for software that will allow reports to be filed electronically or scanned into a computer from printed pages.
 - B. An increase of \$7,000 to change a Secretary 2 position to a Programmer/Analyst position to improve computer capabilities of the Board.
 - C. An increase of \$5,000 to contract with an outside investigator.
 - D. A decrease of \$60,000 due to one-time FY 1995 appropriations for design, revision, and printing of forms, instructions, and manuals and for enhancements to the electronic filing system.
4. Department of Inspections and Appeals
 - A. Finance and Services Division - A decrease of \$30,000 for organizational restructuring as part of the Governor's Family Opportunity Plan reductions.

- B. Health Facilities Division - An increase of \$117,000 and 2.0 FTE positions to increase inspection of residential care facilities.
- C. State Public Defender - An increase of \$776,000 and 16.5 FTE positions for additional containment of Indigent Defense costs and to expand the State Public Defender's Office in Des Moines, Sioux City, Waterloo, and Council Bluffs.
- D. Racing and Gaming Commission
 - 1. An increase of \$170,000 to replace receipts budgeted in FY 1995 as revenue transfers from riverboats added during FY 1995. The increase does not represent expenditure of additional funds but reflects only an accounting change.
 - 2. An increase of \$85,000 for regulation of the excursion boat at Marquette.
 - 3. A decrease of \$141,000 due to closing of the Waterloo racetrack.
 - 4. A decrease of \$17,000 for support of pari-mutuel regulation efforts as part of the Governor's Family Opportunity Plan reductions.
 - 5. An increase of \$353,000 for salary annualization.
- E. A decrease of \$26,000 for projected savings due to the Governor's Health Insurance Education Plan.
- 5. Department of Commerce
 - A. Administrative Services Division - An increase of \$736,000 and 17.0 FTE positions to consolidate all administrative personnel within the Department.
 - B. Insurance Division
 - 1. An increase of \$60,000 and 3.0 FTE positions to initiate a Fraud Bureau.
 - 2. An increase of \$54,000 and 1.0 FTE position to audit pre-need funeral arrangements contracts.
 - 3. An increase of 2.0 FTE positions to provide clerical assistance.
 - 4. A decrease of \$46,000 due to a base budget adjustment.
 - C. Professional Licensing Division - An increase of \$6,000 to contract with an investigator to work with the Engineering and Land Survey Board.
 - D. A decrease of \$19,000 due to projected savings from the Governor's Health Insurance Education Plan.

6. Office of the Secretary of State
 - A. Administration and Elections Division
 1. An increase of \$12,000 for printing voter registration forms.
 2. An increase of \$19,000 for various line-items.
 - B. Official Register - An increase of \$60,000 for biennial printing of the Iowa Official Register.
7. Office of the Governor - An increase of \$13,000 and 0.5 FTE position at Terrace Hill for housekeeping.
8. Department of Management
 - A. An increase of \$197,000 and 2.0 FTE positions due to movement of the Council on Human Investment from the Department of Human Services.
 - B. An increase of \$160,000 and 1.0 FTE position for a State Information Management Director.
 - C. An increase of \$44,000 and 1.0 FTE position due to transferring the Executive Council Secretary from the Office of the Treasurer.

ISSUES

The Administration and Regulation Appropriations Subcommittee may wish to examine the following issues:

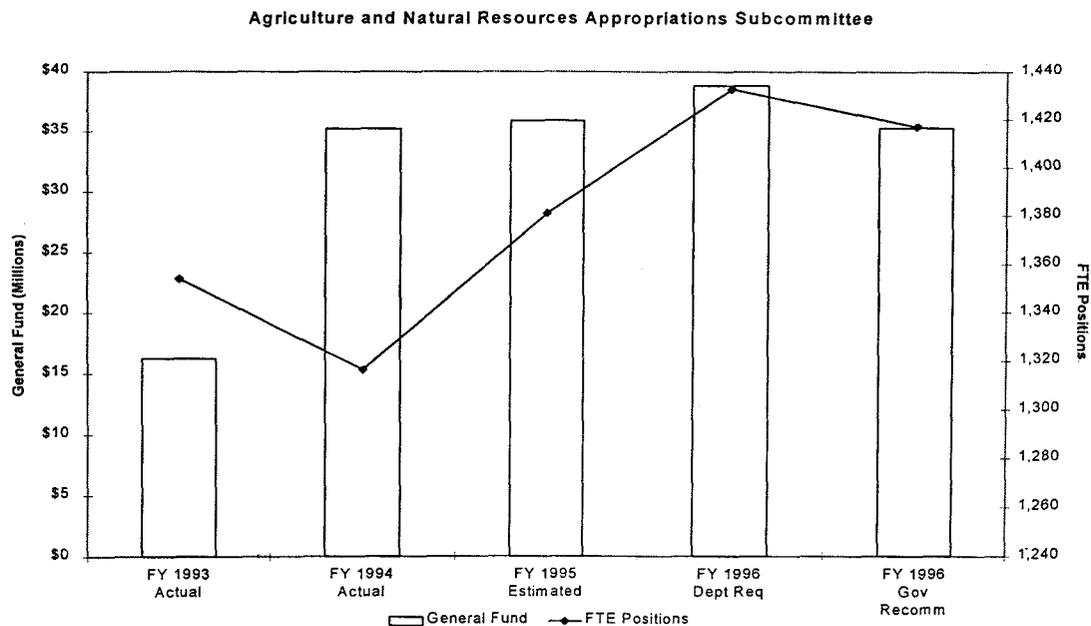
- Computerization of campaign finance records within the Ethics and Campaign Disclosure Board. The Board requested and the Governor is recommending \$26,000 to purchase software that will allow reports to be filed electronically or scanned into a computer from printed pages.
- Investigative capabilities of the Ethics and Campaign Disclosure Board. The Board requested and the Governor is recommending an increase of \$5,000 to contract with an outside investigator.
- Review of the restructuring of the Department of Commerce that occurred in FY 1994, the budget proposal for FY 1996 to reverse the restructuring, and the rotation of division directors as Department Director.
- Bankruptcy of the Waterloo greyhound track. The Department of Inspections and Appeals requested but the Governor is not recommending \$141,000 for regulation of the Waterloo track.

- Funding for maintenance of the Capitol Complex. The Department of General Services requested but the Governor is not recommending \$126,000 for new maintenance contracts and for cost increases in current maintenance contracts. Contract increases are for contracts which provide critical maintenance on physical assets on the Capitol Complex, such as elevators, chillers, fire alarm systems, controls, and other building systems. New funds are for contracts necessary to achieve compliance with new guidelines on environmental issues, such as disposal of florescent tubes, ballasts, waste oil, paints, and solvents.
- Status and results of the centralized collections project in the Department of Revenue and Finance. Legislation passed during the 1992 Legislative Session directed the Department to establish and administer a centralized debt collection system.
- Progress of implementation of HF 2454 (Governmental Efficiencies Bill), which was enacted by the 1992 General Assembly. House File 2454 required the Department of Personnel to work with the Department of Management to reduce layers of management and increase the span of control. Agency efforts to comply have included departmental reorganization.
- Historical intent and current status of revolving funds and standing appropriations administered by agencies within the Administration and Regulation Appropriations Subcommittee. The agencies are responsible for a variety of projects which receive standing appropriations or other funds. Reviewing revolving funds and standing appropriations will provide a more comprehensive view of agency duties.
- Cost and efficiency of the Department of General Service's office space leases in the Des Moines area. The Department requested and the Governor is recommending an increase of \$17,000 for increased costs of renting offices at East Grand Office Park in Des Moines. This includes increases in actual lease costs and related items such as utilities.
- Review of the purpose and legislative intent of the Linked Investments For Tomorrow Program in the State Treasurer's Office. The Office is authorized to make a below market rate investment in a depository if the depository will make a below market rate loan for a like amount to a qualified project. The project must fit one of four programs: Targeted Small Business, Horticulture and Alternative Crops, Main Street, or Rural Small Business Transfer.

AGRICULTURE AND NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE

FY 1996 GOVERNOR'S RECOMMENDATIONS

The Governor is recommending \$42.8 million from the General Fund and 1,393.1 FTE positions for the two departments of the Agriculture and Natural Resources Appropriations Subcommittee. This is a decrease of \$303,000 (0.7%) and an increase 23.2 (1.7%) FTE positions compared to estimated FY 1995. All dollar amounts and percentages include General Fund appropriations from the former Commercial Feed, Fertilizer, Pesticide, Dairy Trade, Milk, and non-capital Marine Fuel Tax Funds. The following graph illustrates the history of General Fund appropriations and FTE positions.



SIGNIFICANT GENERAL FUND CHANGES RECOMMENDED

1. Department of Agriculture and Land Stewardship
 - A. An appropriation of \$260,000 and 10.0 FTE positions from the General Fund for ten Soil Technicians in the Soil Conservation Division. The ten positions were previously funded through a one-time appropriation from excess FY 1994 General Fund moneys and lottery receipts.
 - B. A decrease of \$46,000 and 1.0 FTE position due to the elimination of an Executive Officer 2 position in the Administrative Division.
 - C. A decrease of \$800,000 for the Organic Nutrient Management Program. The Governor is recommending funding the Program from the Water Protection Fund.
 - D. An increase of \$196,000 for salary annualization across all divisions of the Department.
 - E. A decrease of \$63,000 due to projected savings from the Governor's Health Insurance Education Plan.
2. Department of Natural Resources
 - A. An increase of \$148,000 and 3.0 FTE positions to fund the cost of new livestock and feedlot regulatory efforts.
 - B. An increase of \$139,000 to fund salary annualization.
 - C. A decrease of \$40,000 due to projected savings from the Governor's Health Insurance Education Plan.

ISSUES

The Agriculture and Natural Resources Appropriations Subcommittee may wish to examine the following issues:

- The Governor is recommending \$148,000 and 3.0 FTE positions in FY 1996 and \$481,000 and 9.0 FTE positions in FY 1997 to fund the cost of new livestock and feedlot regulatory efforts. The Animal Agriculture Interim Committee is reviewing current regulations and existing issues relating to livestock production and will be providing recommendations to the General Assembly.
- The Governor is recommending \$7.0 million for the Resource Enhancement and Protection (REAP) Program. Section 455A.18, Code of Iowa, requires a standing General Fund appropriation of \$30.0 million.

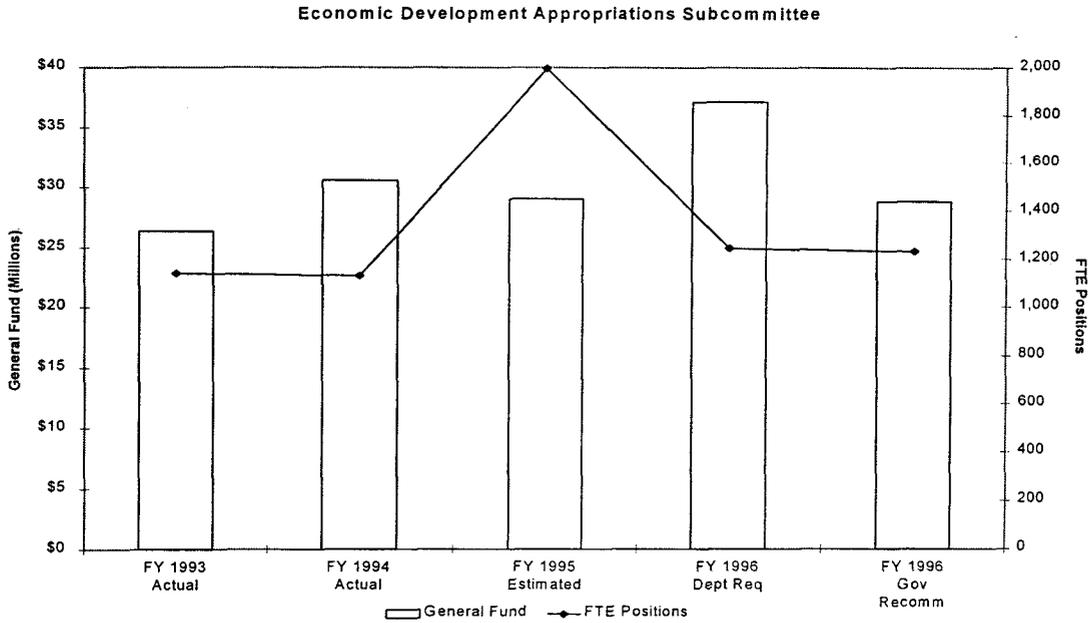
- The Governor is recommending funding the Organic Nutrient Management Program at \$1.6 million from unobligated and unencumbered balances in the Water Protection Fund in FY 1996. In order to fund the Organic Nutrient Management Program at the Governor's recommended level, it would be necessary to use unobligated and unencumbered balances in the Water Protection Fund from previous years or notwithstanding Section 455A.19, Code of Iowa.
- The Subcommittee may wish to review revenues, expenditures, and the fee structure for the Air Toxics Fund. In FY 1995, the Department of Natural Resources projects revenues and expenditures of approximately \$6.0 million.
- The Governor is recommending to fund the continued development of the statewide Geographical Information System for \$165,000 and 2.5 FTE positions through tonnage fee receipts deposited to the Groundwater Protection Fund.
- The Subcommittee may wish to review the revenue and expenditures from the Water Quality Protection Fund. During the 1994 Legislative Session, the fee structure for the Water Quality Protection Program was approved by the General Assembly to retain primacy, whereby the State retains control of the Program. The Environmental Protection Agency (EPA) is currently reviewing Iowa's application for primacy.
- The Governor is recommending \$150,000 to fund pilot projects with Iowa livestock producers to test methods to reduce livestock system odors through Iowa State University. The funding is being recommended from the Soil and Water Enhancement Account of the REAP Fund.
- The Governor is recommending landfill tonnage fees be used to fund three additional Regional Collection Centers for the disposal of household hazardous waste.

ECONOMIC DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE

FY 1996 GOVERNOR'S RECOMMENDATION

The Governor is recommending \$34.3 million from the General Fund and 322.5 FTE positions for the three Departments and nine related agencies of the Economic Development Appropriations Subcommittee. This is a decrease of \$351,000 (1.0%) and 2.1 (0.7%) FTE positions compared to estimated FY 1995.

The following graph illustrates the history of General Fund appropriations and FTE positions.



SIGNIFICANT GENERAL FUND CHANGES RECOMMENDED

1. Department of Economic Development (DED)
 - A. An increase of \$117,000 for Rural Development Programs to provide replacement funding for the reduction in Iowa Community Development Loan Fund receipts.
 - B. An increase of \$100,000 for the Tourism Advertising Program to provide increased access to various advertising media for the Heritage Tourism and Sesquicentennial Program efforts.
 - C. A decrease of \$100,000 for the Welcome Center Program. This reduction will be offset by a recommended appropriation from the proposed Infrastructure Fund of \$325,000. The proposed appropriation includes:
 1. An increase of \$50,000 for completion of the construction of the Northwood Welcome Center.
 2. An increase of \$275,000 to fund the Western Historic Trails Center in Pottawattamie County.
 - D. An increase of \$150,000 to establish the Housing Assistance Development Fund to support community efforts to access state and federal programs.
 - E. A decrease of \$50,000 for the Labor Management Councils to continue the past reductions toward self-sufficiency.
 - F. An increase of \$30,000 for the Targeted Small Business Incubator. An appropriation of \$40,000 for the Incubator for FY 1996 was made during the 1994 Legislative Session.
2. Iowa Seed Capital Corporation - A decrease of \$194,000 due to the Corporation generating funding from the sale of assets and continuing to become self-sufficient.
3. Iowa Finance Authority - A decrease \$150,000 due to a related increase in the DED.
4. Peace Institute - A decrease of \$96,000 due to elimination of funding for the Institute.
5. International Development Foundation - A decrease of \$200,000 due to elimination of funding for the Foundation.
6. Advanced Drug Development Program at the State University of Iowa - A decrease of \$137,000 due to the Program becoming self-sufficient.

7. Department of Employment Services

- A. An increase of \$50,000 to continue development of electronic data interchange equipment for workers compensation data and a decrease of \$89,000 for related equipment purchased in FY 1995.
- B. An increase of \$50,000 and 1.0 FTE position for an Environmental Protection Agency mandated asbestos training and certification program.

ISSUES

The Economic Development Appropriations Subcommittee may wish to examine the following issues:

- The level of demand for and the operation of the Community Economic Betterment Account (CEBA) Program. By the end of November 1994, the Program had obligated all but \$1.2 million of the FY 1995 allocation and collections from repayments and recaptures. The Department is requesting an increase of \$3.2 million for FY 1996 to meet increased levels of demand for the Program. Additionally, the Economic Development Board is recommending the repeal of the machinery and equipment tax to provide additional incentives for Iowa's business community to create jobs. During the first five months of FY 1995, the cost of state funding per job created or retained is averaging approximately \$2,300 and the promised per hour wage level is averaging \$10.19. The Governor is recommending a \$2.3 million supplemental appropriation for this Program for FY 1995 and recommending a six-year phase out of the machinery and equipment tax.
- Continued coordination and prioritization of economic development programs, especially the variety of job training programs available through the Department. The Department amended the administrative rules of several job creation and retention programs to encourage the development of quality and higher paying jobs. However, if the proposal to eliminate the machinery and equipment tax is adopted, either the funding for the various programs may not be necessary at the current levels or further tightening of criteria to enhance the development of quality jobs may be appropriate.
- Operation and utilization of the two major new programs (the New Jobs and Income Program and the Value-Added Agricultural Products and Processes Financial Assistance Program) created during the 1994 Legislative Session and assigned to the Department by the General Assembly. Through the end of November 1994 the programs had approved three applications and one application, respectively. While no specific appropriation has been made for the New Jobs and Income Program, the Value-Added Program receives an annual appropriation of \$3.6 million from motor vehicle use tax receipts.

- Coordination between the Department and the Iowa Finance Authority in the implementation of the various state and federal housing programs operated by each. Both agencies are requesting increased funding to meet Iowa's housing needs. The Governor is recommending an appropriation of \$150,000 for a new Housing Improvement Fund within the DED and an equal reduction in the appropriation for the Iowa Finance Authority.
- No funding request is included in the Department budget for the International Development Foundation or the Iowa Peace Institute for FY 1996. The Department did include a request for the Partner State Program. All three of the agencies were funded as pass through appropriations for FY 1995. With new management of both agencies the General Assembly may wish to review the current focus of each agency and consider either funding or eliminating further support for these agencies. The Governor is recommending the elimination of support for both the Peace Institute and the International Development Foundation. The Governor is recommending \$100,000 for the Partner State Program.
- Review the status of the Heartland Technology Network and the relationship between the Department and the universities and community colleges.
- Review the status of the Advertising Sales Program of the Department. The Department is required to present options to the Subcommittee prior to reactivating the Program.
- Review the status of utilization of the Deaf Interpreters Fund for hiring interpreters for interactions between business operators and hearing impaired Iowans. The Department was in the process of identifying and negotiating with individual contractors at the end of the 1994 Legislative Session.
- Review the status of the High Technology Apprenticeship Program funded through the Workforce Investment Program of the Department.
- Review the status of the Small Business Investment Company. This was originally funded in FY 1992 to act as seed capital for the creation of a new venture capital funding program.
- The Governor is recommending the creation of a Work Force Development Fund. The Fund would receive money from the 1.5% income withholding associated with the repayment of certificates of participation under the Industrial New Jobs Training Program. These funds would normally go to the General Fund upon

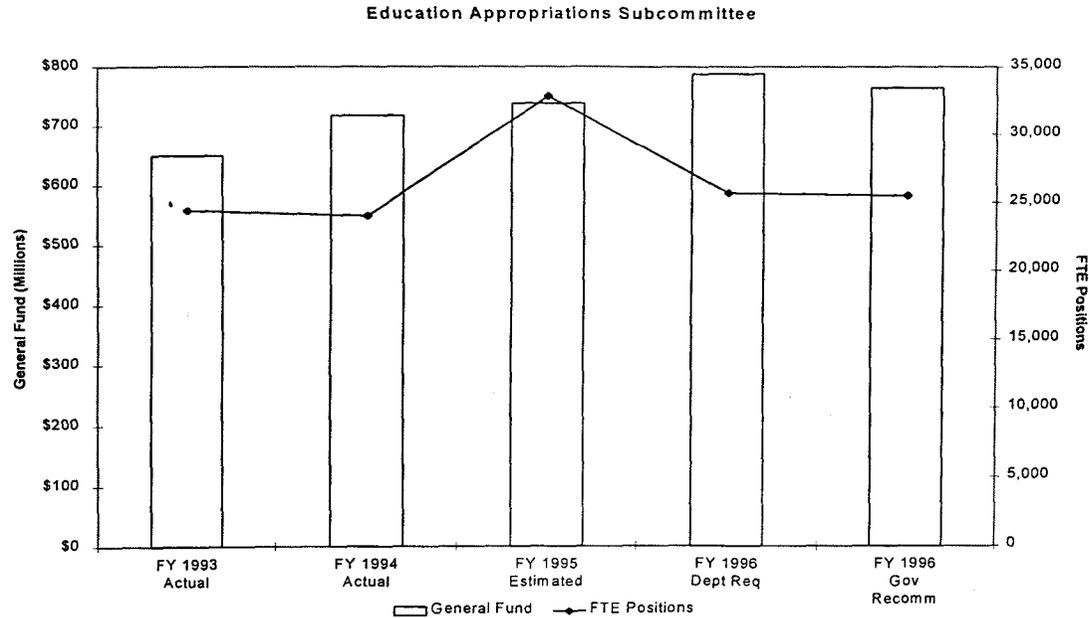
retirement of the certificates, but the Governor recommends extending the deferment for an additional ten years. The anticipated amount of income withholding to be allocated to the Fund in FY 1996 is \$876,000.

- Progress in the area of Workforce Development within the Department of Employment Services and federal funding for the initiative. f

EDUCATION APPROPRIATIONS SUBCOMMITTEE

FY 1996 GOVERNOR'S RECOMMENDATION

The Governor is recommending \$787.4 million from the General Fund and 17,417.2 FTE positions for the five departments of the Education Appropriations Subcommittee. This is an increase of \$38.5 million (5.1%) and 70.3 (0.4%) FTE positions compared to estimated FY 1995. This figure does not include the Unassigned Standings, but does include the newly created Iowa Telecommunications and Technology Commission created to oversee the operations of the Iowa Communications Network (ICN). The following graph illustrates the history of General Fund appropriations and FTE positions.



