FISCAL UPDATE December 23, 1997

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Oversight and Communications Appropriations Subcommittee



**Oversight Meeting** The Oversight and Communications Appropriations Subcommittee met December 16. The Committee heard presentations and discussed the following:

* Iowa Communications Network (ICN) Issues
* Requests for authorizations to replace schools and libraries not wanting to connect with other schools and libraries that do.
* The need for upgrading the ICN with Asynchronous Transfer Mode Technology.
* The status of the Federal Communications Commission Universal Fund.
* The status of the proposed Administrative Rules relating to remote Internet access by authorized users from unauthorized sites.
* Major Technological Improvement Proposals
* Image-based processing - Department of Revenue and Finance.
* Data warehousing and client tracking needs related to federal welfare reform and technology upgrades at State institutions - Department of Human Services.
* Digital Television - Iowa Public Television.
* Integrated customer services and common intake processing - Department of Workforce Development (Multi-agency project).
* Regents institutions’ technology requests - Board of Regents.
* Projects being funded through an appropriation for process re-engineering.
* Information Technology Services savings generated through reorganization of staffing, elimination of some positions, combining software agreements of the three State data centers into one master agreement covering all and related expenditures of those savings.
* Update on the progress toward resolution of the Year 2000 computer and non-computer problems facing State government.
* Executive Branch technology-related requests and prioritization by the departments and the Department of Management.

STAFF CONTACTS: Douglas Wulf (Ext. 13250) Glen Dickinson (Ext. 14616)

Board of Corrections Meets - December 5



**Board Meeting** The Board of Corrections met on December 5 at the Department of Corrections Central Office. The meeting discussed several major topics:

* Department Director Kautzky reported the Capacity Study and the Special Needs Study were progressing. The Capacity Study is examining both facility space and programming capabilities for the growing inmate population. The Special Needs Study is examining issues related to inmates with special health problems, physical disabilities, and behavioral problems.



* Lettie Prell, Criminal and Juvenile Justice Planning Division (CJJP), Department of Human Rights, discussed the prison population forecast and issues related to accuracy of the forecast. Ms. Prell commented that forecasts by their nature are either high or low, but overall the CJJP’s forecasts have been reasonably accurate, coming within a few percent of the actual growth. The following chart represents CJJP’s most recent population forecast.
* Population overcrowding is projected to be reduced to 125.4% of design capacity after the opening of the Fort Dodge facility. The prison population will reach an all time high 10,870 inmates in June 2007, and overcrowding will be at 178.2% of design capacity. Ms. Prell pointed out that since the crime rate is declining, the growth in the prison population is being driven more by policy changes. The Board discussed court filings and the impact of prosecutors’ decisions as aspects of the policy changes, as well as changes in laws.
* Mr. Kautzky responded to a question about the type of prison capacity that is needed. The discussion focused on custody scores, security overrides, and the type of security needed for different types of criminals. The Department has a predominance of inmates scoring at the minimum security level and has been adding medium security beds. Minimum security facilities are less expensive than medium or maximum security facilities.



* Mr. Kautzky discussed the Department’s request for capital appropriations. The request for 200 special needs, maximum security beds at Fort Madison (instead of pursuing the Cellhouse 17 renovation) and 100 medical beds at Oakdale received the most attention. Other requests include a 750-bed prison, CBC beds in Dubuque and Fort Dodge, the Mitchellville expansion and repairs to the building housing the boilers and water system, a dining hall inside the walls at Clarinda, remodeling for prerelease programming at the State’s mental health institutions, and upgrading perimeter fencing at Mt. Pleasant, Fort Dodge, and Clarinda.
* Representative Teresa Garman asked the Board about their position on privatizing prisons, citing a Marshalltown newspaper article indicating that Marshalltown was a finalist for a private prison. The Board stated that the Department is gathering information which will be reviewed to determine if a private prison would meet the prison system’s needs and be less costly for the taxpayers of Iowa. The Board’s remarks were generally skeptical about opening a private prison.
* The Board approved new Administrative Rules for the “incarceration fees” (also known as the Pay-for-Stay Program) and for administration of the Telephone Rebate Funds.
* Mr. Kautzky requested and received approval of Jim McKinney as warden of the North Central Correctional Facility in Rockwell City.

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STATE SOIL CONSERVATION COMMITTEE DECEMBER MEETING



**Conservation Committee** The State Soil Conservation Committee met December 4 in the Wallace State Office Building. A report from the Agricultural Drainage Well Subcommittee was presented. Staff reports were presented on field services, financial incentives, and water resources. The Director’s report included discussions on the lake and streams in Backbone State Park, a well head and source water protection plan in Decorah, and the biomass project using highly erodable lands for alternative crop production.