SIGNIFICANT GENERAL FUND CHANGES RECOMMENDED

1. College Student Aid Commission
 - A. An increase of \$30,000 (9.7%) for additional funding for Administration of the College Student Aid Commission to have a greater percentage of the 7.1 FTE positions paid by state funds instead of a split of state funds and funds from the Stafford Loan Reserve Fund (\$25,000) and salary annualization (\$5,000).
 - B. An increase of \$3.2 million (10.0%) for additional funding for the Tuition Grant Program to increase the average grant from \$2,250 to \$2,475. The maximum grant would increase from \$2,650 to \$2,900.
 - C. An increase of \$30,000 (7.6%) for one additional grant in the Osteopathic Primary Care Initiative at the University of Osteopathic Medicine and Health Sciences.
 - D. The Governor's "Budget in Brief" indicates a decrease of \$72,000 from the Student Aid Programs. The reduction is the elimination of the Graduate Student Assistance Program. The elimination is part of the Governor's Family Opportunity Plan reductions. However, this recommendation is not reflected in the Governor's financial spreadsheets.
2. Department of Cultural Affairs - An increase of \$37,000 to provide increased security coverage of the State Historical Building.
3. Department of Education
 - A. An increase of \$290,000 (47.1%) to increase the payments for textbooks for nonpublic schools to \$20 per pupil. Currently, payments for textbooks for nonpublic schools are equal to the lesser of the average district cost or \$20 per pupil. Public K-12 schools would also be required to expend a minimum of \$20 per pupil on textbooks and materials.
 - B. An increase of \$549,000 (8.9%) for Iowa Public Television. The change includes:
 1. An increase of \$361,000 for interconnection of the Iowa Public Television transmitters via the ICN.

2. An increase of \$102,000 to annualize funding for 4.0 FTE positions previously funded with federal Star School funds which expired September 30, 1994. Funding for three quarters of a year was provided in FY 1995.
 3. An increase of \$50,000 for a spare classroom equipment inventory for ICN classrooms.
 4. An increase of \$54,000 for salary annualization.
 5. A decrease of \$18,000 due to projected savings from the Governor's Health Insurance Education Plan.
- C. An increase of \$3.0 million (2.6%) for community colleges for general aid. The community college formula would have generated an increase of \$45.9 million for FY 1996.
- D. An increase of \$15.0 million in new funding for school improvement. This increase would be the first of four the Governor intends to recommend for a four-year total increase of \$60.0 million. This recommendation is in addition to allowable growth for schools. These funds are to be used for a variety of school improvement needs, such as increased parental involvement, school to work transition.
4. Board of Regents - An overall increase of \$6.1 million (1.1%) in General Fund moneys. The Governor also recommends \$4.3 million in capitals from the Iowa Infrastructure Account. The change includes:
- A. An increase of \$2.0 million for salary annualization.
 - B. An increase of \$785,000 for library inflation.
 - C. An increase of \$800,000 for retention of freshmen and minorities.
 - D. An increase of \$328,000 for the costs of opening new buildings.
 - E. A decrease of \$695,000 due to projected savings from the Governor's Health Insurance Education Plan. The University of Northern Iowa does not receive a decrease from this recommendation.
 - F. A decrease of \$612,000 as a result of increased privatization efforts. The decrease is part of the Governor's Family Opportunity Plan reductions.
 - G. An increase of \$1.9 million (7.2%) for Tuition Replacement.

- H. An increase of \$4.3 million for fire and environmental safety projects at the University of Iowa and Iowa State University, the Performing Arts Center at the University of Northern Iowa, a boiler at the Iowa Braille and Sight Saving School, and capital projects at the Iowa School for the Deaf relating to the Americans with Disabilities Act. These funds are one-time moneys from the Iowa Infrastructure Account.
 - I. An increase of \$836,000 at the University of Iowa (in addition to the previous recommendations). The change includes:
 - 1. An increase of \$326,000 for the Driving Simulator.
 - 2. An increase of \$350,000 for increases in the Graduate Student Assistants compensation.
 - 3. An increase of \$160,000 for primary health care.
 - J. An increase of \$500,000 at Iowa State University (in addition to the previous recommendations) for healthy livestock. The Governor also recommends \$150,000 from the Resource Enhancement and Protection (REAP) Fund for a pilot project relating to odor control at livestock facilities.
 - K. An increase of \$200,000 at the University of Northern Iowa (in addition to the previous recommendations) to expand industrial technology.
 - L. An increase of \$52,000 for the Iowa School for the Deaf (in addition to the previous recommendations) for a school bus.
 - M. An increase of \$52,000 for the Iowa Braille and Sight Saving School (in addition to the previous recommendations) for a school bus.
5. Iowa Telecommunications and Technology Commission - The Commission is the new governing entity of the ICN. The Governor is recommending \$22.8 million for the Commission for FY 1996. This is an increase of \$7.2 million compared to estimated FY 1995. However, the Governor's recommendation represents funding in two categories - \$12.8 million for net debt service for Parts I and II and \$10.0 million to begin implementation of Part III (connecting schools and libraries). The Governor is recommending the Network be allowed to operate as an enterprise by adjusting rates and expenses to fund any remaining deficit.
6. Education Unassigned Standings - An increase in State Aid of \$57.5 million (4.5%) for the School Foundation Formula. The change includes:
 - 1. An increase of \$49.7 million for allowable growth of 3.0%.

2. An increase of \$11.2 million for enrollment growth.
3. An increase of \$7.5 million for an estimated 5.4% increase in special education.
4. An increase of \$1.2 million to increase the budget guarantee from 100.0% to 101.0%.
Property taxes provide the funding for the 100.0% budget guarantee.
5. A decrease of \$2.9 million due to a reduction in other supplemental weights.
6. A decrease of \$9.2 million due to taxable valuation estimated increase of 2.25%.

ISSUES

The Education Appropriations Subcommittee may wish to examine the following issues:

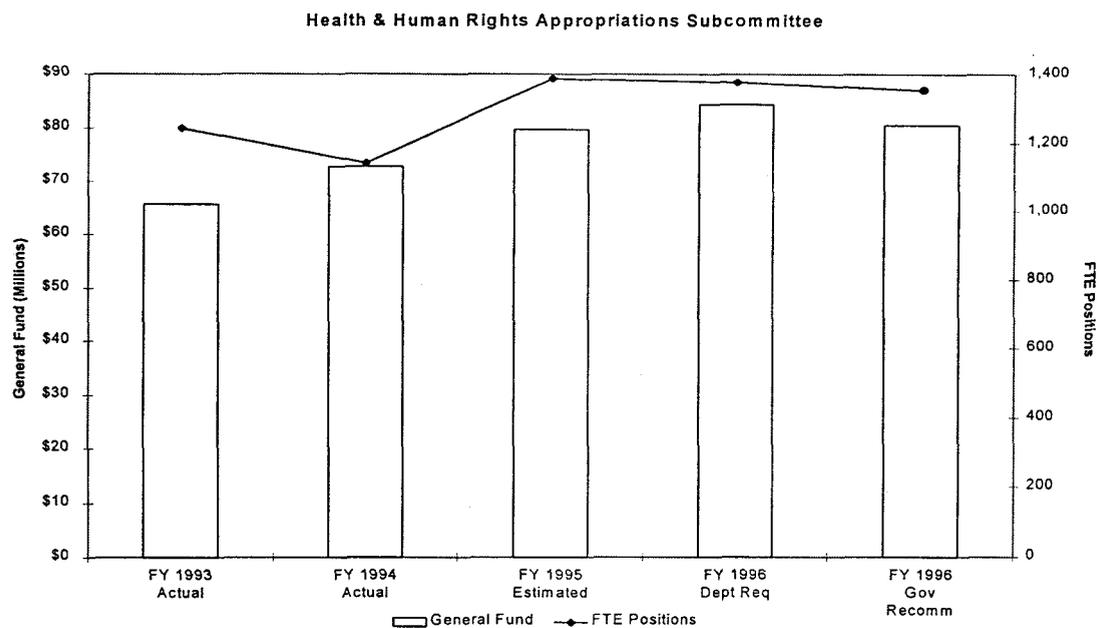
- The second year of the Primary Care Program at the University of Osteopathic Medicine and Health Sciences. The Governor is recommending an additional \$30,000 for one additional student loan buydown.
- Other sources of income available to the institutions under the control of the State Board of Regents, such as Treasurer's Temporary Investments, indirect cost reimbursements, tuition, and gifts and grants.
- The effect of health care reform upon the University of Iowa Hospitals and Clinics. The Governor is recommending the flexibility to use the Indigent Care appropriation for the costs of medical education at the University of Iowa.
- The Governor's recommendation to use \$4.3 million from the Iowa Infrastructure Fund for one-time capital projects at the institutions under the control of the Board of Regents.
- The transition from the Stafford Loan Program to a direct loan program and the effect upon the College Student Aid Commission.
- The fiscal impact of federal funds received by the Division of Vocational Rehabilitation. At the funding level recommended by the Governor, the Division will lose federal funds and be forced into the federally mandated Order of Selection process, limiting services to the most severely disabled. Conversely, funding at the level requested by the Division will result in the receipt of an additional \$1.0 million of federal funds to serve disabled Iowans.

- Review of the recommendations of the Iowa Telecommunications and Technology Commission for implementation of Part III of the Iowa Communications Network. The Governor is recommending \$10.0 million to begin implementation in FY 1996.
- Funding for the Iowa Communications Network. The Governor is recommending \$12.8 million from the General Fund for net debt service for Parts I and II only. Operating funds for FY 1996 would come from Network revenues.
- Funding the increased demand for the Open Access and Access Plus Programs at the State Library. The State Library is requesting an additional \$504,000 for the increased demand and to increase subsidy rates for FY 1996. The Governor is recommending no additional funding.
- Progress on new and expanded programs in FY 1995 at the Department of Education.
- The Department of Education's progress on the Management Information System.
- The community college funding formula and the distribution of funds to community colleges. The Department of Education is requesting an additional \$7.2 million to fund the community college foundation formula. The Governor is recommending an increase of \$3.0 million.
- Review of the Math and Science Coalition and the School and Community Planning Programs funded from the Educational Excellence appropriation. The Governor is recommending funding of \$30,000 for the Math and Science Coalition from Phase I and \$150,000 for School and Community Planning from Phase III. This Program was allocated from Phase I for FY 1995.
- Replace funds for the activities that were funded by the Star Schools Grant. The Star Schools Grant was a federal grant of \$4.0 million that Iowa received in Federal Fiscal Year 1993 and Federal Fiscal Year 1994 for a total of \$8.0 million. The grant expired September 30, 1994. The Governor is recommending \$102,000 to annualize the 4.0 FTE positions funded with Star School funds.
- Reduction of moneys from many of the budget units due to projected savings from the Governor's Health Insurance Education Plan and for reductions for the Governor's Family Opportunity Plan.

HEALTH AND HUMAN RIGHTS APPROPRIATIONS SUBCOMMITTEE

FY 1996 GOVERNOR'S RECOMMENDATION

The Governor is recommending \$80.5 million from the General Fund and 1,329.1 FTE positions for the seven departments of the Health and Human Rights Appropriations Subcommittee. This is an increase of \$805,000 (1.0%) and 2.5 (0.2%) FTE positions compared to estimated FY 1995. The following graph illustrates the history of General Fund appropriations and FTE positions.



SIGNIFICANT GENERAL FUND CHANGES RECOMMENDED

1. A decrease of \$587,000 due to the elimination of the FY 1995 one-time funding for the seven departments.
2. An increase of \$523,000 for salary annualization for the seven departments.
3. A decrease of \$55,000 due to projected savings from the Governor's Health Insurance Education Plan.
4. A decrease of \$2.4 million due to program reductions for the Governor's Family Opportunity Plan.
5. Department of Elder Affairs - An increase of \$250,000 to expand the Case Management Program.
6. Governor's Alliance on Substance Abuse - An increase of \$55,000 for enhancements to the Substance Abuse Free Environment Program and for development of a workplace program, a media prevention campaign, and the Iowa Spiritual Council on Substance Abuse Prevention to replace expired federal funds.
7. Department of Public Health:
 - A. An increase of \$15,000 for Dental Examiners for increased examination expenditures.
 - B. An increase of \$59,000 for costs associated with licensure and expenses related to the Athletic Trainers Advisory Board established in FY 1995.
 - C. A decrease of 19.3 FTE positions due to expiration of federal funding.
8. Department of Human Rights - An increase of \$105,000 and 1.0 FTE position for a structured fines project in four local sites to increase effectiveness in fine collection and assurance of offender accountability. The 1.0 FTE position is to continue a previously federally funded position.
9. Commission on Veterans Affairs - Iowa Veterans Home:
 - A. An increase of \$211,000 for a 4.0% inflation factor in the J. A. Jones contract.
 - B. An increase of \$1.6 million and 8.9 FTE positions for annualized maintenance of the heavy care nursing unit opened in FY 1995.
 - C. An increase of \$971,000 and 28.8 FTE positions to expand Medicaid services to the Dack Care Facility using the Revenue Enhancement Program.

ISSUES

The Health and Human Rights Appropriations Subcommittee may wish to examine the following issues:

1. Department for the Blind - The Department lost approximately \$220,000 in federal Independent Living Program funds. The funds were used to provide services to multiply-disabled and elderly blind persons within the Program. The Department had funds available to fund this portion of the federal Independent Living Program until September 30, 1994, which was the end of the federal fiscal year. Beginning October 1, 1994, eligible multiply-disabled and elderly blind persons and corresponding Independent Living Program staff were transferred from that Program to the Vocational Rehabilitation Program. Those clients who were not eligible for the Vocational Rehabilitation Program:
 - A. Were referred to other agencies including the existing independent living centers located in Council Bluffs, Des Moines, Iowa City, and Davenport.
 - B. Were placed on a waiting list to receive services by the Department.
 - C. Are not receiving the same services, especially the purchase of appliances.
2. Civil Rights Commission - To effectively deal, in a timely manner, with the investigations and/or adjudication of cases. The Commission made progress between FY 1989 and FY 1991 in reducing the number of backlogged cases. However, the timeframe for dealing with the investigations or adjudication of cases is experiencing an increase due to the Reduction In Force Plan in FY 1992, the FY 1993 across-the-board reductions, and a maintenance budget in FY 1994 and FY 1995. The Commission has been pursuing alternative methods for reducing the backlogged cases, including federally funded investigators, internal reorganization, and the use of volunteers.
3. Department of Elder Affairs - To continue to fund programs in the Department so that the elder population can avoid premature institutionalization and priority can be given to the support of family caregivers. The Governor is recommending an increase of \$250,000 to expand the Case Management Program. The Program is currently functioning in 37 counties. The Department estimates that the expansion will enhance the Program in each area agency on aging by expanding to additional counties. The goal of the Department is based upon a five-year plan culminating in FY 1997 with a \$2.5 million appropriation and statewide coverage of the Case Management Program.

4. Governor's Alliance on Substance Abuse:
 - A. To continue programs previously funded with federal grant money.
 - B. To examine alternative funding sources to replace discontinued federal grants.
 - C. To evaluate the effectiveness of substance abuse programs, including those targeted toward deterrence of use and success rates of substance abuse treatment programs.
5. Department of Public Health:
 - A. To examine organized delivery systems, emphasizing analysis of the purchaser and provider relationship. Area of focus continues to be the responsibility for cost as an incentive for control.
 - B. To analyze rural health care initiatives, specifically the issues of recruitment of professionals to rural areas and the continuity of services provided. Area Health Education Centers have scheduled three grant writing meetings. The Loan Repayment Grant and Scholarship Grant Programs are to be submitted in April 1995 to enhance recruitment efforts in rural areas.
 - C. To address the substance abuse issues of managed care, a comprehensive delivery system for substance abuse treatment, and the importance of handling detoxification as an integral step in the treatment process as identified by the Service Gap Task Force.
 - D. To examine the ability of emergency medical systems to address emergency and trauma requirements as a system. Hospitals currently voluntarily participate in the Iowa Trauma System Development Report used to categorize trauma and emergency facilities according to the sophistication of technology and services available at each unit.
 - E. To evaluate the importance and track the progress of the Healthy Iowans 2000 Health and Disease Prevention Goals and Action Steps in relationship to the federal Healthy People 2000 National Health and Disease Prevention Objectives for continued federal funding of Department of Public Health programs and initiatives.
 - F. To track the progress of the implementation of the Community Health Management Information System (CHMIS) as an electronic replacement of the Health Data Commission for the collection and distribution of health care data. The Health Data Commission has been repealed by the General Assembly, effective July 1, 1996.

- G. To examine service alternatives for eligible clients in the Well Elderly Clinics, Local Public Health Nursing, and Home Care Aide Programs. The Governor is recommending current levels of funding for the Programs.
6. Department of Human Rights:
- A. To effectively administer an umbrella agency and the role of the Department's Administrative Coordinator.
 - B. To examine communication and cooperation between the various divisions of the Department.
 - C. To deal with the concern that there is no clear line of authority or accountability within the organizational structure of the Department.
 - D. To evaluate the future of the Department, which the General Assembly has repealed effective July 1, 1997. The examination should include the role of the Department as related to advocates and providers of service.
 - E. To examine the expansion of the structured fines project in four Iowa sites in replication of the federally funded Polk County pilot project to increase effectiveness in fine collection and assurance of offender accountability. Attention should focus on increasing compliance with court orders, increasing fine collection rates, and fine revenues.
7. Commission on Veterans Affairs:
- A. To examine the Revenue Enhancement Program at the Iowa Veterans Home. One of the Home's goals is to finalize and implement plans for phasing in the reopening of heavy care nursing unit beds. During the fiscal crisis of FY 1992 the number of residents dropped to 554. On November 30, 1994, there were 663 residents in the Home. By the end of FY 1995, the Home anticipates 767 residents with an ultimate goal of 782 residents upon completion of the Program. The Revenue Enhancement Program has, as the primary focus, additional resident eligibility based upon Medicaid reimbursement. The revenue generated by increased patients would offset the increase in the General Fund appropriation for the Home. The Program has the Home opening additional units on a scheduled basis. The first 52-bed heavy care nursing unit was filled by August 27, 1993. The second 52-bed unit admitted the first resident in November 1993 and was filled by April 2, 1994. The third unit admitted the first resident on May 24, 1994, and was filled by November 1, 1994. The final unit is scheduled to be opened March 13, 1995, and filled by June 30, 1995.

The Governor is recommending a decrease in staff and support to reduce the number of beds at the Vets Home by 15 to insure compliance with the federal Environmental Protection Agency and Joint Commission on Accreditation of Health Care Organizations (JCAHO) smoking requirements with a corresponding decrease of \$442,000.

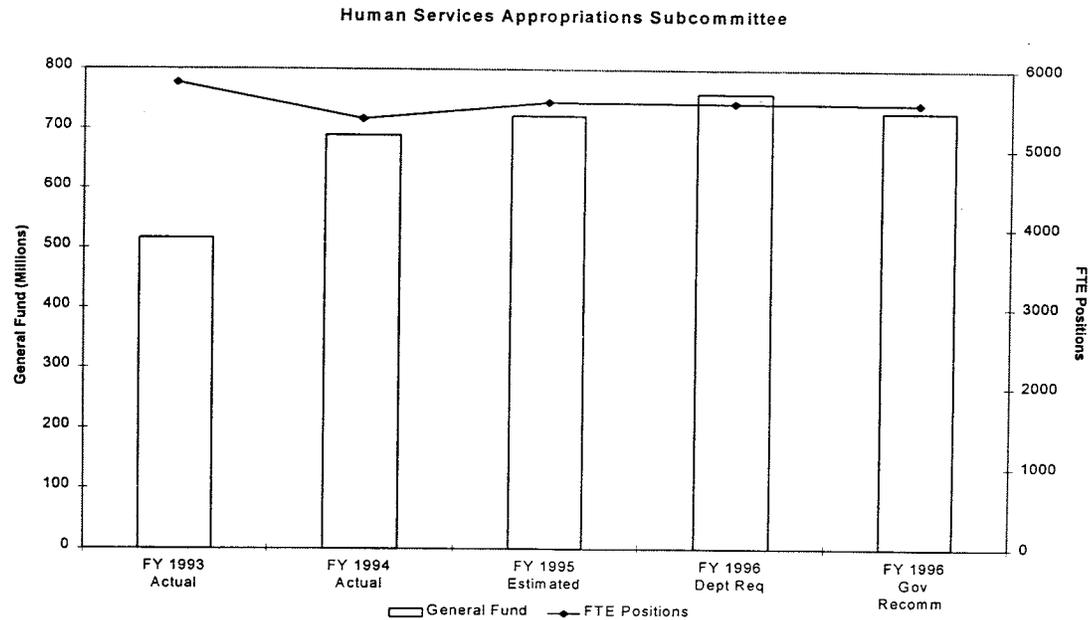
- B. To examine the subcontracting of certain services at the Iowa Veterans Home. An estimated annual savings of \$940,000, beginning in FY 1994, was due to savings achieved through contracting food and housekeeping services. The savings are calculated into the Revenue Enhancement Program and is an important factor in the reopening of the heavy care nursing units.

HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE

FY 1996 GOVERNOR'S RECOMMENDATION

The Governor is recommending \$739.5 million from the General Fund and 5,569.7 FTE positions, an increase of \$17.1 million (2.4%) and a decrease of 17.8 (0.3%) FTE positions compared to estimated FY 1995.

The following graph illustrates Department of Human Services General Fund history of General Fund appropriations and FTE positions.



SIGNIFICANT GENERAL FUND CHANGES RECOMMENDED

1. Medical Services - An increase of \$13.8 million (3.7%) in State funding for Medical Services compared to estimated FY 1995. The Medical Services recommendation is comprised of three appropriations: Medical Assistance, Medical Contracts, and State Supplementary Assistance. The changes include:

A. An increase of \$13.4 million (3.9%) for Medical Assistance compared to estimated FY 1995.

1. Adjusts provider reimbursement levels to meet the State Plan and federal requirements. The following is a list of reimbursement rate increases proposed by the Governor and associated State cost increases for FY 1996. The changes include:

<u>Category of Service</u>	<u>Percent Increase</u>	<u>General Fund Cost</u>
Obstetric Care	5.0%	\$ 323,000
Inpatient Hospital Services	4.2%	3,124,000
Outpatient Hospital Reimbursement	4.2%	1,314,000
Home Health Provider Reimbursement	4.9%	453,000
Rural Health Provider Reimbursement	4.9%	24,000
Skilled Nursing Facilities	4.6%	326,000
Nursing Facilities*	6.5%	6,260,000
Drug Product Cost Reimbursement	5.5%	1,756,000
<u>Total</u>		<u>\$ 13,580,000</u>

*The Governor recommends remaining at the 70th percentile. The total cost of remaining at the 70th percentile is \$9.9 million (a cost of \$6.3 million for reimbursing at the 55th percentile and \$3.6 million for increasing from the 55th to the 70th percentile). The State is required by the federal government, at a minimum, to reimburse at the 55th percentile. The recommendation assumes an annual compilation date of June 30, 1995, which determines the reimbursement rate for the year. The maximum daily rate is recommended to be \$62.77 per day, an increase of \$3.83 per day (6.5%) compared to the FY 1995 rate. The 70th percentile means that 70.0% of the facilities which have the lowest allowable costs are reimbursed for all of the costs, while the

remaining 30.0% of the facilities receive only partial reimbursement up to the maximum daily rate.

2. The other recommended changes for those items not included in the base budget include:
 - a. An increase of \$8.3 million assuming a 1.4% increase in the number of eligible Medicaid recipients.
 - b. An increase of \$6.6 million to provide the nonfederal share of Intermediate Care Facilities for the mentally retarded and home and community based services for the mentally retarded for children as required under HF 2430 (Mental Health Care Reform Bill) passed during the 1994 Legislative Session. The increase for the Intermediate Care Facilities for the mentally retarded cost is estimated at \$5.2 million. The home and community based services for the mentally retarded for children cost is estimated at \$1.4 million.
 - c. A net decrease of \$9.9 million due to a change in the Federal Financial Participation rate. Because the Federal Fiscal Year starts in October and the State Fiscal Year starts in July, the State FY 1996 request includes one quarter of the 1995 Federal Fiscal Year Federal Financial Participation rate and three quarters of the 1996 rate. The \$9.9 million decrease is comprised of an increase of \$1.8 million for the Federal Fiscal Year 1995 rate and a decrease of \$11.7 million for the Federal Fiscal Year 1996 rate. The Federal Fiscal Year 1996 rate is 63.82%.
 - d. An increase of \$698,000 due to an increase in the Medicare premium for individuals eligible for both Medicare and the Medical Assistance Program. The State pays the Medicare premium because it is less costly than Medical Assistance Program eligibility. The proposed rate increases take effect January 1, 1995.
 - e. An increase of \$75,000 to increase reimbursement rates for air ambulance services from \$2.08 to \$7.50 per mile and a base rate increase of \$91.49, for a total base rate of \$200.00. During the 1994 Legislative Session, HF 2330 (Human Services Appropriations Bill) changed payment for outpatient services from a fee-for-service based system where actual costs are reimbursed to a payment based on similar treatments and average costs. Information from the Department indicates that air ambulance costs were being billed as general outpatient costs, not as air ambulance costs. Therefore when the new payment

methodology was implemented, the actual cost of air ambulance reimbursement was underestimated.

- f. A decrease of \$4.2 million due to a revised estimate of the number of nursing home bed days in Intermediate Care Facilities. Bed days have been less than projections for FY 1995.
 - g. A decrease of \$1.0 million due to implementation of a substance abuse treatment managed care contract. The managed care contract would encompass all substance abuse treatment programs within the Departments of Human Services, Public Health, and Corrections, and the University of Iowa. The savings estimate is based upon a reduction of approximately 3.0% of current expenditures.
 - h. A decrease of \$256,000 from savings due to the implementation of a maximum allowable cost on brand name drugs based upon generic drug cost.
 - i. A decrease of \$465,000 due to expansion in the Prior Authorization Program. The expansion would add anti-depressants to the list of prescribed drugs requiring approval.
- B. An increase of \$596,000 (10.6%) in State funding for Medical Contracts compared to estimated FY 1995. The change includes:
- 1. An increase of \$23,000 for contractual services to rebase and recalibrate the Alternative Payment Grouping system. The Alternative Payment Grouping system is a new method of reimbursing for outpatient services. Formerly, outpatient services were billed on a fee for service methodology (the actual charge incurred by an individual). Under the Alternative Payment Grouping system, classes of outpatient services are grouped together with a fixed payment for each class of treatment.
 - 2. An increase of \$75,000 for the Mental Health Access Plan independent evaluation contract.
 - 3. An increase of \$284,000 for the Iowa State University Mentally Retarded Waiver evaluation contract. The package would fund technical assistance and quality assurance staff for the Mentally Retarded Waiver.
 - 4. An increase of \$214,000 due to the assumed increase in the number of eligible participants.

- C. A decrease of \$200,000 (1.0%) for State Supplementary Assistance compared to estimated FY 1995. The Governor is proposing to increase the Department's flexibility in the reimbursement rate adjustment process. According to the Governor, changing the reimbursement rate adjustment process will allow the Department to meet maintenance of effort requirements. Maintenance of effort requires the State to fund State Supplementary Assistance at a level greater than the previous year. The State did not meet maintenance of effort requirements in FY 1994 due to the reduced number of bed days at Residential Care Facilities. The sanction for not meeting maintenance of effort requirements in two successive years is the withholding of all federal Medical Assistance funds.
2. Child and Family Services - An increase of \$10.4 million (10.3%) for child welfare services compared to estimated FY 1995. The change includes:
 - A. An increase of \$350,000 (4.7%) for Child Care Services. This increase will continue the FY 1995 level of services. The FY 1995 budget included \$500,000 carried forward from a supplemental appropriation made in FY 1994. The appropriation level also reflects the transfer of \$150,000 to Child and Family Services, due to a lower projected need for Protective Child Care.
 - B. An increase of \$292,000 (3.6%) for the State Training School at Eldora. The recommendation indicates that funds will be used to maintain the current level of Substance Abuse and Sexual Abuse Programs by replacing lost federal funding previously received through the Governor's Alliance on Substance Abuse, and for inflationary adjustments for goods and services purchased by the School. The recommendation also reflects a decrease of \$11,000 due to projected savings from the Governor's Health Insurance Education Plan.
 - C. An increase of \$134,000 (2.8%) for the Juvenile Home at Toledo. The recommendation indicates that funds will be used to maintain the current level of Substance Abuse and Sexual Abuse Programs by replacing lost federal funding previously received through the Governor's Alliance on Substance Abuse and for inflationary adjustments for goods and services purchased by the Home. The recommendation also reflects a decrease of \$4,000 due to projected savings from the Governor's Health Insurance Education Plan.
 - D. An increase of \$9.6 million (12.8%) for Child and Family Services. In addition, the Governor projects receipt of an additional \$18.2 million in federal funding, primarily as a result of the Medicaid Children's Services Initiative. Changes include:

1. A transfer of \$13.0 million in General Fund dollars from Mentally Ill/Mentally Retarded/ Developmentally Disabled/Brain Injured Community Services to Child and Family Services, and an offsetting transfer of \$13.0 million in federal funds. If this transfer does not occur Iowa may not earn all the federal funds for which it is eligible. The transfer will enable the State to qualify for the full amount of federal funding.
2. A reduction of \$3.5 million in General Fund dollars due to a decrease in the group foster care cap from 1,350 to 1,170. The actual average daily group foster care population as of September 1, 1994, was 1,051, and the average population in FY 1994 was 1,097.
3. An increase of \$996,000 to continue "boot camp" facilities for juveniles. The recommendation excludes the 50 beds at the two facilities from the group foster care cap.
4. An increase of \$471,000 for an expansion of family-centered services for adjudicated delinquents who are required by court order to participate in these services, pursuant to Section 232.42(2)(c), Code of Iowa.
5. An increase of \$298,000 for an expansion of the Independent Living Program to permit all of the qualified older children to participate.
6. An increase of \$665,000 for an expansion of purchased adoption services to serve approximately 228 children.
7. An increase of \$250,000 for ten additional contract family foster care homes.
8. An increase of \$995,000 to increase Special Care Allowances to the \$150 and \$450 levels provided in family foster care to encourage adoption of special needs children who would otherwise remain in long term foster care.
9. An increase of \$133,000 to create an Outcome Monitoring Program to evaluate and improve outcomes for children and families who receive services.
10. An increase of \$3.3 million to expand the Supervised Community Treatment Program to 215 cases per month. The Program will serve adjudicated delinquents who experience significant social, behavioral, or emotional problems that place them at risk of group care and who have not responded to less intensive services. Services include daily skill-building activities (independent

living, social skills, employment), therapy and counseling, family counseling, snacks and meals, supervision and support, educational support, and aftercare.

11. An increase of \$400,000 to expand the School-Based Supervision Program. The Program will serve non-adjudicated and adjudicated delinquent youth ages 12 to 17 who have truancy and other behavior problems in schools. The services include one or two contract staff based in target schools, focusing on addressing truancy and school behavioral problems as needed. Family assistance and resource development would also be available to some students.
 12. An increase of \$494,000 to expand the Iowa Adolescent Monitoring and Outreach Program to serve an additional 145 adjudicated delinquents. Services include daily provider contacts and intensive tracking and supervision to hold youth accountable. Some youth will receive electronic monitoring.
3. Economic Assistance - A decrease of \$4.3 million (7.5%) and an increase of 6.0 (2.5%) FTE positions compared to estimated FY 1995. The 1993 General Assembly changed the Aid to Families with Dependent Children Program to the Family Investment Program. Economic Assistance is comprised of the following five appropriations:
- A. The Family Investment Program - The recommendation is a decrease of \$4.3 million (11.6%) compared to estimated FY 1995. The Governor's recommendation includes the increase in the Federal Financial Participation match rate (the rate at which the federal government matches State funds) from the State FY 1995 level of 62.80%. The updated rate means the Federal Financial Participation rate will increase to 63.82% (annualized rate). The budget recommendation for the Family Investment Program assumes the unemployment rate will be 3.6% for FY 1996 and the assumed inflation rate is 3.3%. The budget recommendation also includes:
 1. A decrease of \$4.6 million due to:
 - a. An increase of \$664,000 in child support recoveries from noncustodial parents which offset Family Investment Program payments to recipients. The increase results in a reduction to the General Fund recommendation.
 - b. An increase of \$496,000 in child support incentives received from the federal government. The increase results in a reduction to the General Fund recommendation.

- c. A decrease of \$1.5 million in benefits paid due to reduced caseloads and average cost per case. It is assumed that there will be a reduction of 1,350 cases per month due to persons no longer eligible for the Family Investment Program.
 - d. A increase of \$118,000 in child support recoveries from allowing child support recoveries from workers' compensation benefits. The increase results in a reduction to the General Fund recommendation.
 - e. A decrease of \$1.3 million due to a change in the Federal Financial Participation rate. The rate increased from 62.80% to 63.82%, resulting in net savings to the General Fund of \$1.3 million.
 - f. A decrease of \$543,000 due to implementation of the Governor's recommended initiatives on welfare reform and child support recoveries.
- 2. An increase of \$300,000 to fund the second year of the Family Investment Program welfare reform waiver evaluation. The evaluation is required by the federal government as part of welfare reform waiver approval. The waiver evaluation will operate over the life of the waiver (five years) and will cost \$300,000 each year for a total cost of \$1.5 million.
- B. A decrease of \$136,000 (1.1%) for the Promise Jobs Program compared to estimated FY 1995. The Promise Jobs Program provides education and training services to clients who are currently on the waiting list for job training. The decrease in Promise Jobs is due to the change in the Federal Financial Participation rate from 62.80% to 63.82%, resulting in a net decrease in the General Fund appropriation of \$186,000.
 - C. An increase of \$1.4 million (28.0%) and 6.0 (2.7%) FTE positions for Child Support Recoveries compared to estimated FY 1995. The change includes the following:
 - 1. An increase of \$35,000 for inflation increases.
 - 2. An increase of \$710,000 for the Advanced Planning Document. The Advanced Planning Document is a federally mandated software development project for automated support for child support casework. The project originally was eligible for federal matching funds of 90.0%. All work done after September 1995 will be paid for with normal federal matching funding (63.82%). The State has up to 18 months after September 1995 to meet certification

requirements for the computer system. Between FY 1992 and FY 1994, \$295,000 in State funds and \$2.7 million in federal funds has been spent on system development.

3. An increase of \$351,000 for assumed caseload growth of 9.0%. The funding would pay for contract staff to handle the caseload growth.
 4. An increase of \$297,000 to implement recommended child support initiatives. The recommendations include revocation of professional or driver's licenses or preventing renewal of vehicle registrations based upon failure to pay child support (\$246,000 and 6.0 FTE positions) and allowing child support recoveries from workers' compensation (savings are added in the Family Investment Program budget of \$118,000).
- D. A decrease of \$768,000 (43.4%) in the appropriation for Emergency Assistance compared to estimated FY 1995. Currently, the Emergency Assistance appropriation provides up to \$500 per year to families with children under the age of 18. The Governor's recommendation proposes reducing this grant to a maximum of \$250 per year. Assistance may include rent, house payments, utilities, purchase or repair of heating equipment, and rent or utility deposits. To qualify, a family's income must be at or below the federal Office of Management and Budget poverty level (\$11,900 per year for a family of three). Once the funds are exhausted during the fiscal year, the Program is terminated for the remainder of the fiscal year. In FY 1994, funds were exhausted by February 2, 1994.
- E. A decrease of \$492,000 (34.8%) and no change in FTE positions in the X-PERT automated eligibility system compared to estimated FY 1995. The decrease is due to reduced development expenditures as the system nears implementation. Statewide implementation is projected for early 1995.
4. Services for Persons with Mental Illness/Mental Retardation/Developmental Disabilities/Brain Injuries - A decrease of \$13.4 million (9.2%) and 54.8 (2.1%) FTE positions compared to estimated FY 1995. The change includes:
- A. A decrease of \$134,000 (2.7%) and 5.0 (5.6%) FTE positions at the Mental Health Institute at Mount Pleasant. The decrease reflects the closing of an eight bed substance abuse unit for women, saving \$181,000 and 5.0 FTE positions. The change also includes a recommendation for \$25,000 for increased costs for various goods and services. The recommendation also reflects a decrease of \$9,000 due to projected savings from the Governor's Health Insurance Education Plan. The recommended operating capacity (after closing the women's unit) is 80 beds, composed of 20 beds for adult psychiatric patients and 60 beds for substance abuse patients.

- B. A decrease of \$49,000 (0.8%) at the Mental Health Institute at Clarinda. The change includes an increase of \$25,000 for increased costs for various goods and services. The recommendation also reflects the transfer of \$164,000 and 3.3 FTE positions to the Department of Corrections for budget, salary, and support costs associated with construction and operation of the new prison. The recommendation also reflects a decrease of \$21,000 due to projected savings from the Governor's Health Insurance Education Plan. Operating capacity will be 83 beds, composed of 20 beds for adult psychiatric patients and 60 beds for geriatric patients with psychiatric needs. The recommended operating capacity is the same as in FY 1995.
- C. An increase of \$136,000 (0.9%) for the Mental Health Institute at Cherokee. The change includes an increase of \$26,000 for increased costs for various goods and services. The recommendation also reflects a decrease of \$19,000 due to projected savings from the Governor's Health Insurance Education Plan. Operating capacity is 140 beds, composed of 104 beds for adult psychiatric patients, 16 beds for adolescent patients, and 20 beds for children. The recommended operating capacity is the same as in FY 1995.
- D. An increase of \$139,000 (0.8%) at the Mental Health Institute at Independence. The change includes an increase of \$36,000 for increased costs for various goods and services. The recommendation also reflects a decrease of \$36,000 due to projected savings from the Governor's Health Insurance Education Plan. Operating capacity is 148 beds for adult psychiatric patients, 20 beds for adolescent patients, and 45 beds for children. The recommended operating capacity is the same as in FY 1995.
- E. A decrease of \$370,000 (1.2%) and 19.0 (2.5%) FTE positions at the State Hospital School at Woodward. The change includes:
1. An increase of \$58,000 for increased costs for various goods and services.
 2. An increase of \$23,000 for contracted staff training mandated by the settlement agreement in the Connors case.
 3. A decrease of \$126,000 due to projected savings from the Governor's Health Insurance Education Plan.
 4. A decrease of \$636,000 and 18.0 FTE positions from continuing to phase down the operating bed capacity: FY 1994 capacity was 328, FY 1995 capacity is 312, and recommended capacity for FY 1996 is 296.

- F. A decrease of \$131,000 (0.4%) and 16.0 (1.8%) FTE positions at the State Hospital School at Glenwood. The changes include:
1. An increase of \$94,000 for inflation in the cost of various goods and services.
 2. An increase of \$23,000 for contracted staff training mandated by the settlement agreement in the Connors case.
 3. An increase of \$194,000 and 3.0 FTE positions to assist in developing and maintaining support and services to assist clients to live in the community.
 4. A decrease of \$145,000 due to projected savings from the Governor's Health Insurance Education Plan.
 5. A decrease of \$673,000 and 19.0 FTE positions due to continued reduction in the number of beds: FY 1994 capacity was 467, FY 1995 capacity is 452, and recommended capacity for FY 1996 is 437.
- G. A transfer of \$13.0 million in General Fund dollars from Mentally Ill/Mentally Retarded/Developmentally Disabled/Brain Injured Community Services to Child and Family Services, and an offsetting transfer of \$13.0 million in federal funds. If this transfer does not occur, Iowa may not earn all the federal funds for which it is eligible. The transfer will enable the State to qualify for the full amount of federal funding.
- H. An increase of \$34,000 (3.1%) for the Family Support Subsidy. The recommendation would fund subsidy payments for an additional nine children with an educational handicap or developmental disability, and would provide a cost of living adjustment for all clients receiving subsidy payments.
- I. A decrease of \$21,000 for the Gamblers Assistance Program. The Program is to be funded directly from the Gamblers Assistance Fund.
5. Managing and Delivering Services - An increase of \$1.0 million (2.1%) in State funding and 33.0 (1.8%) FTE positions compared to estimated FY 1995. The change includes:
- A. An increase of \$1.2 million (12.5%) for General Administration and 19.0 (5.3%) FTE positions compared to estimated FY 1995. The change includes:

1. An increase of \$254,000 due to the postage rate increase effective January 1, 1995. All mailings for Food Stamps, Medical Assistance, and the Family Investment Program are funded out of the General Administration budget.
 2. An increase of \$462,000 and 12.0 FTE positions to update essential information systems.
 3. An increase of \$168,000 and 4.0 FTE positions to provide computer and networking support. Department projections indicate an 80.0% increase in personal computer users over the past years.
 4. An increase of \$42,000 and 1.0 FTE position for a permanent Mental Health Access Plan manager. Currently, existing staff are filling this role. The position would allow a permanent staff person to manage the Plan.
 5. An increase of \$41,000 and 1.0 FTE position to implement the Governor's initiatives on welfare reform and Child Support recoveries.
 6. A decrease of \$14,000 due to projected savings from the Governor's Health Insurance Education Plan.
- B. A decrease of \$206,000 (0.5%) and an increase of 14.0 (0.7%) FTE positions for Field Operations compared to estimated FY 1995. The change includes:
1. An increase of \$125,000 for the Child Protective Investigations Training Academy.
 2. An increase of \$100,000 for automation improvements to improve service delivery.
 3. An increase of \$304,000 for an additional 15.0 FTE positions to work on Child Protective Investigations.

ISSUES

The Human Services Appropriations Subcommittee may wish to examine the following issues:

- **Managed Mental Health Care:** A District Court has ruled that awarding the contract for Managed Mental Health Care to Value Behavioral Health was invalid because of a conflict of interest. Value Behavioral Health's parent company has another subsidiary that was involved in developing the Request for Proposals. The Department of Human Services has since awarded the contract to one of the unsuccessful original

bidders that challenged the Department's original contract award. Value Behavioral Health, Inc., has now appealed the District Court ruling to the Iowa Supreme Court.

The Managed Mental Health Care proposal's original implementation date was September 1994. However, the earliest implementation date now appears to be sometime in the spring of 1995. For each month implementation is delayed, estimated savings to the General Fund are reduced by \$200,000. In the original FY 1995 budget, net General Fund savings of \$2.0 million were included. It appears that most, if not all, of the estimated savings will be lost.

- Substance Abuse Treatment Managed Care: The Governor is recommending creating a managed care program for substance abuse treatment activities. The Subcommittee may wish to examine whether the estimated \$1.0 million savings figure is attainable, given the difficulties involved in implementing the Managed Mental Health Care contract.
- Family Investment Program and Child Support Initiatives: The Governor is recommending several changes in both the Family Investment Program and Child Support. The Subcommittee may wish to examine the estimated savings from these changes to determine whether the savings estimates may be refined.
- Group Foster Care Cap: The maximum number of children who could be placed in group foster care during FY 1994 was 1,350. The average actual number of placements during this period was 1,097, which is 253 (18.7%) less than the statutory maximum. This continues the trend started in FY 1993 when the cap was 1,405 and the average actual number of placements was 1,312 which is a difference of 93 placements (6.6%) less than the maximum allowed. The number of placements has been stable since June 1993, remaining close to the 1,100 level. The Governor is recommending reducing the group foster care cap in FY 1996 from the current statutory cap level of 1,350 to 1,170.

The Governor is also recommending that the 50 beds located in the two "boot camp" facilities not be included in the group foster care cap. In FY 1995, these beds are included in the statutory cap of 1,350. This recommended change is estimated to cost \$996,000 in FY 1996; funding is included in the Governor's recommendation.