**Rules Adopted** Chapter 30, Agricultural Drainage Wells Alternative Drainage System Assistance Rules, were adopted and approved. A request to defer approval and adoption of Chapter 60, Minerals Programs Rules, was passed.

**Next Meeting** The next meeting of the State Soil Conservation Committee is scheduled for January 28.

STAFF CONTACT: Sherry Weikum (Ext. 17846)

Natural Resource Commission Holds Monthly Meeting

**Commission Meeting** The Natural Resource Commission met December 11 in Des Moines. There were a number of presentations, including:



* Stan Kuhn, Administrator of the Administrative Services Division, presented information on construction projects, land acquisition projects, and other financial information with regard to the budget and actual expenditures.
* Bill Farris, Administrator of the Forestry Division, presented information on timber sales in the Stephens State Forest and the Yellow River Forest. He also presented an update on the health of forests in Iowa.
* Mike Carrier, Administrator of the Parks, Recreation, and Preserves Division, presented information on lease renewals, management agreements, and concession contracts with various vendors.
* Al Farris, Administrator of the Fish and Wildlife Division, presented information on donations to the Fish and Wildlife fund. He also presented information on the final ruling on Boating Speeds and Distance Zoning.
* Larry Wilson, Director of the Department of Natural Resources, presented next year’s meeting schedule and location sites.

**Next Meeting** The next meeting will be held Thursday, February 12, at the Wallace Building in Des Moines. After the meeting, the Commission will visit the Walnut Creek National Wildlife Refuge in Prairie City.

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December Meeting Held For Agriculture and Natural Resources Appropriations Subcommittee

**Subcommittee Meeting** The Agriculture and Natural Resources Appropriations Subcommittee met December 16 and 17 in Des Moines to hear presentations from various departments and organizations. Presentations included:

* Allen Stokes, Administrator of the Environmental Protection Division, Department of Natural Resources (DNR), presented an overview of the federal Air Quality Standards and how they affect the State of Iowa.
* Stewart Melvin, Professor in the Department of Agricultural and Biosystems Engineering at Iowa State University, gave an update on the Lagoon Study that was appropriated during the last Legislative Session.



* Dwaine Bundy, Steven Hoff, and Jeff Lorimor, Professors in the Department of Agricultural and Biosystems Engineering at Iowa State University, gave an update on the Odor Research Study.
* Prem Paul, Professor in the Department of Microbiology, Immunology and Preventive Medicine at Iowa State University, presented an overview of the Porcine Reproductive and Respiratory Syndrome disease.
* Ron Rowland, Regulatory Division Director and Dr. Walter Felker, State Veterinarian from the Department of Agriculture and Land Stewardship (DALS), gave an update on the Pseudorabies Program.
* Russ Brandes, Hungry Canyons Authority Chairman, and Kevin Seevers, Project Director, gave an update on the Loess Hills Program.
* Jim Gulliford, Director of the Soil Conservation Division in DALS, discussed the Organic Nutrient Management Fund, the Cost Share Program, and programs concerning watershed protection.
* Wayne Nattress, Executive Director of the Iowa Future Farmers of America (FFA) Foundation, and Lisa Ahrens, State President of the Iowa FFA, presented information on the programs sponsored by the Iowa FFA. Sara Gehling and Laura Reising, Iowa FFA members from the Wall Lake View Auburn High School presented a slide show on a project being conducted by their chapter.
* Pat Paustian, Office of Renewable Fuels in DALS, and Sharon Tahtinen, DNR, presented information on the Renewable Fuels Program.
* Pam Neenan, Organic Agriculture Coordinator in DALS, gave an overview of the Organic Agriculture Program Update.

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*ISSUE REVIEW* RELEASED - UPDATE on riverboatS, pari-MUTUEL, AND SLOT MACHINES AT RACETRACKS



***Issue Review*** The Legislative Fiscal Bureau recently released an ***Issue Review*** providing an update on riverboat, pari-mutuel, and slot machine operations in Iowa. The ***Review*** includes information relating to:

* History of Gambling in Iowa
* Regulation of Gambling Operations
* Revenue Flow
* Revenue and Expenses - An Historical Perspective
* Riverboats and Racetracks Currently in Operation
* FY 1997 Wagering Tax Revenue
* Statistics by Individual Riverboats and Racetracks

**Wagering Tax** Wagering tax revenue generated by gambling enterprises, other than Lottery, totaled $125.3 million in FY 1997. This is an increase of $18.5 million (17.3%) compared to FY 1996. The Racing and Gaming Commission estimates total FY 1998 wagering tax revenues of $128.8 million.