- Welfare Reform: An examination of the performance of welfare reform efforts in the Department. Although caseloads and cost per case indicators are falling, it still remains to be seen whether welfare reform efforts will meet the savings projections. The Subcommittee may also want to examine the five-year timeframe

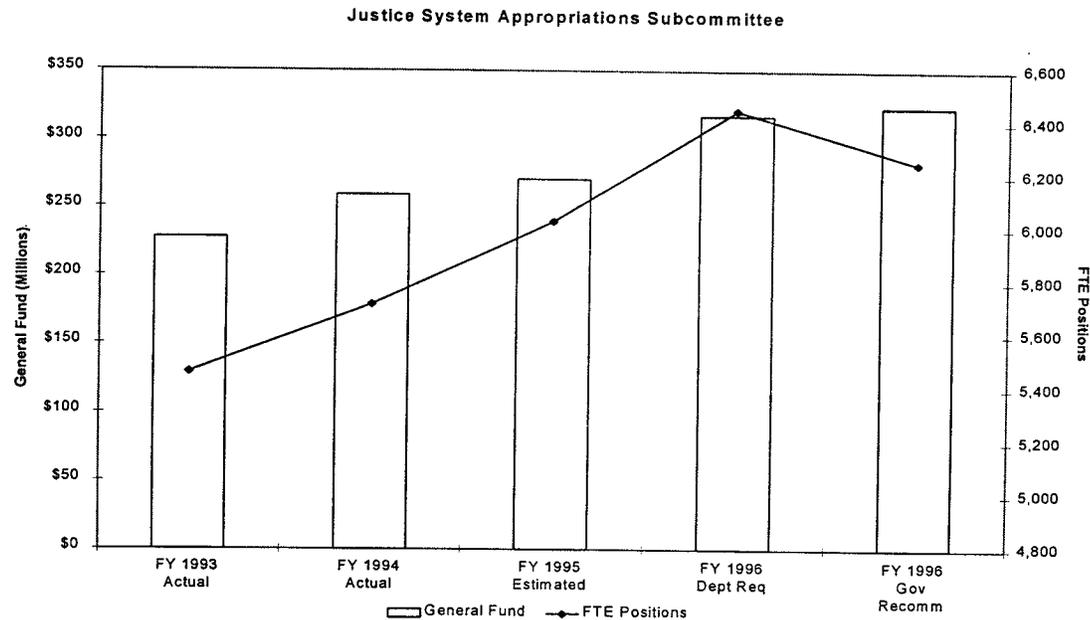
under which welfare reform efforts will be evaluated by the federal government. The welfare reform waiver requires cost neutrality of waivers. The timeframe for considering cost neutrality is five years from the implementation of the waiver. The State is liable for any federal funding received because of higher costs which may be incurred because of the waiver. Cost neutrality encompasses all areas of welfare reform including the Family Assistance Program, Medical Assistance, Promise Jobs, Food Stamps, and Transitional Child Care.

- **Child and Family Services Expenditures:** The appropriation for the Program was \$67.5 million in FY 1994, of which \$9.1 million was reverted to the General Fund. The reversion was due to three factors:
 - More children receiving Child and Family Services were also eligible for the Medical Assistance Program. This resulted in the receipt of additional federal funding for services provided to eligible children.
 - More of the counseling and assistance provided by foster care providers was billed to the Medical Assistance Program as service instead of maintenance. The Medical Assistance Program does not provide Federal Financial Participation for the cost of maintenance but does provide reimbursement for nearly two-thirds of the cost of services.
 - Fewer children were in group foster care than had been budgeted. The average daily group care population was 1,097 compared to the group care target of 1,350. This is 18.7% less than budgeted. Although the average cost per day was \$11.00 (11.6%) greater than had been budgeted, this was not enough to offset the substantial savings realized from the reduced population levels.
- **County Mental Health Expenditures:** During the 1994 Legislative Session there was discussion about the expected savings in mental health costs due to the implementation of Managed Mental Health Care. As previously noted, the implementation of the Program has been delayed by litigation. The Governor has assumed a decrease in County Mental Health expenditures in projecting the cost of the Mental Health Property Tax Relief proposal. The Legislative Fiscal Bureau will monitor expenditure data as it becomes available to assess the validity of these assumptions.

JUSTICE SYSTEM APPROPRIATIONS SUBCOMMITTEE

FY 1996 GOVERNOR'S RECOMMENDATION

The Governor is recommending \$323.7 million from the General Fund and 6,240.8 FTE positions for the seven departments of the Justice System Appropriations Subcommittee. This is an increase of \$53.5 million (19.8%) and 227.6 (3.8%) FTE positions compared to estimated FY 1995. The following graph illustrates the history of General Fund appropriations and FTE positions.



SIGNIFICANT GENERAL FUND CHANGES RECOMMENDED

1. Department of Justice - The Governor is recommending an increase of \$354,000 (4.1%) and 0.5 (0.2%) FTE positions. Significant changes include:
 - A. An increase of \$144,000 for the Office of the Attorney General for salary annualization.
 - B. An increase of \$134,000 for the Prosecuting Attorney Training Coordinator's Office for salary annualization and full funding of services.
 - C. An increase of \$86,000 for the Office of the Consumer Advocate for salary annualization.
 - D. A decrease of \$15,000 for projected savings due to the Governor's Health Insurance Education Plan.
2. Department of Corrections - The Governor is recommending an increase of \$10.1 million (7.1%) and 117.8 (4.2%) FTE positions.
 - A. Institutions - The Governor is recommending an increase of \$6.8 million (7.0%) and 96.2 (5.0%) FTE positions. Significant changes include:
 1. An increase of \$4.2 million and 56.7 FTE positions for start up costs, adjustments for overhead shared with the mental health facility, position reclassifications, and six months of additional operating costs for the new prison at Clarinda.
 2. An increase of \$664,000 and 20.0 FTE positions for additional correctional officers. The institutions at Anamosa and Mount Pleasant hired 20 correctional officers in FY 1995 using funds carried forward from FY 1994 as required by HF 2350 (Justice System Appropriations Bill).
 3. An increase of \$192,000 for community service work crews from the Newton and Mitchellville institutions and supervised by the Community-Based Corrections District Department V.
 4. An increase of \$496,000 for the increased costs of support items such as food, utilities, medications, repairs, professional treatment services, and paper supplies.
 5. A decrease of \$141,000 for projected savings due to the Governor's Health Insurance Education Plan.

- B. Central Office - The Governor is recommending \$1.9 million for inmate education to be transferred from the Department of Education to the Department of Corrections.
- C. Community-Based Corrections - The Governor is recommending an increase of \$1.5 million (3.7%) and 22.7 (2.6%) FTE positions. Significant changes include:
 - 1. An increase of \$204,000 and 4.5 FTE positions for a Day Programming Pilot Project in Community-Based Corrections District Department II. Day Programming is an alternative in which the high risk offender lives outside the residential facility while still participating in facility programs.
 - 2. An increase of \$414,000 and 13.2 FTE positions for an eight bed expansion and facility relocation in Community-Based Corrections District Department I, completion of a 16 bed expansion in Community-Based Corrections District Department II begun in FY 1995, and a 22 bed expansion in Community-Based Corrections District Department VI, plus supervision for ten offenders under live-out supervision.
 - 3. An increase of \$123,000 for the increased costs of support items such as food, utilities, medications, repairs, professional treatment services, and paper supplies.
 - 4. An increase of \$158,000 for community service work crews from the Newton and Mitchellville institutions and supervised by Community-Based Corrections District Department V.
 - 5. A decrease of \$116,000 due to projected savings from the Governor's Health Insurance Education Plan.
- 3. Indigent Defense Fund - The Governor is recommending an increase of \$1.7 million (17.2%) for indigent defense reimbursements to county attorneys.
- 4. Judicial Department - The Governor is recommending an increase of \$6.2 million (7.0%) and 88.0 (4.7%) FTE positions. Significant changes include:
 - A. An increase of \$1.5 million for salary annualization.
 - B. An increase of \$2.8 million for 17 District Court Judges, one Case Coordinator, 17 Court Reporters, two Legal Assistants, and 12.8 Court Attendant FTE positions. The FTE positions will be assigned to specific Judicial Districts pursuant to Section 602.6201, Code of Iowa.

- C. An increase of \$442,000 for three District Associate Judges, three Court Reporters, and 2.3 Court Attendant FTE positions. The FTE positions will be assigned to Polk County.
- D. An increase of \$368,000 for one Juvenile Court Specialist II, three secretaries, and seven Juvenile Court Officers to be assigned to the First, Second, Third, Fifth, Sixth, and Eighth Judicial Districts.
- E. An increase of \$332,000 for 13.6 Trial Clerk FTE positions. The FTE positions are to be located in the following counties: Delaware, Story, Marshall, Hamilton, Pottawattamie, Polk, Warren, Dallas, Scott, and Clinton.
- F. An increase of \$274,000 to replace microfilm equipment, to acquire 11 viewer printers, and to obtain contractual services with an outside vendor for microfilming.
- G. An increase of \$3.2 million for three Senior System Administrators and to expand the Iowa Court Information System to 15 additional counties, increasing the total number of counties linked in the System to 55.
- H. An increase of \$466,000 for office furniture and equipment to be used for all components of the Department.
- I. An increase of \$409,000 for funding one District Associate Judge and support staff for the First, Fourth, and Fifth Judicial Districts; and two District Associate Judges and support staff for the Second Judicial District. The District Associate Judges and support staff will replace 15 part-time Magistrate positions. The increase in funding is due to the fact District Associate Judges have more responsibilities and are paid more than Magistrates.
- J. An increase of \$129,000 for additional funding needed for the Judicial Retirement Fund. As of June 30, 1994, the unfunded pension benefit obligation of the Fund was \$24.0 million.
- K. A decrease of \$4.0 million for the establishment of the Enhancement Court Collections Fund.
- L. A decrease of \$123,000 due to projected savings from the Governor's Health Insurance Education Plan.

5. Iowa Law Enforcement Academy - The Governor is recommending an increase \$34,000 (3.5%) and no change in FTE positions. The change includes an increase of \$22,000 for maintenance and repairs and for increased operating expenses.
6. Department of Public Defense - The Governor is recommending an increase \$407,000 (9.6%) and 4.8 (2.2%) FTE positions. Significant changes include:
 - A. An increase of \$97,000 for building maintenance.
 - B. An increase of \$100,000 for the Star Base Leadership Program for youth to develop self-esteem, teamwork, and leadership.
 - C. An increase of \$101,000 for operation and management of the Iowa Communication Network.
 - D. An increase of \$20,000 for greater federal funding for Army and Air Guard Operations and Maintenance Agreements.
7. Department of Public Safety - The Governor is recommending an increase of \$34.7 million (239.1%) and 16.5 (2.0%) FTE positions.
 - A. Criminal Investigation Division - The Governor is recommending an increase of \$1.4 million (19.8%) and 19.0 (12.9%) FTE positions for criminal investigation. Significant changes include:
 1. An increase of \$317,000 and 5.0 FTE positions for Special Agents needed to staff new riverboats that became operational in FY 1994, but were not included in the Department's FY 1995 budget request.
 2. An increase of \$295,000 and 7.0 FTE positions for Special Agents and Gaming Enforcement Officers to staff new riverboats in Fort Madison and Marquette scheduled to become operational in FY 1995.
 3. An increase of \$264,000 and 6.0 FTE positions for Special Agents and Gaming Enforcement Officers to staff a new riverboat in Bettendorf scheduled to become operational in FY 1996.
 4. An increase of \$309,000 and 5.0 FTE positions for pari-mutuel investigative and enforcement activities at horse and greyhound race tracks.
 5. An increase of \$307,000 for the continued funding of riverboat enforcement officers added during FY 1995 from an FY 1994 appropriation carried forward into FY 1995.

6. A decrease of \$123,000 and 2.0 FTE positions due to the closing of the Waterloo race track.
- B. State Highway Patrol - The Governor is recommending \$33.0 million be appropriated from the General Fund for the State Highway Patrol. The Governor's recommendation eliminates the need to fund the State Highway Patrol from the Road Use Tax Fund.
- C. Iowa Highway Patrol (IHP) Workers Compensation - The Governor is recommending \$403,000 be appropriated from the General Fund for Iowa Highway Patrol (IHP) Workers Compensation. The Governor's recommendation eliminates the need to fund the Program from the Road Use Tax Fund.
- D. Automated Fingerprint Identification System (AFIS) - The Governor is recommending \$212,000 be appropriated from the General Fund for the System. The Governor's recommendation eliminates the need to fund the System from the Road Use Tax Fund.

ISSUES

The Justice System Appropriations Subcommittee may wish to examine the following issues:

1. Department of Justice
 - A. Computer equipment and software needs to improve the effectiveness of operations. The Department's primary areas of need are word processing, electronic mail, and database services.
 - B. Review of the Department's responsibility to administer the Second Injury Fund. The authorization for the Department to utilize funds from the Second Injury Fund (Section 85.66, Code of Iowa) to pay for the cost of administration sunsets at the end of each fiscal year.
 - C. Adequate staffing levels and training for operational effectiveness. The Department is requesting \$25,000 for FY 1996 to provide continuing education and training to legal and support staff.
 - D. Fiscal effect of the federal Omnibus Crime Control Bill on the Department programs. An effort will be made to utilize any of the available federal funds for programs at the State level. State matching funds may be needed to obtain additional federal funds.
2. Department of Corrections
 - A. Prison overcrowding and the costs of building and operating new prisons. The inmate population is approaching 150.0% of design capacity. There is concern for safety of staff and inmates. There is

also a potential for inmate lawsuits over prison conditions. Building new prisons represents a commitment to millions of dollars for future operating costs. The Governor is recommending adding 1,000 beds to the prison system, in addition to the new prison at Clarinda, by 1999.

- B. Capital repairs and maintenance of the existing facilities. Prison maintenance has been deferred in the same manner as repairs to other state facilities. The Governor is recommending prison and jail surcharge revenues (estimated at \$5.0 million), be used for maintenance and expansion of prisons and jails.
- C. Connection to the Iowa Communications Network fiber optics system and the development of educational programs. Is using educational programming over the Iowa Communications Network (ICN) an effective approach to teaching inmates? The Governor is recommending \$161,000 from the Infrastructure Fund for the Fort Madison institution to connect to the Iowa Communications Network (ICN).
- D. Association between criminal behavior and substance abuse with substance abuse treatment. A number of prison and community-based corrections substance abuse treatment programs are operating. These need to be examined for effectiveness both in resolving substance abuse and in deterring future crime.
- E. Increase in felony offenders on street supervision. The Department is supervising high risk offenders on probation and parole and is recommending additional programming to deal with the high risk population. The Governor is recommending a Day Programming Pilot Project in Community-Based Corrections District Department II.
- F. Implications of the federal Omnibus Crime Control Bill for the Department and ramifications of obtaining federal funding. The federal Omnibus Crime Control Bill allows for grants for prison construction and operations but requires recipient states to have "truth in sentencing." "Truth in sentencing" means certain offenders serve at least 85.0% of their sentences before receiving parole. It is not clear exactly which types of offenses "truth in sentencing" will be applied to, but it will increase the prison population. It remains to be determined whether it is cost effective to obtain a grant with these types of requirements.

3. Indigent Defense

- A. Expanding the State Public Defender's Office. The Governor is recommending an increase of \$776,000 and 16.5 FTE positions to expand the Public Defender's Offices in Des Moines, Sioux City, Waterloo, and Council Bluffs. The Governor is also estimating that an additional 5,000 cases can be handled with the expansion resulting in potential annual net savings of \$1.6 million.
- B. Increasing contracting services with private attorneys who provide legal representation at fixed hourly rates. The Governor is recommending increasing the number of counties where indigent defense services are contracted from the current six counties to a minimum of 23 counties, reducing the cost of providing indigent defense by an estimated \$560,000 in FY 1996.
- C. Continuing to develop measurable requirements to determine indigent defense status. Beginning September 1, 1993, the courts were required to use the federal Department of Health and Human Services poverty guidelines to determine the degree to which a person is indigent.

4. Judicial Department

- A. Implementation of the Equality in the Courts Task Force recommendations. The Task Force submitted a final report with recommendations to the Supreme Court in February 1993.
- B. Conversion of Magistrate positions to District Associate Judges. District Associate Judges have greater jurisdiction over certain civil and criminal cases than Magistrates.
- C. Development of a long-term strategic plan to expand the Iowa Court Information System into the remaining 59 counties in the State. There are currently 28 counties on-line with the System, six new systems are being purchased to replace existing systems, six existing systems are being relocated to counties not on-line, and 15 new systems are being requested for FY 1996.
- D. Evaluation of progress made to reduce the backlog in caseloads in various counties. The Department is requesting additional Judges and support staff for FY 1996 to address the backlog in caseloads. The Governor is recommending additional judgeships for the Judicial Department and to expand the Court's computer system to manage the increase in civil and criminal workloads. The Governor is also recommending that \$4.0 million of the additional \$10.0 million requested by the Judicial Department be financed through increased collections of court fines and fees.

- E. Collections of outstanding fines, fees, court costs, surcharges, and restitution. The Department is required to utilize funds allocated for the Iowa Court Information System to collect delinquent fines, penalties, court costs, fees, and surcharges. The Governor is estimating that an additional \$4.0 million in collections each year can be achieved through the use of certain collection tools.
 - F. Efforts to establish greater cooperative relationships with other state agencies by sharing case data, revenue collections data, and other pertinent court information. The Department is in the process of developing a generic computer program interface to transfer information to the Department of Inspections and Appeals and other state agencies.
5. Iowa Law Enforcement Academy
- A. Central facility maintenance. The central facility is in need of repair, and window frames, mattresses, carpet, and dormitory showers need replacing.
 - B. In-service fees. The Iowa Law Enforcement Academy has the authority to charge a fee for in-service training of law enforcement officers to help offset the cost of the courses. The Academy charges fees for the special courses that range from \$25 to \$210, depending on the length of the course. In prior years, the courses were offered free of charge to the officers. Local law enforcement agencies have expressed concern because they have not budgeted for the increased costs for services that have traditionally been free. The amount of fees collected to date is not yet available.
6. Parole Board
- A. Impact of the increasing prison population on the Board's resources and information management system. The Board is working to increase parole grants as the prison population expands, while continuing to base release decisions solely upon the offender's qualifications. The Governor is recommending abolishing parole for dangerous, violent offenders.
 - B. Enhancement of the Victim Notification Program. The Board is developing an appropriate system to further enhance the Program, particularly the notification of registered victims of upcoming release hearings and special case reviews.
 - C. Expanding the use of teleconferencing to conduct parole hearings. The Board is utilizing the Iowa Communications Network to conduct parole review hearings. The Board anticipates a reduction in travel costs as a result of this new initiative.

D. Efforts to eliminate bias in the Board's parole review process. The Board is required to conduct a study of the parole process to identify and eliminate bias in the parole system and submit a report with findings to the Justice System Appropriations Subcommittee by January 15, 1995.

7. Department of Public Defense

A. Iowa Communication Network connections. The Department attracted \$9.3 million in federal funds to connect 62 classrooms in National Guard armories to the Fiber Optics Network by the end of 1995. The Governor is recommending \$101,000 and 2.0 FTE positions for initial staffing of the classroom operations. Funding obligations to the State beyond FY 1997 for the support of the classrooms should be examined.

B. Maintenance obligations. The Department has approximately \$4.5 million in backlog maintenance needs for the 50 National Guard armory facilities. The armories were constructed with 75.0% federal money with an agreement that the State would provide 100.0% of the operating and maintenance support for the facilities. The Governor is recommending \$382,000 from the Infrastructure Fund to address the maintenance backlog.

8. Department of Public Safety

A. Eliminating the need to fund certain functions of the Department from the Road Use Tax Fund. The Governor is recommending the Highway State Patrol, Automated Fingerprint Identification System (AFIS), and Iowa Highway Patrol (IHP) Workers Compensation be funded from the General Fund.

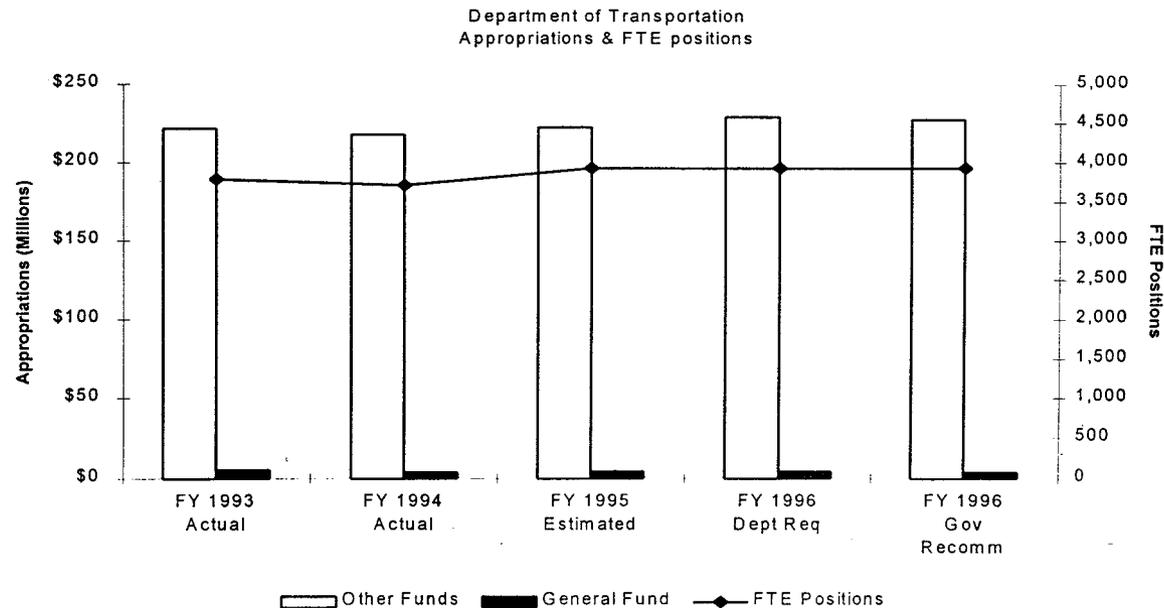
B. Providing adequate staffing levels for riverboat enforcement. The number of riverboats will increase from four boats to seven during FY 1995 and the Department of Public Safety will need to hire officers to adequately staff the new boats. The Department was given partial funding (\$129,486) in SF 2330 (Appropriations - Capitals and Standings Bill) to hire two Special Agents and three Gaming Enforcement Officers during FY 1995 for enforcement on a new riverboat in Fort Madison that became operational in November 1994. The Department of Public Safety requested and the Governor is recommending a FY 1995 supplemental appropriation of \$447,000 to fully fund an additional 12 officers for boats in Marquette and Bettendorf that will become operational in December 1994.

TRANSPORTATION AND INFRASTRUCTURE APPROPRIATIONS SUBCOMMITTEE

FY 1996 GOVERNOR'S RECOMMENDATION

The Governor is recommending \$5.6 million from the General Fund for the Transportation and Infrastructure Appropriations Subcommittee. This is a decrease of \$753,000 (11.8%) compared to estimated FY 1995.

The Governor is recommending \$231.2 million for operations and 3,930.0 FTE positions for the Department of Transportation (DOT). This is an increase of \$3.6 million (1.6%) and 0.5 FTE positions compared to estimated FY 1995. Of this amount, \$4.0 million is being requested from the General Fund for the DOT, a decrease of \$753,000 (15.8%) and \$227.2 million from other funds, an increase of \$4.4 million (2.0%) compared to estimated FY 1995. The following table illustrates the history of General Fund and other fund appropriations and FTE positions for the DOT.



SIGNIFICANT GENERAL FUND CHANGES RECOMMENDED

1. A decrease of \$613,000 from the Railroad Improvement Program due to reduced revenue collections from railroad bond and loan repayments that are deposited into the General Fund.
2. A decrease of \$140,000 related to shifting certain Air and Transit Division functions into the Planning and Programming Division during the Departments reorganization. The General Fund decrease is being shifted to other funds.

SIGNIFICANT OTHER FUND CHANGES RECOMMENDED

1. An increase of \$270,000 for electronic data processing equipment depreciation.
2. An increase of \$176,000 to fund a 5.0% tariff increase on telecommunications.
3. An increase of \$151,000 for the increased cost of data processing software license renewals.
4. An increase of \$205,000 for increased lease cost of DOT facilities.
5. An increase of \$104,000 for increased utility costs.
6. An increase of \$150,000 to change the traffic count inventory from a four-year cycle to a three-year cycle to comply with federal regulations.
7. An increase of \$240,000 for the increased cost of mowing contracts.
8. An increase of \$118,000 to purchase safety shoes for all maintenance employees as required by the Occupational Safety and Health Administration.
9. An increase of \$597,000 for the purchase of additional nonlead, water borne, traffic marking tape.
10. An increase of \$193,000 for the purchase of software to enable personnel at field maintenance facilities to access the Roadway Weather Information System through personal computers.
11. An increase of \$400,000 for the lease of driver's license production equipment.
12. A decrease of \$517,000 due to projected savings from the Governor's Health Insurance Education Plan.

ISSUES

The Transportation and Infrastructure Appropriations Subcommittee may wish to examine the following issues:

- Road Use Tax Fund: Expenditure of Road Use Tax Fund and motor vehicle use tax revenues for construction and nonconstruction purposes.
- Driver's License Pilot Project: Evaluation of the Driver's License Pilot Project in Southwest Iowa. The DOT is involved in a pilot project with six southwest Iowa county treasurer's offices to have driver's licenses issued by the county treasurers instead of the DOT driver's license team assigned to the area. The project began in January 1994 and will end on June 30, 1995. The pilot project is to be used to help determine whether or not it is feasible to transfer all, or a portion of, the driver's license issuance functions to the county treasurer offices. Upon completion of the pilot project, it may be necessary to complete a more in-depth study (with input from other counties) to determine the feasibility of having county treasurers issue driver's licenses.
- Consolidation of DOT field maintenance facilities: The DOT is requesting \$6.7 million in FY 1996 from the Primary Road Fund for the replacement and/or renovation of six field maintenance facilities and has programmed \$13.3 million for additional field maintenance facility replacements and/or renovations through FY 2000. The Governor is not recommending any new field maintenance facility construction projects for FY 1996. In prior years the DOT has considered consolidation of these facilities to reduce annual operating expenses as well as the cost for replacement of some facilities that are becoming obsolete. In FY 1992, the DOT identified approximately \$1.0 million from annual operating costs and a one-time savings of approximately \$14.0 million in construction costs.
- Privatization of rest area maintenance: The DOT will terminate the current maintenance with DTH Jones Company effective in February 1995 due to poor performance by the contractor. The DOT will solicit bids for smaller contracts in an effort to attract smaller contracting firms in Iowa. The Subcommittee may want to examine cost projections of the maintenance service.

CAPITALS

The Governor is recommending \$1.6 million from the General Fund for the Department of Natural Resources for Marine Fuel Tax receipt capital improvements. The recommendation is based on the estimated Marine Fuel Tax receipts credited to the General Fund and dedicated for boating-related activities. The appropriation will be used to fund the following projects:

- Brushy Creek Recreation Area lake development
- Bussey Lake access channel dredging
- Pine Lake restoration project
- Three Mile Lake boating access development
- Little Wall Lake restoration project
- Various access, repair, and lake improvement projects

The Governor's recommendations for the prison expansion projects financed through lease purchase agreements and for tuition replacement for the Board of Regents' institutions are included within the recommendations in the respective subcommittees.

The Governor is also recommending the deposit of interest revenue into the Infrastructure Account which would be used to provide dedicated funding to address Capitol restoration and critical vertical infrastructure needs. The Infrastructure Account would receive the interest earned from moneys deposited in the Cash Reserve Fund, the Income Tax Rate Reduction Fund, and the accumulated interest in the Economic Emergency Fund. The following table shows receipts and recommended appropriations and transfers from the Infrastructure Account for FY 1996 and FY 1997.

Governor's Infrastructure Account Recommendations

(Dollars in Thousands)

<u>Receipts (Interest Income)</u>	<u>FY 1996</u>	<u>FY 1997</u>
Income Tax Rate Reduction Fund	\$ 4,200.0	\$ 4,200.0
Cash Reserve Fund	9,800.0	9,800.0
Economic Emergency Fund	7,149.4	0.0
Total	\$ 21,149.4	\$ 14,000.0
<u>Appropriations and Transfers</u>		
Fairfield Armory Addition	\$ 250.0	\$ 0.0
Camp Dodge Vehicle Storage Bldg.	420.0	0.0
Armory Maintenance	381.9	381.9
Capitol Restoration	7,165.0	8,980.0
Board of Regents - Fire & Environmental Safety	0.0	1,600.0
General Services Health & Fire Safety	4,000.0	2,700.0
Welcome Centers	325.0	0.0
Fort Madison ICN Hookups	161.0	0.0
Capitol Fire Safety/Americans with Disabilities	1,600.0	0.0
Braille & Sight Saving School - Boiler	296.0	0.0
School for the Deaf - Americans with Disabilities	50.0	0.0
ISU - Fire & Environmental Safety	1,000.0	0.0
SUI - Fire & Environmental Safety	1,000.0	0.0
UNI - Performing Arts Center	2,000.0	0.0
Human Services X-Pert File Conversion	1,076.0	200.0
Innovations Fund	1,424.0	0.0
Total	\$ 21,148.9	\$ 13,861.9

In addition to the above recommendations, the Governor is recommending \$8.4 million for FY 1996 from other funding sources for various capital improvements. The following table shows the other fund recommendations.

Other Fund Recommendations

(Dollars in Thousands)

	FY 1996
Fish & Game Fund Capitals	\$ 1,218.0
REAP Fund - Open Spaces	2,113.0
REAP Fund - Land Management	644.7
DOT Primary Road Fund Capitals	3,223.2
DOT Road Use Tax Fund Capitals	570.0
Total	\$ 7,768.9

ISSUES

The General Assembly may wish to examine the following issues:

- The Governor's recommendation to deposit interest revenue into the Infrastructure Account and the establishment of expenditure priorities from the Fund.
- Funding for projects where health and safety concerns have been identified. The projects result from facilities not meeting minimum code compliance which include fire, electrical, plumbing, and water codes. The State may be liable in the event of an injury or death attributable to the defect. The departments are requesting \$18.8 million from the General Fund in FY 1996 for health and safety projects.
- Funding for deferred maintenance projects. Budget reductions over the past several years have caused departments to reduce funding for maintenance in an effort to maximize funds for operations. Deferring routine maintenance results in accelerated deterioration of facilities and increases costs associated with correcting defects. The departments are requesting \$15.4 million from the General Fund in FY 1996 for deferred maintenance projects. It is uncertain how much of the Governor's recommendation for capitals is directed at deferred maintenance.

FEDERAL FUNDING ISSUES

FEDERAL BUDGET ENFORCEMENT ACT

The federal Budget Enforcement Act of 1990 created a new multi-year process to govern federal budget actions through Federal Fiscal Year (FFY) 1995. The legislation changed the objective of federal budget control from specific budget deficit targets to specific targets for various types of discretionary spending: defense, international, and domestic. It further set up a "pay-as-you-go" system for entitlements, requiring that any legislative action on entitlements which increases the federal deficit must be offset by reductions in other entitlements or increases in revenues. Certain items classified as one-time "emergencies" are excluded from the statutory controls. Any violations of the targets will produce an offsetting across-the-board percentage reduction among all of the programs in that area.

UNFUNDED MANDATES

The Budget Enforcement Act provisions strengthen the temptation of Congress to pay for new programs by mandating the expense to state and local government. This is reinforced by the desire at the federal level to minimize any increases in federal taxes.

The Congressional leadership has indicated that legislation to ease the burden of unfunded mandates will be considered early in the 1995 Congress. Detailed information concerning this legislation will be distributed to the General Assembly by the Legislative Fiscal Bureau when it becomes available.

FFY 1995 APPROPRIATIONS BILLS

Given the aggregate cap on federal discretionary spending imposed by the Budget Enforcement Act, grant-in-aid programs will receive significant increases in FFY 1995. Overall, nationwide funding for major discretionary programs will increase by \$3.587 billion (4.8%) compared to FFY 1994 funding levels, while funding for mandatory and entitlement programs is estimated to increase by \$11.001 billion (7.4%) compared to FFY 1994 levels. The increase in federal payments for Medicaid alone is estimated to be almost three times the total increase in funding for grant-in-aid discretionary programs.

Nationally, the largest increases in discretionary grant-in-aid spending will occur in three areas: Criminal Justice (related to the new Community Policing and Criminal Alien Assistance Programs), Housing and Community Development, and Environmental Infrastructure. Other programs that would experience significant increases in FFY 1995 include: Head Start, the Supplemental Food Program for Women, Infants and Children, Education Reform, and the Job Training Partnership Act Summer Youth and Dislocated Worker Assistance Programs. Programs losing funding include the Highway Obligation Limitation, and funding for the Low-Income Home Energy Assistance Program and the State Legalization Impact Assistance Grants.

Major changes in spending which will significantly affect the State of Iowa's budget include:

- Iowa will receive \$4.4 million in additional federal funding for programs administered by the United States Department of Agriculture, compared to FFY 1994. Federal programs for child nutrition and school lunches, and the Women, Infants, and Children Supplemental Feeding Program will spend more money in Iowa. The Watershed Flood Prevention and Financial Assistance programs will receive decreased federal support, as will the Cooperative State Resources Program.
- Programs administered by the United States Department of Education will spend \$33.3 million less in Iowa, compared to FFY 1994. Rehabilitative Services will receive additional federal funding, but Special Education, Compensatory Education, and Chapter 2 Educational Improvement Grants will receive less.
- The Federal Emergency Management Administration will spend \$72.1 million less in Iowa compared to FFY 1994.
- The United States Department of Health and Human Services will spend \$20.4 million less in Iowa compared to FFY 1994. The Low-Income Home Energy Assistance Program will experience a substantial reduction in federal funding.
- A variety of programs for subsidized housing and promoting home ownership will receive additional federal funds from the United States Department of Housing and Urban Development. The additional funding will total \$8.4 million compared to FFY 1994.
- Programs funded with money from the Federal Highway Administration will receive \$24.8 million in additional federal funding compared to FFY 1994.

IMPACT OF FEDERAL LEGISLATION ON IOWA TAX POLICY

No major federal initiatives affecting State tax receipts have been enacted in 1994. The effects of the 1993 Omnibus Budget Reconciliation Act are still affecting State revenues, but have already been incorporated into base projections.

There are two areas of potential interest regarding federal legislation in the upcoming congressional session.

- Deduction for health insurance by self-employed persons: For taxes paid in 1993, self-employed taxpayers were allowed to deduct 25.0% of their health insurance premiums from state and federal taxable income. The Congress failed to pass a bill extending the deduction. Technically, the deduction does not currently exist. The Department of Revenue and Finance has left a line for the deduction on the 1994 tax form and fully expects the federal government and the State government (through coupling) to extend the deduction. Failing to extend the deduction would result in increased revenue to the General Fund of approximately \$2.5 million each year.
- The Republican Contract with America indicated that the United States House of Representatives will take action on a variety of bills that would reduce federal tax liability for taxpayers with children, senior citizens, and others. The LFB will track these initiatives as they develop. In general, federal changes that reduce federal income tax liability increase State tax liability, due to the deduction for federal income taxes paid from State taxable income. Thus, early indications are that these federal changes would result in an increase in General Fund revenues.

DEVELOPMENTS AND MANDATES

Several developments will affect the amount of federal funds Iowa receives in FFY 1996. The developments include:

- Updated per capita income data. Federal funding for many of the largest Department of Human Services programs is based upon the Federal Medical Assistance Percentage. Based on this data, federal funding will increase in State Fiscal Year 1996. This rate is computed using each state's per capita personal income and that of the nation as a whole for the three most recent years. The FFY 1996 rate will be based upon income

data for calendar years 1991 to 1993. The rate is published each November for the Federal Fiscal Year that will begin the following October.

- Federal mandates. The National Conference of State Legislatures identifies bills approved by Congress which have an impact upon state budgets. Most of the bills do not impose additional costs upon the State budget but either impose limits on how federal funding can be spent or limit state authority to increase revenues.

Federal funding is dynamic and subject to frequent change. Priorities may change and factors used by funding formulas are constantly updated. Increased federal funding often results in program expansion or reduction in the amount of State appropriations. Any greater reliance upon federal funding increases the risk that the State may have to choose between reducing the level of service in popular programs or spending additional State dollars.

LEGISLATIVE OVERSIGHT AND INFORMATION

Since 1990, the General Assembly has line-item appropriated federal funds by funding source for a number of departments. In the 1994 Legislative Session, HF 2323 (Federal Funds/Block Grant Appropriations Bill) made line-item appropriations of federal funds to all of the departments in state government.

The LFB has expanded efforts to monitor federal funding issues. These include:

- Reviewing updates from the Congressional Quarterly weekly publication, the Federal Funds Information for States, and the State-Federal Relations Office.
- Presenting significant items in the LFB's *Fiscal Update* publication.
- Contacting State and federal officials and staff who can provide information concerning opportunities for increasing the State's receipt of federal funds.
- Including additional detailed information concerning each federal grant received by a department in the budget forms distributed to appropriations subcommittees.
- Compiling summary data about federal and other funding.

The LFB continues to review ways to inform legislators and legislative staff concerning federal funding issues and opportunities.

In addition, the LFB receives the "Mandate Monitor" published by the National Conference of State Legislatures, as well as *Issue Briefs* from the Federal Funds Information for States. The publications provide a variety of information about federal funding and mandate issues. Please contact the LFB for more information.

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APPENDIX A

FY 1996 GENERAL FUND GOVERNOR'S RECOMMENDATIONS

	Actual FY 1994 (1)	Estimated FY 1995 (2)	Dept Req FY 1996 (3)	Gov Recomm FY 1996 (4)	Gov Rec vs Est FY 1995 (5)	% Change Gov Rec vs Est 95 (6)
SUMMARY OF APPROPRIATIONS						
Admin. & Regulation	\$ 86,714,645	\$ 94,024,484	\$ 93,466,429	\$ 91,484,197	\$ -2,540,287	-2.70%
Ag. & Natural Resources	43,203,930	43,106,487	48,911,452	42,803,004	-303,483	-0.70%
Economic Development	36,028,098	34,608,748	43,170,755	34,257,878	-350,870	-1.01%
Education	718,298,145	748,934,854	803,899,028	787,386,592	38,451,738	5.13%
Health & Human Rights	72,832,142	79,706,429	84,337,853	80,511,785	805,356	1.01%
Human Services	689,774,657	722,435,587	760,249,602	739,499,212	17,063,625	2.36%
Justice System	258,803,749	270,240,428	317,064,553	323,732,990	53,492,562	19.79%
Trans. & Infrastructure	7,068,802	6,370,123	89,000,890	5,617,000	-753,123	-11.82%
Unassigned Standings	1,595,351,236	1,633,500,998	1,713,818,585	1,699,474,328	65,973,330	4.04%
Total Appropriations	\$3,508,075,404	\$3,632,928,138	\$3,953,919,147	\$3,804,766,986	\$ 171,838,848	4.73%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
ADMIN. & REGULATION SUBCOMMITTEE						
<u>Auditor of State</u>						
Auditor of State						
Auditor - General Office	\$ 1,228,220	\$ 1,242,525	\$ 1,317,077	\$ 1,310,549	\$ 68,024	5.47%
<u>Ethics & Campaign Disc</u>						
Campaign Finance	\$ 307,651	\$ 433,291	\$ 497,727	\$ 416,229	\$ -17,062	-3.94%
CFDC-Ethics Bd Member	2,000	0	0	0	0	
CFDC-Ethics Attorney	43,202	0	0	0	0	
CFDC-Ethics Admin Assist	39,202	0	0	0	0	
CFDC-Ethics Equipment	38,150	0	0	0	0	
Total Ethics & Campaign Disc	\$ 430,205	\$ 433,291	\$ 497,727	\$ 416,229	\$ -17,062	-3.94%
<u>Commerce, Department of</u>						
Commerce - Administration						
Commerce Administration	\$ 108,636	\$ 212,331	\$ 954,047	\$ 948,198	\$ 735,867	346.57%
Alcoholic Beverages						
Alcoholic Beverages Div	1,963,007	1,851,665	1,532,472	1,528,721	-322,944	-17.44%
Banking Division						
Banking Division	5,314,308	5,305,064	5,397,118	5,396,187	91,123	1.72%
Credit Union Division						
Credit Union Division	1,039,372	1,033,772	1,006,663	1,003,850	-29,922	-2.89%
Insurance Division						
Insurance Division	2,741,380	2,838,914	3,283,014	2,877,296	38,382	1.35%
Professional Licensing						
Professional Lic Div	905,563	892,756	849,660	820,372	-72,384	-8.11%
Utilities Division						
Utilities Division	4,830,885	4,843,262	4,752,392	4,745,846	-97,416	-2.01%
Total Commerce, Department of	\$ 16,903,151	\$ 16,977,764	\$ 17,775,366	\$ 17,320,470	\$ 342,706	2.02%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
ADMIN. & REGULATION SUBCOMMITTEE						
<u>Legislative Branch</u>						
House of Representatives						
NCSL	\$ 82,594	\$ 85,531	\$ 87,719	\$ 87,719	\$ 2,188	2.56%
Joint Expenses of Legis.						
Claims for Var. Persons	0	3,371	0	0	-3,371	-100.00%
Uniform State Laws						
Uniform State Laws	18,316	19,749	20,803	20,803	1,054	5.34%
Total Legislative Branch	\$ 100,910	\$ 108,651	\$ 108,522	\$ 108,522	\$ -129	-0.12%
<u>General Services, Dept of</u>						
Gen Services Admin.	\$ 469,378	\$ 466,740	\$ 1,193,918	\$ 1,190,167	\$ 723,427	155.00%
Communications	170,478	171,933	0	0	-171,933	-100.00%
Information Services Div.	5,402,580	5,772,152	6,065,931	5,847,002	74,850	1.30%
Property Management	3,711,561	3,809,659	4,076,812	3,935,381	125,722	3.30%
Printing/Mail	845,396	836,880	0	0	-836,880	-100.00%
Capitol Planning Comm.	1,256	1,256	1,256	1,256	0	0.00%
Rental Space	522,034	590,934	657,819	607,955	17,021	2.88%
Utilities	1,900,000	1,995,288	2,231,908	2,059,178	63,890	3.20%
Terrace Hill Operations	166,721	165,575	168,888	167,950	2,375	1.43%
Total General Services, Dept of	\$ 13,189,404	\$ 13,810,417	\$ 14,396,532	\$ 13,808,889	\$ -1,528	-0.01%
<u>Governor</u>						
General Office	\$ 1,038,673	\$ 1,068,455	\$ 1,068,455	\$ 1,106,128	\$ 37,673	3.53%
Expense of Office	2,416	2,416	2,416	2,416	0	0.00%
Terrace Hill Quarters	49,858	50,975	50,975	64,648	13,673	26.82%
Ad Hoc Committee Expense	1,610	1,610	1,610	1,610	0	0.00%
Admin. Rules Coordinator	95,808	104,048	104,048	108,336	4,288	4.12%
National Governor's Assoc	74,435	74,435	74,435	74,435	0	0.00%
Total Governor	\$ 1,262,800	\$ 1,301,939	\$ 1,301,939	\$ 1,357,573	\$ 55,634	4.27%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
ADMIN. & REGULATION SUBCOMMITTEE						
<u>Inspections & Appeals</u>						
Inspections & Appeals						
Finance and Services Div.	\$ 491,297	\$ 492,734	\$ 499,183	\$ 467,275	\$ -25,459	-5.17%
Audits Division	346,635	350,061	353,560	352,092	2,031	0.58%
Appeals and Fair Hearings	214,546	218,498	223,477	223,048	4,550	2.08%
Investigations Division	523,803	722,692	729,696	729,111	6,419	0.89%
Health Facilities Div.	1,398,954	1,418,260	1,549,893	1,546,551	128,291	9.05%
Inspections Division	576,139	573,883	580,457	577,869	3,986	0.69%
Employment Appeal Board	45,768	46,056	46,641	46,453	397	0.86%
Foster Care Review Board	138,796	523,535	1,033,740	527,041	3,506	0.67%
Total Inspections & Appeals	3,735,938	4,345,719	5,016,647	4,469,440	123,721	2.85%
Public Defender						
Public Defender	7,836,602	8,148,166	8,281,799	9,045,476	897,310	11.01%
Racing Commission						
Racetracks	1,890,178	1,728,494	2,009,179	1,760,378	31,884	1.84%
Riverboats	601,682	446,522	943,935	860,651	414,129	92.75%
Total Racing Commission	2,491,860	2,175,016	2,953,114	2,621,029	446,013	20.51%
Total Inspections & Appeals	\$ 14,064,400	\$ 14,668,901	\$ 16,251,560	\$ 16,135,945	\$ 1,467,044	10.00%
<u>Management, Department of</u>						
Management-General Office	\$ 1,658,978	\$ 1,718,630	\$ 1,971,603	\$ 2,151,121	\$ 432,491	25.16%
Council of State Govts.	63,971	63,971	75,500	75,500	11,529	18.02%
Law Enforcement Training	0	47,500	47,500	47,500	0	0.00%
Salary Adjustment	157,043	5,326,743	0	0	-5,326,743	-100.00%
Total Management, Department of	\$ 1,879,992	\$ 7,156,844	\$ 2,094,603	\$ 2,274,121	\$ -4,882,723	-68.22%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 (1)	Estimated FY 1995 (2)	Dept Req FY 1996 (3)	Gov Recomm FY 1996 (4)	Gov Rec vs Est FY 1995 (5)	% Change Gov Rec vs Est 95 (6)
ADMIN. & REGULATION SUBCOMMITTEE						
<u>Personnel, Department of</u>						
Operations	\$ 1,331,287	\$ 1,313,743	\$ 1,042,938	\$ 1,061,110	\$ -252,633	-19.23%
Program Delivery	721,597	732,783	1,192,931	1,213,964	481,181	65.66%
Program Admin. & Develop.	680,908	686,989	1,356,540	1,386,933	699,944	101.89%
Compen. & Benefits	853,313	858,894	0	0	-858,894	-100.00%
Workers' Compensation	5,884,740	5,884,740	6,898,454	5,884,740	0	0.00%
Total Personnel, Department of	\$ 9,471,845	\$ 9,477,149	\$ 10,490,863	\$ 9,546,747	\$ 69,598	0.73%
<u>Revenue & Finance, Dept</u>						
Internal Resources Mgmt	\$ 1,125,542	\$ 5,740,711	\$ 5,985,799	\$ 5,984,919	\$ 244,208	4.25%
Compliance	10,165,157	10,543,755	10,580,174	10,563,293	19,538	0.19%
State Financial Mgmt	7,161,843	9,384,288	9,391,087	9,376,548	-7,740	-0.08%
Information Services	2,361,755	0	0	0	0	
Local Gov't Service	1,302,853	0	0	0	0	
Technical Services	2,609,466	0	0	0	0	
Collection Costs & Fees	45,008	45,000	45,000	45,000	0	0.00%
Monroe Cty Mach. Equipmt.	331,269	0	0	0	0	
Iowa Special Olympics	15,000	0	0	0	0	
Total Revenue & Finance, Dept	\$ 25,117,893	\$ 25,713,754	\$ 26,002,060	\$ 25,969,760	\$ 256,006	1.00%
<u>Secretary of State</u>						
Admin. & Elections	\$ 468,401	\$ 481,453	\$ 471,117	\$ 520,514	\$ 39,061	8.11%
Business Services	1,540,856	1,563,051	1,582,612	1,578,861	15,810	1.01%
Official Register Print	0	0	60,000	60,000	60,000	
Total Secretary of State	\$ 2,009,257	\$ 2,044,504	\$ 2,113,729	\$ 2,159,375	\$ 114,871	5.62%
<u>State-Federal Relations</u>						
State-Fed.Relations						
General Office	\$ 207,928	\$ 232,437	\$ 232,437	\$ 235,521	\$ 3,084	1.33%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
ADMIN. & REGULATION SUBCOMMITTEE						
<u>Treasurer of State</u>						
Treasurer-General Office	\$ 843,808	\$ 856,308	\$ 884,014	\$ 840,496	\$ -15,812	-1.85%
Iowa Special Olympics	4,832	0	0	0	0	
Total Treasurer of State	\$ 848,640	\$ 856,308	\$ 884,014	\$ 840,496	\$ -15,812	-1.85%
Total Admin. & Regulation Subcom	\$ 86,714,645	\$ 94,024,484	\$ 93,466,429	\$ 91,484,197	\$ -2,540,287	-2.70%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
AG. & NATURAL RESOURCES SUBCOMMITTEE						
<u>Ag. & Land Stewardship</u>						
Ag. - Soil Conservation						
Soil Conserv. Technicians	\$ 123,000	\$ 0	\$ 0	\$ 0	\$ 0	
Levee Reconstruction Prog	550,000	0	0	0	0	
Soil Conserv Cost Share	<u>5,918,606</u>	<u>5,918,606</u>	<u>6,418,606</u>	<u>5,918,606</u>	0	0.00%
Total Ag. - Soil Conservation	6,591,606	5,918,606	6,418,606	5,918,606	0	0.00%
Ag and Land Stewardship						
Administrative Division	1,055,994	1,896,960	2,375,897	1,880,696	-16,264	-0.86%
Ag Marketing Bureau	823,345	0	0	0	0	
Farmer's Market Coupon	187,505	213,935	215,337	215,337	1,402	0.66%
Regulatory Division	3,756,294	3,739,049	3,909,142	3,775,773	36,724	0.98%
Pseudorabies Eradication	900,000	900,100	900,100	900,100	0	0.00%
Laboratory Division	782,329	790,942	800,996	798,549	7,607	0.96%
Interstate Grain Compact	75,000	78,000	78,000	80,000	2,000	2.56%
Soil Conservation Div.	5,218,933	5,170,976	5,920,623	5,456,854	285,878	5.53%
Organic Nutrient Mgt.	0	800,000	1,300,000	0	-800,000	-100.00%
Total Ag and Land Stewardship	<u>12,799,400</u>	<u>13,589,962</u>	<u>15,500,095</u>	<u>13,107,309</u>	-482,653	-3.55%
Trust Fund Replacements						
Commercial Feed - Admin	60,849	61,044	62,211	62,076	1,032	1.69%
Commercial Feed - Lab	738,135	728,934	740,299	738,044	9,110	1.25%
Fertilizer - Admin	60,849	61,044	62,210	62,075	1,031	1.69%
Fertilizer - Laboratory	626,364	621,957	629,871	627,946	5,989	0.96%
Dairy Trade Prac - Admin	71,387	71,334	71,654	71,496	162	0.23%
Pesticide - Laboratory	1,208,813	1,220,353	1,236,198	1,232,421	12,068	0.99%
Milk Fund - Regulatory	<u>645,272</u>	<u>639,622</u>	<u>644,664</u>	<u>642,191</u>	2,569	0.40%
Total Trust Fund Replacements	<u>3,411,669</u>	<u>3,404,288</u>	<u>3,447,107</u>	<u>3,436,249</u>	31,961	0.94%
Total Ag. & Land Stewardship	<u><u>\$ 22,802,675</u></u>	<u><u>\$ 22,912,856</u></u>	<u><u>\$ 25,365,808</u></u>	<u><u>\$ 22,462,164</u></u>	<u><u>\$ -450,692</u></u>	<u><u>-1.97%</u></u>