**Copies Available** Copies of the ***Issue Review*** are available upon request.

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*Issue Review* - Financing Mental Health Services in Iowa



***Issue Review*** The Legislative Fiscal Bureau has released an ***Issue Review*** examining mental health financing mechanisms, managed care, and the relationship of the State and counties in funding and delivering mental health services. The major findings of the ***Review*** include:

* Senate File 69 (Property and Income Tax Reduction Act of 1995) provided a three-year transition period during which time the State phased-in responsibility for approximately 50.0% of the expenditures for Mental Health/Mental Retardation/Developmental Disabilities (MH/MR/DD) services. The counties previously had financial responsibility for provision of these services.
* Historical census at the State Mental Health Institutes (MHIs) has decreased 38.5% over the 1987 - 1997 time period. During the same time, population at the State Hospital Schools has decreased 39.0%. An Institutions Subcommittee of the Human Services Restructuring Task Force met during the 1997 Legislative Interim to tour the State Institutions and devise alternatives to utilize excess capacity.



* Sources of public funding for mental health services include:
* Federal funding: The Medical Assistance Program provides federal funds for individuals of qualifying categorical groups with incomes and resources below specified levels.
* Counties: Counties provide a portion of the non-federal share for individuals eligible for Medical Assistance. Counties also pay the costs of services for adults not eligible for Medical Assistance with legal settlement in the county.
* State: The State funds residential care for mentally retarded juveniles, State Cases (i.e., persons without a county of legal settlement), adults at State Hospital Schools whose costs exceed the amounts paid by counties, the difference between the actual cost of MHI care and the capped per diem paid by counties, and the Community Services Fund. The State also makes an annual standing appropriation of $95.0 million and a yearly allowed growth adjustment (equal to $12.5 million in FY 1999) to relieve a portion of property taxes attributable to county financing of mental health services.

**Copies Available** A copy of the ***Issue Review*** may be obtained by contacting the LFB.



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*Issue Review* Released - Children’s Health Insurance Program

***Issue Review*** The Legislative Fiscal Bureau has recently published an ***Issue Review*** providing background information about the State Children’s Health Insurance Program (SCHIP).

**SCHIP** The SCHIP was created under Title XXI of the Social Security Act and provides funds to States to enable them to initiate and expand health care coverage to low-income uninsured children. Coverage may be provided through insurance plans similar to state or federal employee insurance plans or through an expansion of a state’s Medicaid plan.



**Federal Funds** Iowa’s allotment of federal funds is based on the federal Health Care Financing Administration’s estimate of 67,000 uninsured children in Iowa. Estimates from other sources range from 50,000 to 173,000 uninsured children in Iowa. The Department of Human Services estimates that 54,000 uninsured children in Iowa live in families with incomes below 200.0% of the federal poverty level, but above existing Medicaid eligibility, and therefore would be eligible for the SCHIP.

**Details Discussed** The ***Issue Review*** also discusses the following details of the SCHIP:

* Administrative Funding Limit: A maximum of 10.0% of the federal funds expended may be used for administration, outreach programs, and direct provision of service.
* Eligibility and Co-pay: Children with family incomes below 200.0% of the federal poverty level are eligible. With some exceptions, states may impose deductibles for those individuals with income greater than 150.0% of the poverty level.
* Allocation of federal funds: Approximately $20.0 billion is available to states for the SCHIP, effective October 1, 1997. Funds for FFY 1998-2000 will be allocated according to the proportion of low-income children that an individual state bears in relation to the total number of low-income uninsured children nationwide. The FY 1998 SCHIP allotment for Iowa is $32.5 million in federal funds, which would have to be matched at an enhanced matching rate of approximately 74.6%.
* Timeframe: States are eligible to receive federal funds beginning October 1, 1997. To receive the FFY 1998 allotment, a state must have an approved State Child Health Plan by September 30, 1998.

**Issues** Issues that are yet to be decided by the General Assembly include how the plan should be implemented, what services beyond the required services should be offered, what level of co-pay or deductible should be required, what mechanism of delivery should be utilized, whether the State should expand eligibility to cover a larger number of low-income uninsured children, whether additional low-income families should be allowed to buy into the Program at cost, and what measures should be taken to prevent the shift of coverage from some other entity to the SCHIP.