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
AG. & NATURAL RESOURCES SUBCOMMITTEE						
<u>Natural Resources, Dept.</u>						
REAP Appropriation	\$ 7,000,000	\$ 7,000,000	\$ 10,000,000	\$ 7,000,000	\$ 0	0.00%
Administrative Services	1,787,244	1,853,748	1,850,091	1,844,132	-9,616	-0.52%
Parks & Preserves	5,659,969	5,470,362	5,528,561	5,510,976	40,614	0.74%
Forestry	1,353,518	1,463,951	1,490,986	1,486,281	22,330	1.53%
Energy & Geology	1,640,573	1,655,479	1,993,574	1,675,252	19,773	1.19%
Environmental Protection	2,048,640	1,938,780	1,971,121	1,708,888	-229,892	-11.86%
Non-SF546 Marine Fuel Tax	200,000	200,000	200,000	200,000	0	0.00%
Marine Fuel GF to Parks	411,311	411,311	411,311	411,311	0	0.00%
Water Quality Project	0	0	0	404,000	404,000	
Total Natural Resources, Dept.	\$ 20,101,255	\$ 19,993,631	\$ 23,445,644	\$ 20,240,840	\$ 247,209	1.24%
<u>Regents, Board of</u>						
Iowa State University						
Livestock Tech Transfer	\$ 300,000	\$ 200,000	\$ 100,000	\$ 100,000	\$ -100,000	-50.00%
Total Ag. & Natural Resources Sub	\$ 43,203,930	\$ 43,106,487	\$ 48,911,452	\$ 42,803,004	\$ -303,483	-0.70%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
ECONOMIC DEVELOPMENT SUBCOMMITTEE						
<u>Economic Development, Dept.</u>						
Administrative Services						
General Administration	\$ 910,634	\$ 894,231	\$ 968,234	\$ 916,879	\$ 22,648	2.53%
Primary Research	327,111	330,573	435,558	333,682	3,109	0.94%
Film Office	181,664	185,000	203,243	188,243	3,243	1.75%
Total Administrative Services	1,419,409	1,409,804	1,607,035	1,438,804	29,000	2.06%
Business Development						
Business Development	3,005,534	3,009,160	3,224,334	3,022,509	13,349	0.44%
Small Business Program	308,000	384,349	462,059	390,470	6,121	1.59%
Procurement Office	97,671	98,000	106,725	99,219	1,219	1.24%
Targeted Small Bus. Inc.	50,000	10,000	0	40,000	30,000	300.00%
Strategic Investment Fund	7,921,021	5,649,000	9,157,583	5,656,303	7,303	0.13%
Total Business Development	11,382,226	9,150,509	12,950,701	9,208,501	57,992	0.63%
Community & Rural Develop						
Community Assistance	567,057	571,000	591,078	581,078	10,078	1.76%
Mainstreet/Rural Main St.	350,484	375,000	486,071	379,200	4,200	1.12%
Rural Development Prog.	349,566	422,209	709,649	543,989	121,780	28.84%
Community Dev Block Grant	386,855	385,428	390,917	390,917	5,489	1.42%
Housing Development Assis	0	0	150,000	150,000	150,000	
Total Community & Rural Develop	1,653,962	1,753,637	2,327,715	2,045,184	291,547	16.63%
International Division						
International Trade	581,690	740,806	894,976	748,214	7,408	1.00%
Foreign Trade Offices	586,000	585,000	635,000	585,000	0	0.00%
Export Trade Asst. Prog.	317,000	317,000	317,000	317,000	0	0.00%
Ag Products Adv Council	1,330	1,330	1,330	1,330	0	0.00%
Total International Division	1,486,020	1,644,136	1,848,306	1,651,544	7,408	0.45%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 (1)	Estimated FY 1995 (2)	Dept Req FY 1996 (3)	Gov Recomm FY 1996 (4)	Gov Rec vs Est FY 1995 (5)	% Change Gov Rec vs Est 95 (6)
ECONOMIC DEVELOPMENT SUBCOMMITTEE						
<u>Economic Development, Dept.</u>						
Tourism Division						
Tourism Operations	707,727	715,766	727,332	726,394	10,628	1.48%
Tourism Advertising	2,437,000	2,437,000	2,662,000	2,537,000	100,000	4.10%
Welcome Center Program	<u>250,000</u>	<u>350,000</u>	<u>575,000</u>	<u>250,000</u>	<u>-100,000</u>	<u>-28.57%</u>
Total Tourism Division	3,394,727	3,502,766	3,964,332	3,513,394	10,628	0.30%
Workforce Development Div						
Youth Work Force Conserv.	954,000	950,852	952,550	952,550	1,698	0.18%
Job Retraining Program	761,000	11,204	362,894	1,694	-9,510	-84.88%
Workforce Investment Prog	477,000	927,501	1,378,102	928,102	601	0.06%
Labor Management Councils	<u>136,642</u>	<u>114,329</u>	<u>114,647</u>	<u>64,647</u>	<u>-49,682</u>	<u>-43.46%</u>
Total Workforce Development Div	2,328,642	2,003,886	2,808,193	1,946,993	-56,893	-2.84%
Iowa Finance Authority						
Housing Improvement Fund	0	400,000	1,000,000	250,000	-150,000	-37.50%
INTERNET						
INTERNET	682,000	0	0	0	0	
Wallace Foundation						
Wallace Foundation	2,000,000	2,000,000	3,038,000	2,003,421	3,421	0.17%
Iowa Seed Capital Corp.						
Iowa Seed Capital Corp.	1,205,995	853,000	1,205,696	658,696	-194,304	-22.78%
Partner State Program						
Partner State Program	0	100,000	100,000	100,000	0	0.00%
Peace Institute						
Peace Institute	0	96,000	0	0	-96,000	-100.00%
Intl. Development Found.						
Intl. Development Found.	<u>0</u>	<u>200,000</u>	<u>0</u>	<u>0</u>	<u>-200,000</u>	<u>-100.00%</u>
Total Economic Devel. Dept of	<u>\$ 25,552,981</u>	<u>\$ 23,113,738</u>	<u>\$ 30,849,978</u>	<u>\$ 22,816,537</u>	<u>\$ -297,201</u>	<u>-1.29%</u>

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
ECONOMIC DEVELOPMENT SUBCOMMITTEE						
<u>Employment Services, Dept</u>						
Labor Serv.	\$ 2,358,742	\$ 2,460,487	\$ 2,769,412	\$ 2,516,901	\$ 56,414	2.29%
Industrial Serv.	1,905,959	2,131,429	2,427,380	2,106,928	-24,501	-1.15%
Workforce Devel. Initiative	0	464,000	0	464,000	0	0.00%
Workforce Dev. Coord/coun	0	80,745	161,548	114,548	33,803	41.86%
Iowa Occupational Wage Sy	0	0	176,403	0	0	
Total Employment Services, Dept	\$ 4,264,701	\$ 5,136,661	\$ 5,534,743	\$ 5,202,377	\$ 65,716	1.28%
<u>Public Emp. Relations</u>						
Public Emp. Relations						
General Office	\$ 725,193	\$ 739,791	\$ 755,295	\$ 755,295	\$ 15,504	2.10%
<u>Regents, Board of</u>						
University of Iowa						
SUI Advanced Drug Devel.	\$ 492,157	\$ 496,481	\$ 360,000	\$ 359,836	\$ -136,645	-27.52%
Iowa State University						
Institute for Phys. Res.	3,949,436	3,970,904	4,491,218	3,971,532	628	0.02%
ISU Small Bus. Center	1,043,630	1,151,173	1,179,521	1,152,301	1,128	0.10%
Total Iowa State University	4,993,066	5,122,077	5,670,739	5,123,833	1,756	0.03%
Total Regents, Board of	\$ 5,485,223	\$ 5,618,558	\$ 6,030,739	\$ 5,483,669	\$ -134,889	-2.40%
Total Economic Development Subc	\$ 36,028,098	\$ 34,608,748	\$ 43,170,755	\$ 34,257,878	\$ -350,870	-1.01%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 (1)	Estimated FY 1995 (2)	Dept Req FY 1996 (3)	Gov Recomm FY 1996 (4)	Gov Rec vs Est FY 1995 (5)	% Change Gov Rec vs Est 95 (6)
EDUCATION SUBCOMMITTEE						
College Aid Commission						
Operations and Loan Prog.						
Scholarship & Grant Admin	\$ 299,950	\$ 306,409	\$ 372,107	\$ 336,256	\$ 29,847	9.74%
Osteopathic Univ - Loans	379,260	379,260	393,700	379,260	0	0.00%
Osteopathic - Prim. Care	245,000	395,000	425,000	425,000	30,000	7.59%
Student Aid Programs	1,469,790	1,469,790	2,572,000	1,469,790	0	0.00%
Higher Ed Strategic Plan	28,445	0	0	0	0	
Total Operations and Loan Prog.	2,422,445	2,550,459	3,762,807	2,610,306	59,847	2.35%
Standing Loan & Grant Prg						
Tuition Grant Standing	31,523,930	32,422,362	35,664,750	35,664,750	3,242,388	10.00%
Scholarship Prog Standing	474,800	474,800	479,800	474,800	0	0.00%
Voc. Tech. Grant Standing	1,385,780	1,424,780	1,566,780	1,424,780	0	0.00%
Work-Study Prog. Standing	2,898,840	2,898,840	3,000,000	2,898,840	0	0.00%
Total Standing Loan & Grant Prg	36,283,350	37,220,782	40,711,330	40,463,170	3,242,388	8.71%
Total College Aid Commission	\$ 38,705,795	\$ 39,771,241	\$ 44,474,137	\$ 43,073,476	\$ 3,302,235	8.30%
Cultural Affairs, Dept.						
Iowa Arts Council	\$ 1,048,390	\$ 1,045,121	\$ 1,384,792	\$ 1,050,292	\$ 5,171	0.49%
State Historical Society	2,316,367	2,355,363	2,882,207	2,419,877	64,514	2.74%
Historical Sites	225,866	227,938	442,272	228,799	861	0.38%
Cultural Affairs - Admin	210,608	261,235	213,920	213,920	-47,315	-18.11%
Cultural Grants	703,116	703,234	703,234	703,234	0	0.00%
Railroad Study	0	25,000	0	0	-25,000	-100.00%
Total Cultural Affairs, Dept.	\$ 4,504,347	\$ 4,617,891	\$ 5,626,425	\$ 4,616,122	\$ -1,769	-0.04%
Education, Department of						
Administration						
DE Administration	\$ 4,891,353	\$ 5,077,601	\$ 5,405,623	\$ 5,134,445	\$ 56,844	1.12%
Vocational Ed. Admin.	637,404	636,468	646,854	644,510	8,042	1.26%
Board of Ed. Examiners	172,178	187,361	292,677	187,739	378	0.20%
Vocational Rehab.	3,482,489	3,500,745	3,910,187	3,532,836	32,091	0.92%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
EDUCATION SUBCOMMITTEE						
<u>Education, Department of (continued)</u>						
Independent Living	20,762	21,647	37,445	40,999	19,352	89.40%
State Library	2,310,848	2,384,525	3,154,020	2,392,820	8,295	0.35%
Regional Library System	1,425,000	1,457,000	1,607,000	1,457,000	0	0.00%
Iowa Public Television	5,908,450	6,192,856	7,192,255	6,742,309	549,453	8.87%
Center For Assessment	300,000	300,000	300,000	300,000	0	0.00%
Parental Involvement	5,000	0	0	0	0	
Technology Commission	40,000	0	0	0	0	
National Assess. Ed. Prog	50,000	50,000	50,000	50,000	0	0.00%
Special Education Study	0	50,000	0	0	-50,000	-100.00%
Laces	100,000	0	0	0	0	
Quality Futures Project	0	0	2,812,500	0	0	
Total Administration	19,343,484	19,858,203	25,408,561	20,482,658	624,455	3.14%
Grants & State Aid						
Teacher Salaries	535,755	535,755	535,755	535,755	0	0.00%
Corrections Education	1,850,600	1,850,600	0	0	-1,850,600	-100.00%
Vocational Ed. Secondary	3,308,850	3,308,850	3,308,850	3,308,850	0	0.00%
School Food Service	2,716,859	2,716,859	2,716,859	2,716,859	0	0.00%
Textbook Nonpublic Sch	551,000	616,000	616,000	906,000	290,000	47.08%
Voc Ag. Youth Org.	59,400	59,400	59,400	59,400	0	0.00%
Family Resource Centers	0	120,000	120,000	120,000	0	0.00%
IMAGES	60,000	60,000	60,000	60,000	0	0.00%
Apprenticeship Programs	0	0	375,000	0	0	
Advanced Placement	0	0	115,000	0	0	
The New Classroom	0	0	250,000	0	0	
Character Education Proj	0	50,000	0	0	-50,000	-100.00%
Parenting Pilot Project	0	50,000	50,000	0	-50,000	-100.00%
School Liaison	0	20,000	0	0	-20,000	-100.00%
Violence Prevention	0	75,000	75,000	0	-75,000	-100.00%
School Improvement	0	0	0	15,000,000	15,000,000	
Total Grants & State Aid	9,082,464	9,462,464	8,281,864	22,706,864	13,244,400	139.97%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 (1)	Estimated FY 1995 (2)	Dept Req FY 1996 (3)	Gov Recomm FY 1996 (4)	Gov Rec vs Est FY 1995 (5)	% Change Gov Rec vs Est 95 (6)
EDUCATION SUBCOMMITTEE						
<u>Education, Department of (continued)</u>						
Community College						
CC - General Aid	95,070,486	99,020,486	106,252,486	102,020,486	3,000,000	3.03%
CC - 4th Quarter Aid	16,450,231	16,450,231	16,450,231	16,450,231	0	0.00%
CC - Excell. 2000 Acct	0	0	3,100,000	0	0	
Total Community College	<u>111,520,717</u>	<u>115,470,717</u>	<u>125,802,717</u>	<u>118,470,717</u>	<u>3,000,000</u>	<u>2.60%</u>
Total Education, Department of	<u>\$ 139,946,665</u>	<u>\$ 144,791,384</u>	<u>\$ 159,493,142</u>	<u>\$ 161,660,239</u>	<u>\$ 16,868,855</u>	<u>11.65%</u>
<u>IA Telecomm. & Technology</u>						
ICN - Standing	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 0	\$ -5,000,000	-100.00%
ICN - Part 3	0	0	0	10,000,000	10,000,000	
Telecomm. & Technology	0	5,600,000	10,598,646	12,783,414	7,183,414	128.28%
Total IA Telecomm. & Technology	<u>\$ 5,000,000</u>	<u>\$ 10,600,000</u>	<u>\$ 15,598,646</u>	<u>\$ 22,783,414</u>	<u>\$ 12,183,414</u>	<u>114.94%</u>
<u>Regents, Board of</u>						
Board Office Operations						
Regents Board Office	\$ 1,098,098	\$ 1,124,622	\$ 1,235,970	\$ 1,127,601	\$ 2,979	0.26%
Tuition Replacement	21,908,580	25,843,645	28,200,200	27,700,000	1,856,355	7.18%
Southwest Iowa Grad. Cntr	68,165	71,662	72,403	71,662	0	0.00%
Tri State Graduate Center	67,750	72,535	73,011	72,535	0	0.00%
Quad Cities Graduate Cntr	144,104	150,374	151,974	150,374	0	0.00%
Instructional Technology	0	0	6,000,000	0	0	
Total Board Office Operations	<u>23,286,697</u>	<u>27,262,838</u>	<u>35,733,558</u>	<u>29,122,172</u>	<u>1,859,334</u>	<u>6.82%</u>
University of Iowa						
Univ. of Iowa - General	184,764,829	190,350,028	198,750,732	191,745,559	1,395,531	0.73%
SUI Indigent Patient	28,377,653	28,722,559	29,806,675	28,821,254	98,695	0.34%
SUI Psychiatric Hospital	6,882,669	6,994,310	7,088,285	7,018,877	24,567	0.35%
SUI Hospital School	5,547,993	5,664,456	5,791,967	5,705,918	41,462	0.73%
SUI Oakdale Campus	2,794,494	2,831,018	2,942,604	2,845,783	14,765	0.52%
SUI Hygienic Lab	3,064,813	3,138,234	3,192,163	3,155,100	16,866	0.54%
SUI Family Practice Prog	1,796,693	1,840,624	1,989,480	1,841,327	703	0.04%
SCHS - Hemophilia, Cancer	428,687	440,817	441,703	440,054	-763	-0.17%
SUI Ag Health & Safety	244,713	247,230	254,647	247,117	-113	-0.05%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
SUI Cancer Registry	187,173	188,820	194,485	188,734	-86	-0.05%
SUI Sub. Abuse Consortium	61,299	62,032	63,893	62,004	-28	-0.05%
SUI Cntr for Biocatalysis	1,280,797	1,284,981	1,323,530	1,284,395	-586	-0.05%
SUI Driving Simulator	270,877	273,653	600,000	599,726	326,073	119.16%
SUI Primary Health Care	330,000	630,000	0	790,000	160,000	25.40%
Iowa Birth Defects Regist	0	0	200,000	0	0	
Total University of Iowa	236,032,690	242,668,762	252,640,164	244,745,848	2,077,086	0.86%
Iowa State University						
Iowa State Univ- General	148,358,392	151,331,647	158,748,580	152,693,041	1,361,394	0.90%
ISU Ag Experiment	27,769,269	30,687,493	30,879,668	30,717,738	30,245	0.10%
ISU Coop Extension	17,893,930	18,269,631	18,571,550	18,268,621	-1,010	-0.01%
ISU Leopold Center	560,560	560,926	564,814	560,593	-333	-0.06%
Livestock Disease Resrch	275,969	276,186	280,254	276,022	-164	-0.06%
Total Iowa State University	194,858,120	201,125,883	209,044,866	202,516,015	1,390,132	0.69%
Univ. of Northern Iowa						
UNI - General	65,971,680	67,884,216	71,016,936	68,533,216	649,000	0.96%
UNI Recycl/Reuse Center	239,745	239,745	0	239,745	0	0.00%
Total Univ. of Northern Iowa	66,211,425	68,123,961	71,016,936	68,772,961	649,000	0.95%
Special Schools						
Iowa School for the Deaf	6,227,939	6,412,510	6,585,443	6,478,924	66,414	1.04%
Iowa Braille & Sight Sch	3,517,607	3,549,152	3,674,479	3,606,189	57,037	1.61%
Tuition & Transportation	6,860	11,232	11,232	11,232	0	0.00%
Total Special Schools	9,752,406	9,972,894	10,271,154	10,096,345	123,451	1.24%
Total Regents, Board of	\$ 530,141,338	\$ 549,154,338	\$ 578,706,678	\$ 555,253,341	\$ 6,099,003	1.11%
Total Education Subcom	\$ 718,298,145	\$ 748,934,854	\$ 803,899,028	\$ 787,386,592	\$ 38,451,738	5.13%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
HEALTH & HUMAN RIGHTS SUBCOMMITTEE						
<u>Blind, Iowa Commission</u>						
Blind, Department of						
Department for the Blind	\$ 1,380,253	\$ 1,377,786	\$ 1,451,789	\$ 1,393,346	\$ 15,560	1.13%
<u>Civil Rights Commission</u>						
Civil Rights Commission						
General Office	\$ 1,090,080	\$ 1,107,462	\$ 1,121,235	\$ 1,120,068	\$ 12,606	1.14%
<u>Elder Affairs, Department</u>						
State Administration	\$ 432,829	\$ 437,133	\$ 445,879	\$ 444,877	\$ 7,744	1.77%
Aging Programs & Services	<u>2,219,891</u>	<u>2,336,393</u>	<u>2,836,391</u>	<u>2,586,391</u>	<u>249,998</u>	<u>10.70%</u>
Total Elder Affairs, Department	<u>\$ 2,652,720</u>	<u>\$ 2,773,526</u>	<u>\$ 3,282,270</u>	<u>\$ 3,031,268</u>	<u>\$ 257,742</u>	<u>9.29%</u>
<u>Governor's Subst. Abuse</u>						
Drug Enf. Ab. Prev. Coord	\$ 224,120	\$ 606,878	\$ 406,282	\$ 302,607	\$ -304,271	-50.14%
Cedar Rapids Subs Ab Cntr	<u>32,894</u>	<u>32,894</u>	<u>32,894</u>	<u>32,894</u>	<u>0</u>	<u>0.00%</u>
Total Governor's Subst. Abuse	<u>\$ 257,014</u>	<u>\$ 639,772</u>	<u>\$ 439,176</u>	<u>\$ 335,501</u>	<u>\$ -304,271</u>	<u>-47.56%</u>
<u>Health, Dept. of Public</u>						
Planning & Administration	\$ 2,017,236	\$ 2,074,796	\$ 2,111,005	\$ 2,105,427	\$ 30,631	1.48%
Professional Licensure	658,366	748,370	768,873	765,272	16,902	2.26%
Health Delivery Systems	1,160,121	1,284,871	1,324,487	1,323,846	38,975	3.03%
Health Data Commission	290,250	240,250	240,250	240,250	0	0.00%
Health Protection	2,251,256	2,275,628	2,266,702	2,236,507	-39,121	-1.72%
Sub Abuse & Hlth Promo	610,465	608,566	619,489	618,617	10,051	1.65%
Sub Abuse Prog Grants	8,390,159	8,390,159	8,390,159	8,390,159	0	0.00%
Family & Community Health	3,052,335	3,069,161	3,069,161	3,067,180	-1,981	-0.06%
SIDS Autopsies	9,675	9,675	9,675	9,675	0	0.00%
Public Health Nursing	2,511,871	2,511,871	2,637,465	2,511,871	0	0.00%
Home Health Aide	8,586,716	8,586,716	9,016,052	8,586,716	0	0.00%
Well Elderly Clinics	585,337	585,337	614,604	585,337	0	0.00%
Physician Care for Kids	411,187	411,187	411,187	411,187	0	0.00%
Primary & Prevent Health	75,000	75,000	75,000	75,000	0	0.00%
Healthy Family Program	665,000	665,000	665,000	525,000	-140,000	-21.05%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
HEALTH & HUMAN RIGHTS SUBCOMMITTEE						
<u>Health, Dept. of Public (continued)</u>						
Dental Examiners	259,980	259,486	302,644	286,314	26,828	10.34%
Medical Examiners	982,203	995,218	1,028,896	1,005,545	10,327	1.04%
Nursing Examiners	873,653	889,639	927,661	927,661	38,022	4.27%
Pharmacy Examiners	646,787	652,361	683,813	659,113	6,752	1.04%
Womens Health	0	0	30,000	0	0	
Center For Rural Health	0	235,000	235,000	235,000	0	0.00%
Total Health, Dept. of Public	\$ 34,037,597	\$ 34,568,291	\$ 35,427,123	\$ 34,565,677	\$ -2,614	-0.01%
<u>Human Rights, Dept. of</u>						
Central Administration	\$ 228,188	\$ 179,364	\$ 183,145	\$ 183,145	\$ 3,781	2.11%
Community Action Agencies	3,526	3,401	3,401	3,401	0	0.00%
Deaf Services	290,418	288,900	292,529	291,686	2,786	0.96%
Persons With Disabilities	101,518	103,179	103,260	103,260	81	0.08%
Latino Affairs	96,128	98,352	99,127	98,189	-163	-0.17%
Status of Women	347,773	391,644	394,430	394,430	2,786	0.71%
Status of African Am.	84,243	85,916	100,304	100,304	14,388	16.75%
Criminal & Juvenile Just.	363,991	369,735	480,205	478,645	108,910	29.46%
Community Grant Fund	0	1,800,000	1,800,000	0	-1,800,000	-100.00%
Total Human Rights, Dept. of	\$ 1,515,785	\$ 3,320,491	\$ 3,456,401	\$ 1,653,060	\$ -1,667,431	-50.22%
<u>Veterans Affairs, Comm.</u>						
Vet Affairs Admin	\$ 149,370	\$ 197,526	\$ 258,095	\$ 213,057	\$ 15,531	7.86%
War Orphans Ed Fund	6,000	4,800	4,800	4,800	0	0.00%
Iowa Veterans Home	31,743,323	35,716,775	38,896,964	38,195,008	2,478,233	6.94%
Total Veterans Affairs, Comm.	\$ 31,898,693	\$ 35,919,101	\$ 39,159,859	\$ 38,412,865	\$ 2,493,764	6.94%
Total Health & Human Rights Subc	\$ 72,832,142	\$ 79,706,429	\$ 84,337,853	\$ 80,511,785	\$ 805,356	1.01%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
HUMAN SERVICES SUBCOMMITTEE						
<u>Human Services, Dept.</u>						
Human Services, Dept. of						
Council on Human Invest.	\$ 123,000	\$ 145,356	\$ 0	\$ 0	\$ -145,356	-100.00%
MH/MR Technical Assistanc	294,541	0	0	0	0	
Geriatric Patient Pilot	20,000	0	0	0	0	
Total Human Services, Dept. of	437,541	145,356	0	0	-145,356	-100.00%
Human Services, Dept. of						
School Truancy Program	0	200,000	0	0	-200,000	-100.00%
MH Property Tax Relief	0	0	0	10,000,000	10,000,000	
Total Human Services, Dept. of	0	200,000	0	10,000,000	9,800,000	4900.00%
Economic Assistance						
Family Investment Program	44,247,427	37,139,476	34,994,750	32,820,032	-4,319,444	-11.63%
Emergency Assistance	883,750	1,767,500	1,767,500	1,000,000	-767,500	-43.42%
Promise Jobs	7,718,000	12,071,270	12,120,970	11,935,189	-136,081	-1.13%
Child Support Recoveries	4,354,667	4,987,485	6,127,829	6,385,265	1,397,780	28.03%
X-PERT	824,121	1,411,703	919,872	919,872	-491,831	-34.84%
Total Economic Assistance	58,027,965	57,377,434	55,930,921	53,060,358	-4,317,076	-7.52%
Medical Services						
Medical Assistance	320,658,555	344,719,351	375,729,009	358,096,521	13,377,170	3.88%
Medical Contracts	5,842,950	5,630,350	6,285,200	6,226,400	596,050	10.59%
State Supplementary Asst.	18,792,860	19,315,000	19,607,900	19,115,000	-200,000	-1.04%
Total Medical Services	345,294,365	369,664,701	401,622,109	383,437,921	13,773,220	3.73%
Serving A, C, & F						
Toledo Juvenile Home	4,764,591	4,850,101	4,988,698	4,984,184	134,083	2.76%
Eldora Training School	8,117,953	8,210,389	8,515,732	8,502,878	292,489	3.56%
Child and Family Serv	67,538,435	74,980,112	75,066,388	84,582,084	9,601,972	12.81%
Community Based Services	1,624,226	2,259,723	2,259,723	2,259,723	0	0.00%
Ct Ordered Serv Juvenile	3,590,000	3,090,000	3,090,000	3,090,000	0	0.00%
Child Care Services	8,180,962	7,397,259	10,347,259	7,747,259	350,000	4.73%
Juv. Detention - 72 Hours	170,000	0	0	0	0	
Total Serving A, C, & F	93,986,167	100,787,584	104,267,800	111,166,128	10,378,544	10.30%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
HUMAN SERVICES SUBCOMMITTEE						
<u>Human Services, Dept. (continued)</u>						
Serving MH/MR/DD/BI						
Cherokee MHI	14,439,962	14,707,055	14,976,209	14,842,902	135,847	0.92%
Clarinda MHI	6,028,220	6,057,946	6,031,834	6,009,326	-48,620	-0.80%
Independence MHI	17,374,372	17,454,580	17,633,425	17,594,062	139,482	0.80%
Mt Pleasant MHI	4,842,470	4,902,736	5,012,349	4,768,485	-134,251	-2.74%
Glenwood SHS	36,586,218	35,969,938	36,334,085	35,838,799	-131,139	-0.36%
Woodward SHS	31,253,159	30,808,088	30,836,866	30,437,940	-370,148	-1.20%
Community MH/MR Fund	28,708,109	29,277,958	29,277,958	16,239,182	-13,038,776	-44.53%
Family Support Subsidy	1,050,000	1,082,550	1,116,236	1,116,236	33,686	3.11%
DD Special Needs Grants	53,212	53,212	53,212	53,212	0	0.00%
MH/MR/DD Special Services	370,069	121,220	121,220	121,220	0	0.00%
State Cases	4,531,891	5,973,492	5,973,492	5,973,492	0	0.00%
Gamblers Assistance Prog.	270,000	21,000	0	0	-21,000	-100.00%
Total Serving MH/MR/DD/BI	<u>145,507,682</u>	<u>146,429,775</u>	<u>147,366,886</u>	<u>132,994,856</u>	<u>-13,434,919</u>	<u>-9.17%</u>
DHS Administration						
Field Operations	37,244,529	38,051,878	39,952,136	37,846,205	-205,673	-0.54%
General Administration	9,190,615	9,693,066	11,023,957	10,907,951	1,214,885	12.53%
Volunteers	85,793	85,793	85,793	85,793	0	0.00%
Total DHS Administration	<u>46,520,937</u>	<u>47,830,737</u>	<u>51,061,886</u>	<u>48,839,949</u>	<u>1,009,212</u>	<u>2.11%</u>
Total Human Services, Dept.	<u><u>\$ 689,774,657</u></u>	<u><u>\$ 722,435,587</u></u>	<u><u>\$ 760,249,602</u></u>	<u><u>\$ 739,499,212</u></u>	<u><u>\$ 17,063,625</u></u>	<u><u>2.36%</u></u>
Total Human Services Subcom	<u><u>\$ 689,774,657</u></u>	<u><u>\$ 722,435,587</u></u>	<u><u>\$ 760,249,602</u></u>	<u><u>\$ 739,499,212</u></u>	<u><u>\$ 17,063,625</u></u>	<u><u>2.36%</u></u>

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 (1)	Estimated FY 1995 (2)	Dept Req FY 1996 (3)	Gov Recomm FY 1996 (4)	Gov Rec vs Est FY 1995 (5)	% Change Gov Rec vs Est 95 (6)
JUSTICE SYSTEM SUBCOMMITTEE						
<u>Attorney General</u>						
General Office A.G.	\$ 4,826,993	\$ 4,919,469	\$ 5,211,244	\$ 5,050,771	\$ 131,302	2.67%
Pros. Attor. Training	153,773	115,979	122,415	250,000	134,021	115.56%
Victim Assistance Grants	1,359,812	1,359,812	1,359,812	1,359,812	0	0.00%
Area GASA Pros. Attorney	104,372	105,408	108,072	108,072	2,664	2.53%
Consumer Advocate	2,163,558	2,075,330	2,245,330	2,161,379	86,049	4.15%
Total Attorney General	\$ 8,608,508	\$ 8,575,998	\$ 9,046,873	\$ 8,930,034	\$ 354,036	4.13%
<u>Corrections, Dept. of</u>						
Corr. - Institutions						
Ft. Madison Inst.	\$ 24,593,681	\$ 25,058,766	\$ 28,252,492	\$ 25,537,414	\$ 478,648	1.91%
Anamosa Inst.	18,130,950	18,787,520	20,863,916	19,381,531	594,011	3.16%
Oakdale Inst.	15,363,839	15,678,904	17,083,231	15,973,703	294,799	1.88%
Newton Inst.	5,222,453	5,359,670	6,063,929	5,691,759	332,089	6.20%
Mt Pleasant Inst.	13,141,782	13,363,671	15,935,615	13,840,732	477,061	3.57%
Rockwell City Inst.	5,302,937	5,422,400	6,388,610	5,512,906	90,506	1.67%
Clarinda Inst.	6,279,833	6,397,875	11,541,232	10,771,765	4,373,890	68.36%
Mitchellville Inst.	6,062,800	6,170,163	6,815,314	6,292,720	122,557	1.99%
Total Corr. - Institutions	94,098,275	96,238,969	112,944,339	103,002,530	6,763,561	7.03%
Corr. - Central Office						
Central Office	2,195,045	2,279,415	3,993,534	2,303,002	23,587	1.03%
Training Center	382,390	382,852	428,440	385,612	2,760	0.72%
County Confinement	237,038	237,038	300,000	237,038	0	0.00%
Fed Prisoners/Contract	341,334	341,334	341,334	341,334	0	0.00%
Corr. Expansion-Phase I	625,860	625,860	625,860	625,860	0	0.00%
Corr. Expansion-Phase II	3,188,273	3,186,995	3,180,990	3,180,990	-6,005	-0.19%
Corrections Education	0	0	1,850,600	1,850,600	1,850,600	
Total Corr. - Central Office	6,969,940	7,053,494	10,720,758	8,924,436	1,870,942	26.53%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
JUSTICE SYSTEM SUBCOMMITTEE						
CBC Districts						
CBC District I	6,102,050	6,393,740	7,558,047	6,560,312	166,572	2.61%
CBC District II	4,752,378	4,954,382	6,204,628	5,492,347	537,965	10.86%
CBC District III	3,015,037	3,199,911	3,512,034	3,290,570	90,659	2.83%
CBC District IV	2,187,133	2,372,424	2,819,849	2,404,270	31,846	1.34%
CBC District V	8,115,370	8,540,658	10,122,646	8,805,802	265,144	3.10%
CBC District VI	6,103,625	6,493,504	7,677,872	6,729,810	236,306	3.64%
CBC District VII	4,222,793	4,314,631	4,824,893	4,379,963	65,332	1.51%
CBC District VIII	3,594,538	3,708,957	4,392,820	3,815,001	106,044	2.86%
CBC Statewide	85,817	85,817	85,817	85,817	0	0.00%
Total CBC Districts	<u>38,178,741</u>	<u>40,064,024</u>	<u>47,198,606</u>	<u>41,563,892</u>	<u>1,499,868</u>	<u>3.74%</u>
Total Corrections, Dept. of	<u>\$ 139,246,956</u>	<u>\$ 143,356,487</u>	<u>\$ 170,863,703</u>	<u>\$ 153,490,858</u>	<u>\$ 10,134,371</u>	<u>7.07%</u>
<u>Inspections & Appeals</u>						
Inspections & Appeals						
Indigent Defense Approp.	\$ 8,778,665	\$ 10,029,000	\$ 14,691,154	\$ 11,752,697	\$ 1,723,697	17.19%
<u>Judicial Branch</u>						
Judicial Branch	\$ 80,979,426	\$ 83,596,673	\$ 93,607,334	\$ 89,607,334	\$ 6,010,661	7.19%
Juv. Vict. Restitution	98,000	131,663	155,662	155,662	23,999	18.23%
ICIS Computer	857,500	857,500	857,500	857,500	0	0.00%
Judicial Retirement	0	3,150,915	3,279,583	3,279,583	128,668	4.08%
Total Judicial Branch	<u>\$ 81,934,926</u>	<u>\$ 87,736,751</u>	<u>\$ 97,900,079</u>	<u>\$ 93,900,079</u>	<u>\$ 6,163,328</u>	<u>7.02%</u>
<u>Law Enforcement Academy</u>						
ILEA Operations	\$ 895,359	\$ 970,571	\$ 1,034,150	\$ 1,004,654	\$ 34,083	3.51%
ILEA DARE Coordinator	0	15,000	25,000	15,000	0	0.00%
Total Law Enforcement Academy	<u>\$ 895,359</u>	<u>\$ 985,571</u>	<u>\$ 1,059,150</u>	<u>\$ 1,019,654</u>	<u>\$ 34,083</u>	<u>3.46%</u>

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
JUSTICE SYSTEM SUBCOMMITTEE						
<u>Parole, Board of</u>						
Parole Board						
Parole Board	\$ 817,109	\$ 801,587	\$ 842,403	\$ 807,403	\$ 5,816	0.73%
<u>Public Defense, Dept.</u>						
Military Division	\$ 3,770,663	\$ 3,762,402	\$ 5,220,531	\$ 4,116,907	\$ 354,505	9.42%
Emergency Mgmt Div.	297,157	492,408	1,032,321	545,060	52,652	10.69%
Total Public Defense, Dept.	<u>\$ 4,067,820</u>	<u>\$ 4,254,810</u>	<u>\$ 6,252,852</u>	<u>\$ 4,661,967</u>	<u>\$ 407,157</u>	<u>9.57%</u>
<u>Public Safety, Department</u>						
Public Safety, Dept. of						
Administration	\$ 2,224,005	\$ 2,165,293	\$ 2,439,988	\$ 2,188,186	\$ 22,893	1.06%
Investigation, DCI	7,418,174	7,234,848	8,489,218	8,668,214	1,433,366	19.81%
Narcotics Enforce.	2,162,813	2,390,514	2,517,232	2,407,451	16,937	0.71%
Undercover Funds	139,202	139,202	139,202	139,202	0	0.00%
Fire Marshal	1,369,462	1,417,407	1,431,111	1,430,306	12,899	0.91%
Capitol Security	1,111,221	1,152,960	1,391,588	1,164,896	11,936	1.04%
ISP D.A.R.E. Project	29,529	0	0	0	0	
AFIS System Maintenance	0	0	0	211,576	211,576	
Total Public Safety, Dept. of	14,454,406	14,500,224	16,408,339	16,209,831	1,709,607	11.79%
Road Use Tax Fund						
Highway Patrol	0	0	0	32,556,992	32,556,992	
IHP Workers Comp.	0	0	0	403,475	403,475	
Total Road Use Tax Fund	0	0	0	32,960,467	32,960,467	
Total Public Safety, Department	<u>\$ 14,454,406</u>	<u>\$ 14,500,224</u>	<u>\$ 16,408,339</u>	<u>\$ 49,170,298</u>	<u>\$ 34,670,074</u>	<u>239.10%</u>
Total Justice System Subcom	<u>\$ 258,803,749</u>	<u>\$ 270,240,428</u>	<u>\$ 317,064,553</u>	<u>\$ 323,732,990</u>	<u>\$ 53,492,562</u>	<u>19.79%</u>