**Copies Available** A copy of the ***Issue Review*** may be obtained by contacting the LFB.

STAFF CONTACT: Margaret Buckton (Ext. 17942) Deb Anderson (Ext. 16764)

*Issue Review* - History of Child Welfare Treatment Services Paid by the Medical Assistance Program



***Issue Review*** The Legislative Fiscal Bureau has released an ***Issue Review*** providing an overview of the Rehabilitative Treatment and Support (RTS) services currently included in the Medical Assistance Program for Medicaid-eligible children. Areas of analysis include:

* A history of Rehabilitative Treatment and Support services under the Medicaid Program, including Medicaid requirements, the Iowa State Plan, the Health Care Financing Administration’s review of Iowa’s RTS service provision, and Title IV-E federal foster care funding.
* A description of managed care of behavioral health services in Iowa and expenditures under managed care.
* A summary of the Department of Human Services’ efforts to renew the managed care contract and implement the Integrated Access (IA) Plan.
* An overview of the principles, objectives, and membership of a work group appointed to make recommendations to the General Assembly by February 1, 1998, concerning inclusion of child welfare services in the managed care contract.
* A list of alternatives, including continuing RTS services under Medicaid fee-for-service, maintaining RTS services in the Integrated Access Plan, managing care for RTS services distinct from the Integrated Access Plan, managing care for the entire child welfare/juvenile justice system, and seeking Title IV-E federal waiver to allow increased expenditure flexibility.

**Copies Available** A copy of the ***Issue Review*** is available from the LFB upon request.

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Final Report of the ACCESS Education Commission



**Report**  On June 17, 1997, Governor Branstad appointed the ACCESS Education Commission. The Commission was comprised of 14 members representing higher education and a cross-section of business, industry, and community leaders. The mission was to recommend guidelines to:

* Encourage collaboration and cooperation among education providers at all levels and among educators, business, industry, and communities.
* Expand distance learning infrastructure.
* Promote continued/increased use of capabilities.
* Heighten opportunities for citizens’ access to distance learning courses and programs.

**Summary of Recomm.** The Commission completed its report and submitted it to the Governor in December 1997, and the following is a summary of Commission recommendations:

* A central web-based registry of distance learning resources should be developed and maintained.
* The Governor should call an annual conference to highlight distance learning in Iowa.
* Consumers should be provided comprehensive and reliable information on important aspects of distance learning.
* All current and emerging technologies should be examined for their potential to meet Iowa’s distance learning needs.
* A group should be established to advise the higher education community on distance learning needs and to coordinate non-academic activities related to distance learning.

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Iowa Veterans Home Capacity Update

**Vets Home Capacity** The Legislative Fiscal Bureau continues to gather data on the capacity of the Iowa Veterans Home. The following table illustrates capacity statistics since the last update. The Scheduled Admissions number refers to individuals on the waiting list scheduled for admission.

| **Date** | **Bed Capacity** | **Waiting List** | **Scheduled Admissions** |
| --- | --- | --- | --- |
| 11/5/97 | 768 | 34 | 13 |
| 11/19/97 | 768 | 36 | 15 |
| 12/4/97 | 768 | 39 | 17 |
| 12/17/97 | 768 | 33 | 12 |

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Department of Education Releases Technology Report



**Report Released** The Department of Education recently released a report on technology in Iowa schools. Contents of the report are divided into the following categories:

* Computer hardware and technology
* Internet uses and software
* Instructional integrated technology
* Automated student record systems
* Technology support and staff development

**Sources of Information** The sources of information for the Report include:

* A survey by the Department of Education that was completed during the 1996-97 school year. All of the 379 public school districts in Iowa responded to the survey.
* A survey jointly sponsored by the Department of Education and Iowa State University that was completed during the 1995-96 school year. A total of 331 of 384 (86.2%) of Iowa’s public school districts responded to the survey.

**Report Data** Data in the Report includes the number of in-school computers, the percent of computers purchased in the last two years, the number of pupils per computer, Internet access status, remote access to classes status, and automated student record status.

**More Information** For additional information, or to receive a copy of the report, contact Steve Boal in the Bureau of Planning, Research, and Evaluation of the Department of Education at 515/281-4730. A copy of the report can be downloaded from the Department’s website located at http://www.state.ia.us/educate/depteduc/fis/edi/techpdf.html#Technology.

STAFF CONTACT: Mary Shipman (Ext. 14617)

Commission on Urban Planning, Growth Management of Cities, and Protection of Farmland Holds December Meeting



**Commission Meeting** The Commission on Urban Planning, Growth Management of Cities, and Protection of Farmland held their fourth meeting December 1 at the State Capitol. Morning presentations were given by Dennis Kenny, Director of the Leopold Center, Iowa State University; Philip Bloch, Intern, Iowa Natural Heritage Foundation; Dean Robertson of Cedar Rapids; and Lavon Griffieon of Ankeny. Mr. Kenny and Mr. Robertson discussed the need to protect Iowa farmland for food security and sustainability. Mr. Bloch discussed the causes and problems associated with urban sprawl and potential solutions. Ms. Griffieon described the problems of farming as urban growth surrounds her family farm north of Ankeny.

**Matching Funds Received** The Commission reported they had requested and received $50,000 in matching funds from the Legislative Council for the purposes of hiring a firm or individual to perform detailed research on issues investigated by the Commission. The matching funds are available on a one-to-one basis with money donated by the private sector for research.

**Future Plans** In the afternoon, the Commission discussed future plans. The Commission decided to divide into six subcommittees to work on different issues including; annexation, private property rights, land use planning policies and urban revitalization, public parks and recreation/natural and historic areas, farmland inventories/farmland preservation, and infrastructure costs and subsidies/tax implications of development. The Commission’s next meeting is in early January followed by subcommittee meetings to be held through April.

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Anatomical Gifts Interim COMMITTEE

**Interim Committee** The Anatomical Gifts Interim Committee met November 17. The Committee was charged with reviewing Iowa’s system for organ donation and procurement, including the compliance of hospitals and other heath organizations in making referrals to organ procurement organizations. Rep. Blodgett, Co-Chairperson, suggested the Committee consider the following items:

1. What are hospitals doing to inform families about the potential for organ donation?
2. How can the donation rate be improved?
3. Is additional legislation needed?

**Testimony Heard** The Committee heard testimony from a variety of individuals. There was a consensus that the current voluntary system is working, but could be bolstered by additional public awareness. The following persons appeared before the Committee:

* Bill Hutchins, Legislative Consultant, Iowa Statewide Organ Procurement Organization
* Suzanne Conrad, Executive Director, Iowa Statewide Organ Procurement Organization
* Dr. Lawrence Hunsicker, President, United Network for Organ Sharing
* Kirk Norris, Senior Vice-President and Legal Counsel, Association of Iowa Hospitals and Health Systems
* Jeanine Freeman, Vice-President of Public Policy and Advocacy, Iowa Medical Society
* Dr. Ronald Eckoff, Anatomical Gift Public Awareness Advisory Committee

**Recommendations** The Committee discussed the information presented by the speakers and approved a recommendation to require an annual report on donation rates and voluntary compliance efforts by physicians, hospitals, and other health system organizations. The Committee also voted to recommend legislation to revise the standard for grant eligibility from the Anatomical Gift Awareness and Transplantation Fund. Currently, a hospital is only eligible for grant funding if it refers 80.0% of potential donors. The revision would make a hospital eligible to apply for a grant if its referral rate was in the top 50.0%.

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Weekly Medical Assistance Program Expenditures in the Department of Human Services



**Medical Assistance** For the week ending December 8, 1997, FY 1998 General Fund expenditures for the Medical Assistance Program in the Department of Human Services were $5.8 million (79.3% of budget). This is $1.5 million below the weekly budget established by the Department. Year-to-date Medical Assistance General Fund expenditures are $140.2 million, $2.6 million (1.9%) above the amount budgeted for the fiscal year-to-date.



**Expenditures Monitored** The LFB will continue to monitor Medical Assistance Program expenditures and will provide regular updates to members of the General Assembly. More information is available from the Fiscal Bureau.

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Legislative Fiscal Committee



**Next Meeting** The Fiscal Committee is tentatively scheduled to meet on January 7, 1998, in the State Capitol. The agenda topics will include:

* State Indebtedness and Callable Debt.
* Summary Report on State Indebtedness.
* Early Retirement of State Bonds - Karl Koch, Treasurer’s Office.
* Department of General Services - follow-up from the October meeting, discussion on renovation of the Capitol Complex - specifically the Lucas Building and the Capitol Building.
* Salary annualization - what is it and how is it calculated?
* Children’s Health Insurance Program - recent federal changes allowing state to provide health insurance to children up to 200% of the federal poverty level.
* Federal Medicaid Reform - Recent federal changes to the Medicaid Program.
* Managed mental health and substance abuse care contract - an update.
* Child care - changes in federal funding streams, legislative changes effective July 1, eligible populations, competing programs.
* Mental Health Funding - update of status of SF 69 implementation, etc.
* Group foster care - status of court case, group care bed allocations by county/region, effects of group care expenditure limitations on various counties.
* Mental Health Institutes and State Hospital Schools - historical census, adapting to managed care environment, other uses of campus space.
* DHS restructuring proposal.

**Agenda** A tentative agenda will be mailed the week of December 29. For more information, please contact the Fiscal Bureau.



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 **HAVE A HAPPY AND SAFE HOLIDAY SEASON!!**