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
TRANS. & INFRASTRUCTURE SUBCOMMITTEE						
<u>Transportation, Dept.</u>						
Rail Projects	\$ 1,410,553	\$ 2,110,553	\$ 2,110,553	\$ 1,497,000	\$ -613,553	-29.07%
State Aviation Approp.	2,170,080	2,262,000	2,262,000	2,262,000	0	0.00%
Air & Transit Division	405,169	397,570	0	0	-397,570	-100.00%
Planning & Programming	0	0	258,000	258,000	258,000	
Total Transportation, Dept.	<u>\$ 3,985,802</u>	<u>\$ 4,770,123</u>	<u>\$ 4,630,553</u>	<u>\$ 4,017,000</u>	<u>\$ -753,123</u>	<u>-15.79%</u>
<u>Corrections Capital</u>						
DOC Prison Construction	\$ 0	\$ 0	\$ 3,250,000	\$ 0	\$ 0	
Health/Life/Fire Safety	450,000	0	4,050,000	0	0	
Total Corrections Capital	<u>\$ 450,000</u>	<u>\$ 0</u>	<u>\$ 7,300,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	
<u>Cultural Affairs Capital</u>						
Cultural Affairs Capital						
Cultural Affairs Capitals	\$ 0	\$ 0	\$ 2,297,400	\$ 0	\$ 0	
<u>Employment Services Caps</u>						
Employment Services Caps						
Empl Serv. Cap. FY 96/97	\$ 0	\$ 0	\$ 1,767,578	\$ 0	\$ 0	
<u>General Services Capital</u>						
Health/Life/Fire Safety	\$ 0	\$ 0	\$ 1,069,355	\$ 0	\$ 0	
Critical Deferred	0	0	956,790	0	0	
General Services Capitals	0	0	4,580,811	0	0	
General Services ISD Caps	0	0	289,300	0	0	
Total General Services Capital	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,896,256</u>	<u>\$ 0</u>	<u>\$ 0</u>	
<u>Human Services Capital</u>						
Hum. Serv. Hlth Life Sfty	\$ 400,000	\$ 0	\$ 879,079	\$ 0	\$ 0	
Critical Deferred Mainten	0	0	1,465,050	0	0	
Total Human Services Capital	<u>\$ 400,000</u>	<u>\$ 0</u>	<u>\$ 2,344,129</u>	<u>\$ 0</u>	<u>\$ 0</u>	

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
TRANS. & INFRASTRUCTURE SUBCOMMITTEE						
<u>Natural Resources Capital</u>						
Natural Resources Capital						
GF-Marine Fuel Tax Caps	\$ 1,650,000	\$ 1,600,000	\$ 1,650,000	\$ 1,600,000	\$ 0	0.00%
<u>Public Defense Capital</u>						
Boone Armory Maint.	\$ 108,000	\$ 0	\$ 0	\$ 0	\$ 0	
Vehicle Storage Bldg	0	0	420,000	0	0	
Fairfield Armory Add.	0	0	250,000	0	0	
Total Public Defense Capital	\$ 108,000	\$ 0	\$ 670,000	\$ 0	\$ 0	
<u>Regents Capital</u>						
Regents Capital						
Board of Regents Capitals	\$ 95,000	\$ 0	\$ 54,697,000	\$ 0	\$ 0	
<u>Education Capital</u>						
Voc. Rehab. Capitals	\$ 30,000	\$ 0	\$ 138,598	\$ 0	\$ 0	
IPTV Capitals	0	0	1,370,616	0	0	
Total Education Capital	\$ 30,000	\$ 0	\$ 1,509,214	\$ 0	\$ 0	
<u>Commerce Capital</u>						
Commerce Capital						
Liq. Fac. Roof Repair	\$ 350,000	\$ 0	\$ 0	\$ 0	\$ 0	
<u>Veterans Affairs Capitals</u>						
Veterans Affairs Capital						
Veterans Affairs Capitals	\$ 0	\$ 0	\$ 5,119,760	\$ 0	\$ 0	
<u>Law Enforcement Academy</u>						
ILEA Capitals						
ILEA Capitals	\$ 0	\$ 0	\$ 84,000	\$ 0	\$ 0	
<u>Personnel Capitals</u>						
Personnel Capitals						
Personnel Capitals	\$ 0	\$ 0	\$ 35,000	\$ 0	\$ 0	
Total Trans. & Infrastructure Subco	\$ 7,068,802	\$ 6,370,123	\$ 89,000,890	\$ 5,617,000	\$ -753,123	-11.82%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 (1)	Estimated FY 1995 (2)	Dept Req FY 1996 (3)	Gov Recomm FY 1996 (4)	Gov Rec vs Est FY 1995 (5)	% Change Gov Rec vs Est 95 (6)
UNASSIGNED STANDINGS						
<u>Corrections, Dept. of</u>						
Corr. - Central Office						
State Cases - Stdg.	\$ 4,789	\$ 66,370	\$ 66,370	\$ 66,370	\$ 0	0.00%
<u>Education, Department of</u>						
Trans of Nonpublic Pupils	\$ 6,610,605	\$ 6,794,293	\$ 6,794,293	\$ 6,794,293	\$ 0	0.00%
Child Development	10,191,258	12,191,258	14,691,258	12,191,258	0	0.00%
Educational Excellence	79,448,734	80,440,581	80,440,581	80,440,581	0	0.00%
Instructional Support	14,798,227	14,798,227	14,798,227	14,798,227	0	0.00%
School Foundation Aid	1,231,666,312	1,266,219,943	1,345,519,000	1,323,674,743	57,454,800	4.54%
Total Education, Department of	\$ 1,342,715,136	\$ 1,380,444,302	\$ 1,462,243,359	\$ 1,437,899,102	\$ 57,454,800	4.16%
<u>Executive Council</u>						
Public Improvements	\$ 5,962	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0	0.00%
Drainage Assessment	12,971	25,000	25,000	25,000	0	0.00%
Court Costs	53,099	60,000	60,000	60,000	0	0.00%
Habeas Corpus Fees	0	20,000	20,000	20,000	0	0.00%
Perf. of Duty Standing	7,522,612	3,000,000	2,000,000	2,000,000	-1,000,000	-33.33%
Total Executive Council	\$ 7,594,644	\$ 3,155,000	\$ 2,155,000	\$ 2,155,000	\$ -1,000,000	-31.70%
<u>Legislative Branch</u>						
Legislature						
Legislative Expenses	\$ 16,947,797	\$ 20,238,618	\$ 20,246,213	\$ 20,246,213	\$ 7,595	0.04%
<u>Governor</u>						
Governor's Office, Iowa						
Interstate Extradition	\$ 3,626	\$ 3,676	\$ 3,676	\$ 3,676	\$ 0	0.00%
<u>Human Services, Dept.</u>						
Commission of Inquiry	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 0	0.00%
Non Resident Transfer	87	87	87	87	0	0.00%
Non Resident Commitment	184,398	184,398	184,398	184,398	0	0.00%
Total Human Services, Dept.	\$ 186,285	\$ 186,285	\$ 186,285	\$ 186,285	\$ 0	0.00%

GENERAL FUND APPROPRIATIONS

	Actual FY 1994 <u>(1)</u>	Estimated FY 1995 <u>(2)</u>	Dept Req FY 1996 <u>(3)</u>	Gov Recomm FY 1996 <u>(4)</u>	Gov Rec vs Est FY 1995 <u>(5)</u>	% Change Gov Rec vs Est 95 <u>(6)</u>
UNASSIGNED STANDINGS						
<u>Management, Department of</u>						
Indian Settlement Officer	\$ 58,750	\$ 0	\$ 0	\$ 0	\$ 0	
Appeal Board Standing	4,054,068	7,000,000	6,310,000	6,310,000	-690,000	-9.86%
Special Olympics Fund	0	20,000	20,000	20,000	0	0.00%
Total Management, Department of	<u>\$ 4,112,818</u>	<u>\$ 7,020,000</u>	<u>\$ 6,330,000</u>	<u>\$ 6,330,000</u>	<u>\$ -690,000</u>	<u>-9.83%</u>
<u>Public Defense, Dept.</u>						
Public Defense, Dept. of Compensation & Expense	\$ 1,382,002	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0	0.00%
<u>Revenue & Finance, Dept</u>						
Ag Land Tax Credit	\$ 39,100,000	\$ 39,100,000	\$ 39,100,000	\$ 39,100,000	\$ 0	0.00%
Property Tax Replacement	56,287,557	56,287,557	56,287,557	56,287,557	0	0.00%
Printing Cigarette Stamps	115,000	115,000	115,000	115,000	0	0.00%
Homestead Tax Credit Aid	93,573,219	93,573,219	93,573,219	93,573,219	0	0.00%
Extraordinary Prop. Tax	10,800,000	10,794,998	10,794,998	10,794,998	0	0.00%
Peace Officer Retirement	2,942,726	2,942,726	2,942,726	2,942,726	0	0.00%
Unemployment Compensation	943,145	650,000	550,000	550,000	-100,000	-15.38%
Franchise Tax Reimburse	8,800,000	8,800,000	8,800,000	8,800,000	0	0.00%
Military Service Tax	2,820,795	2,820,682	2,820,682	2,820,682	0	0.00%
Livestock Prod. Prop. Tax	0	0	0	10,000,000	10,000,000	
Total Revenue & Finance, Dept	<u>\$ 215,382,442</u>	<u>\$ 215,084,182</u>	<u>\$ 214,984,182</u>	<u>\$ 224,984,182</u>	<u>\$ 9,900,000</u>	<u>4.60%</u>
<u>Secretary of State</u>						
Iowa Servicemens Ballot	\$ 2,490	\$ 0	\$ 3,500	\$ 3,500	\$ 3,500	
Constitutional Amendments	0	2,565	0	0	-2,565	-100.00%
Total Secretary of State	<u>\$ 2,490</u>	<u>\$ 2,565</u>	<u>\$ 3,500</u>	<u>\$ 3,500</u>	<u>\$ 935</u>	<u>36.45%</u>
<u>Transportation, Dept.</u>						
Transportation, Depart. Public Transit Assistance	\$ 7,019,207	\$ 7,200,000	\$ 7,500,000	\$ 7,500,000	\$ 300,000	4.17%
Total Unassigned Standings	<u>\$1,595,351,236</u>	<u>\$1,633,500,998</u>	<u>\$1,713,818,585</u>	<u>\$1,699,474,328</u>	<u>\$ 65,973,330</u>	<u>4.04%</u>

APPENDIX B

GLOSSARY OF BUDGET TERMS

Accrual: The basis of accounting under which revenues are recorded when earned and expenditures are recognized in the period in which benefit is derived. It provides for the matching of expense against related revenue.

Allocation: Funds and/or personnel which are apportioned or designated to a function, program, or activity.

Appropriation: A legislative allocation of money for a specific purpose.

75.0% Base Budgeting: A form of modified base budgeting used by the State of Iowa in which agency managers assume for budgeting purposes that 75.0% of the current appropriation becomes the base for the next fiscal year's budget.

Budget Unit: A predetermined grouping of one or more organizations that indicates an individual entity within a department. There may be one or more budget units within a department. A budget unit generally equals an appropriation made by the General Assembly.

Capital Appropriation: An appropriation for long term additions to, or betterment of state property, such as land, buildings, or equipment.

Cost-Of-Living Adjustment (COLA): An annual increase made in the personal services line-item at the start of the fiscal year to take account of increases in the cost-of-living. The adjustment is determined through the collective bargaining process.

Decision Package: An individual request for funding made by a department for personnel, services, equipment, capitals, or other items. Decision packages are either requests to return the budget to 100% of the previous year's appropriation from the 75.0% base budget, or new requests for funding, over and above the previous year's appropriation. Decision packages are normally listed in priority order for each budget unit.

Estimated Revenues: A projection compiled by the Revenue Estimating Conference for General Fund receipts.

Expenditures: Disbursements and payables for services rendered and goods received including authorized encumbrances for a specific period.

Estimated Expenditures: A projection compiled according to legislative action, adjusted for salary, cost-of-living, and merit increases.

Fiscal Year (FY): The 12 month financial period used for record keeping, budgeting, appropriating, revenue collecting, and other aspects of fiscal management. The fiscal year of the State of Iowa is July 1 to June 30.

Full-Time Equivalent (FTE) Positions: One full-time equivalent position represents 2,080 working hours, which is the regular number of hours one full-time person works in one fiscal year.

General Fund: The fiscal entity whose receipts are not earmarked for dedicated purposes and which supports the general functions of state government.

Generally Accepted Accounting Principles (GAAP): A method of accounting approved by the Governmental Accounting Standards Board.

Goals: A broad statement of purpose or intended achievement as established by policy makers or program administrators.

Grants and Aids: State money that passes through state departments for local needs.

Item-veto: The action by the Governor voiding a section of an appropriation bill.

Line-item: A term to describe funds requested and/or appropriated on a detailed or itemized basis (personal services, travel, equipment, or other items).

Merit Increase: The normal pay increase granted at the time of an employee's review date. Currently, a merit increase is the equivalent of one merit step or approximately 4.0% of the employee's salary.

New/Expanded Programs: Departmental requests that are above and beyond current operations of the department.

Objective: A specific statement of intent or action that serves to achieve a stated goal.

Operations: An appropriation of funds for the performance of the normal functions of a department or a division.

Organization: A responsibility center within the management structure of a department.

Performance Measures: Criteria used to assess progress toward the objectives in the implementation of a program.

Reversion: Following the close of a fiscal year, all unencumbered or unobligated balances revert to the State treasury and to the credit of the fund from which the appropriation was made.

Standing Limited Appropriation: An appropriation of a specific dollar amount established by the Code of Iowa. An example is the Indian Settlement Officer, Section 331.60, Code of Iowa: "There is appropriated annually from the General Fund of the State to the County of Tama the sum of three-thousand, three-hundred, sixty-five dollars to be used by the County only for the payment . . .".

Standing Unlimited Appropriation: An appropriation made by statute, but no dollar amount is mentioned in the Code of Iowa. An example reads as follows: "There is hereby appropriated out of any funds in the State treasury not otherwise appropriated a sum sufficient to pay for . . .".

Supplemental Appropriation: Additional funds appropriated for the current fiscal year in addition to the original appropriation.

APPENDIX C

ISSUE REVIEW SERIES

As part of the continuing effort to provide legislative oversight, the staff of the Legislative Fiscal Bureau (LFB) monitors a variety of issues that develop in State agencies. Many of the issues are reported through the *Fiscal Update* newsletter, but some require more detailed review to present sufficient information and some may require legislative action. To meet the need, the LFB developed an *Issue Review* series in 1992, which presents selected issues to members of the General Assembly and the Fiscal Committee. Where appropriate, each paper contains a specific issue topic, a brief background on information related to the topic, the current situation, affected agencies, Code of Iowa authority, alternatives the General Assembly may wish to consider, and budgetary impacts.

The following *Issue Reviews* have been distributed during the 1994 Interim and are available from the LFB (listed alphabetically).

Changes in Federal Student Aid Programs	Medical Assistance Prior Authorization Program
Child Welfare Services - Status Report	Motorcycle Helmet Transfer Funds
Community College Alternative Retirement System	Office of State/Federal Relations
Community Economic Betterment Account Program Update	Organic Nutrient Management Program
Department of Human Rights Organizational Structure	Prison Safety
Energy Extension Service Program	Property Tax Treatment of the Long Distance Telecommunications Industry
Evaluation of the State Fire Marshal's Office	Regents Indirect Cost Reimbursements
Expanded Gambling	Regents Data Transfer to Iowa Financial Accounting System
Flood Information Follow-up	Regents Treasurers' Temporary Investments
Franchise Tax	Reorganization of the Departments of General Services and Personnel
Goals 2000 - Educate America Act	Revenue Enhancement Program at the Iowa Veterans Home Update
Health Data Commission Transition to CHMIS	Review Chapter I Funding
Healthy Iowans 2000 Project	Road Use Tax Fund Overview
Impact of Health Care Reform on the Elderly	Rural Health Initiatives
Indigent Defense Update	State Deduction for Federal Income Tax
Iowa Correctional System	State Fair Bonding for Renovation of the State Fair Grounds and Buildings
Iowa Film Office	Total Quality Management Update
Judicial Department Data Sharing Initiatives	Wallace Technology Transfer Foundation and Iowa Capital Seed Corporation
Layers of Management Update	Welfare Reform Update
Machinery and Equipment Property Tax	

In addition to the *Issue Review* series, the LFB staff have provided the following informational memorandums to the Fiscal Committee:

- Capitol Projects Status
- Court Spending Plan
- Department of Transportation - Lease Purchase Notification
- Family Investment Program - Expenditure Oversight
- Monthly Update of the Iowa Communications Network
- Medicaid Spending Trends
- Rest Area Maintenance Contract
- Technology in the Legislature
- Workforce Development Initiative

The LFB also organized and coordinated the following visitations by the Fiscal Committee:

1. Duane Arnold Nuclear Energy Facility in July 1994 to review operations of the plant and eventual deactivation procedures.
2. Iowa State University in November 1994 to review technology development and transfer, investment in agricultural research, engineering education, fire safety, maintenance, and capital improvement concerns at the University.

APPENDIX D

STAFF LISTING

LEGISLATIVE FISCAL BUREAU

Dennis C. Prouty, Director
Capitol, Second Floor
281-5279

STAFF ASSIGNMENTS	STAFF PERSON	PHONE	LOCATION
DEPUTY DIRECTOR	Tim Faller	281-4615	Capitol-Second
FISCAL ANALYSIS	Holly Lyons	281-7845	Capitol-Second
POLICY ANALYSIS	Dwayne Ferguson	281-6561	Lucas-Ground
DATA BASE	Glen Dickinson	281-4616	Lucas-Ground
ADMINISTRATION	Douglas Wulf	281-3250	Lucas-Ground
APPROPRIATIONS SUBCOMMITTEES			
ADMINISTRATION & REGULATION			
Campaign Finance Disclosure	Leah Churchman	281-7846	Lucas-Ground
Drug Enforcement & Abuse Prevention	Leah Churchman		
General Services	Leah Churchman		
Inspections & Appeals	Leah Churchman		
Revenue and Finance	Leah Churchman		
State/Federal Relations	Leah Churchman		
Treasurer	Leah Churchman		
Auditor	Valerie Thacker	281-5270	Lucas-Ground
Commerce	Valerie Thacker		
Governor	Valerie Thacker		
Management	Valerie Thacker		
Personnel	Valerie Thacker		
Secretary of State	Valerie Thacker		

AGRICULTURE & NATURAL RESOURCES

Agriculture	Angela Frey	281-4612	Lucas-Ground
State Fair Authority	Angela Frey		
Iowa Family Farm Development Authority	Darlene Kruse	281-6256	Lucas-Ground
Natural Resources	Darlene Kruse		

ECONOMIC DEVELOPMENT

Economic Development	Douglas Wulf	281-3250	Lucas-Ground
Employment Services	Douglas Wulf		
Iowa Finance Authority	Douglas Wulf		
Iowa Seed Capital Corporation	Douglas Wulf		
Public Employment Relations Board	Douglas Wulf		
Wallace Technology	Douglas Wulf		
Workforce Development	Douglas Wulf		

EDUCATION

Board of Regents	Sue Lerdal	281-7794	Capitol-Second
College Student Aid Commission	Sue Lerdal		
Cultural Affairs	Mary Shipman	281-4617	Capitol-Ground
Education	Mary Shipman		
Iowa Telecommunications & Technology	Mary Shipman		

HEALTH & HUMAN RIGHTS

Blind	Bob Snyder	281-4614	Capitol-Second
Civil Rights	Bob Snyder		
Elder Affairs	Bob Snyder		
Veterans Affairs	Bob Snyder		
Governor's Substance Abuse Coordinator	Margaret Evans	281-4613	Lucas-Ground
Human Rights	Margaret Evans		
Public Health	Margaret Evans		

HUMAN SERVICES

County Based Services	Jon Neiderbach	281-6301	Lucas-Ground
Foster Care	Jon Neiderbach		
General Administration	Jon Neiderbach		
Institutions	Jon Neiderbach		

HUMAN SERVICES (Continued)

Mental Health/Mental Retardation/Developmental Disabilities Enhanced Services	Jon Neiderbach		
Social Services Block Grant	Jon Neiderbach		
Family Investment Program, Promise Jobs, Food Stamps	Larry Sigel	281-6764	Lucas-Ground
Child Support Recovery	Larry Sigel		
Field Operations	Larry Sigel		
Medical Services	Larry Sigel		

JUSTICE SYSTEM

Corrections	Dwayne Ferguson	281-6561	Lucas-Ground
Iowa Law Enforcement Academy	Dwayne Ferguson		
Parole Board	Dwayne Ferguson		
Public Defense	Dwayne Ferguson		
Indigent Defense	Leroy McGarity	281-7942	Lucas-Ground
Judicial Department	Leroy McGarity		
Justice Department	Leroy McGarity		
Public Safety	Leroy McGarity		

OVERSIGHT, AUDIT, & GOVERNMENT REFORM

Glen Dickinson	281-4616	Lucas Ground
Jeff Robinson	281-6767	Lucas-Ground

TRANSPORTATION, INFRASTRUCTURE, & CAPITALS

Capitals	David Reynolds	281-6934	Lucas-Ground
Transportation	David Reynolds		

WAYS AND MEANS

Standing Committees	Jon Muller	281-4611	Capitol-Second
	Jon Studer	281-7799	Capitol-Second

EDUCATION STANDING COMMITTEES

School Finance and Education Standing Issues	Jon Studer	281-7799	Capitol-Second
	Mary Shipman	281-4617	Capitol-Ground

DATA BASE SUPPORT

David Hinman	281-6765	Lucas-Ground
Raymond Knapp	281-5335	Lucas-Ground

ADMINISTRATIVE STAFF

Sandra Laust
Charlotte Mosher
Nicole Navara

281-4594
281-5279
281-6766

Capitol-Second
Capitol-Second
Lucas-Ground

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