FISCAL UPDATE February 2, 1998

Legislative Fiscal Bureau (515) 281-5279 FAX 281-8451

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House Ways and Means Committee Passes the Iowa Educational Savings Plan Trust (HF 720)

**HF 720 - Savings Trust** On January 28, the House Ways and Means Committee amended and passed HF 720, which creates the Iowa Educational Savings Plan Trust. The Trust provides a State tax-exempt vehicle for higher education savings.



**Distributions** The Trust is created with the Treasurer of the State being the trustee and will permit an annual contribution of up to $2,000 on behalf of a beneficiary for higher education expenses, with a minimum annual contribution of $300. Distributions from the Trust are allowable for higher education costs, including tuition, fees, books, supplies, and reasonable room and board expenses.

**Contributions** The Bill specifies that contributions into the Trust are tax deductible and that distributions from the Trust for qualified expenses are nontaxable for State income tax purposes. For federal income tax purposes, the contributions are tax-deferred and the distributions are taxed at the student’s tax rate at the time of distribution. The Bill specifies that upon distribution to the student, the funds may not be counted against any State program in determining need or eligibility for student aid.

STAFF CONTACT: Larry Sigel (Ext. 14611)

Administration and Regulation Appropriations Subcommittee

**Admin./Regulation Sub.** The Administration and Regulation Appropriations Subcommittee met January 27, 29, and 29 to hear FY 1999 Department budget requests.

**DOM Budget** On January 27, Gretchen Tegeler, Director, presented the Department of Management’s budget for FY 1999. The Department is requesting $2.3 million from the General Fund and 30.0 FTE positions, an increase of $23,000 (1.0%) and no change in FTE positions compared to estimated FY 1998. The Governor is recommending $2.3 million and 30.0 FTE positions.

**Bill Passed** The Subcommittee also amended and passed LSB 3052JA (An Act relating to obsolete and unnecessary provisions of the Code).

**Other Presentations** On January 28, FY 1999 budgets for the Department of Commerce and the Department of Inspections and Appeals were presented.

**Dept. of Commerce** Therese Vaughan, Director, presented the Department of Commerce’s budget for FY 1999. The Department is requesting $19.9 million from the General Fund and 326.5 FTE positions, an increase of $1.1 million (5.6%) and 5.0 (1.6%) FTE positions compared to estimated FY 1998. The Governor is recommending $19.8 million and 325.0 FTE positions.



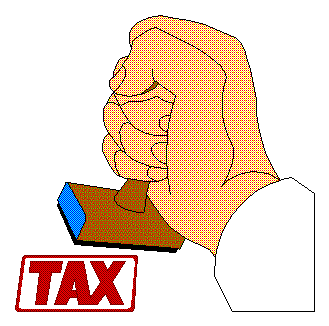
**Inspections & Appeals** Kim Schmett, Director, presented the Department of Inspections and Appeals’ budget for FY 1999. The Department is requesting $8.9 million from the General Fund and 285.5 FTE positions, an increase of $90,000 (1.0%) and 2.0 (0.7%) FTE positions compared to estimated FY 1998. The Governor is recommending the same funding and FTE positions as the Department.

**Other Presentations** On January 29, FY 1999 budgets for the Office of the Governor and the Department of General Services were presented. The Subcommittee also heard from the Departments of General Services and Revenue and Finance concerning their technology initiative projects.

**Office of the Governor** Bob Rafferty, Executive Assistant to the Governor, presented the budget for the Governor’s Office for FY 1999. The Office is recommending $1.6 million from the General Fund and 22.3 FTE positions, an increase of $111,000 (7.2%) and no change in FTE positions compared to estimated FY 1998.



**General Services** Richard Haines, the newly appointed Director of the Department of General Services, was introduced to the Subcommittee. David Ancell, administrator, presented the Department’s budget for FY 1999. General Services is requesting $13.3 million from the General Fund and 237.0 FTE positions, an increase of $4.0 million (43.3%) and 3.0 (1.3%) FTE positions compared to estimated FY 1998. The Governor is recommending $9.7 million and 233.0 FTE positions. Mr. Ancell also discussed the Department’s capital requests and technology initiative project of implementing a new purchasing system. The Governor is recommending $2.5 million from the Technology Fund to purchase the client server purchasing system.



**Revenue & Finance** Gerald Bair, Director of the Department of Revenue and Finance, presented the Department’s technology initiative projects. The Governor is recommending funding for three technology projects:

* $2.7 million to reengineer paper tax return processing.
* $125,000 for the Sustaining Tax and Wage Reporting System (STAWRS).
* $150,000 for tele-filing of tax returns.

STAFF CONTACT: Paige Piper/Bach (Ext. 14613) Carolyn India Black (Ext. 16765)

Agriculture and Natural Resources AppropriationS Subcommittee



**Agric./Natl. Resources Sub.** The Appropriations Subcommittee for the Department of Agriculture and Land Stewardship and the Department of Natural Resources held meetings on January 27, 28, and 29.

* On January 27, Michael Miller and John Olds discussed forestry in Iowa. Mr. Miller, from the Northeast Iowa Forestry Group, presented the Forest Resource Support Proposal. The proposal requests cost share funds for forest enhancement and additional Department of Natural Resources Forestry Officers. Mr. Olds, from the Professional Contract Forester of One Stop Forestry, discussed forestry management and programs conducted by their group.
* On January 28, Larry Wilson, Dennis Fett, and Chuck Eckermann made presentations. Mr. Wilson, Director of the Department of Natural Resources, finished discussing the Department’s budget requests. Mr. Fett, an organic and peacock farmer, discussed problems of pesticide drift on his farm. Mr. Eckermann, Pesticide Bureau Chief from the Department of Agriculture and Land Stewardship, discussed pesticide testing and rules of pesticide use.
* On January 29, Larry Bean, Division Administrator of the Energy and Geology Bureau, Department of Natural Resources, presented an overview of the Bureau and funding sources.

STAFF CONTACT: Sherry Weikum (Ext. 17846) Deb Kozel (Ext. 16767)

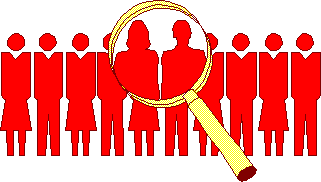
Economic Development APPROPRIATIONS Subcommittee

**Economic Development Sub.** The Economic Development Appropriations Subcommittee met January 27, 28, and 29. On January 27, Sarah Lande, Director of the Iowa Sister States Program, presented information concerning the purpose and accomplishments of the Program. The Program is requesting $112,500 from the General Fund for FY 1999, no increase compared to estimated FY 1998. The Governor is recommending $125,000.

**Regents Programs** Budget requests and program updates were also presented for seven Board of Regents programs on January 27. The seven programs and presenters were:

* Research Park - Iowa State University - John Parks.
* Institute for Physical Research and Technology - Iowa State University - Joel Snow.
* Small Business Development Centers - Iowa State University - Robert Parker.
* Institute For Decision Making - University of Northern Iowa - Randy Pilkington.
* Metal Casting Institute - University of Northern Iowa - Doug Miller.
* Research Park - University of Iowa - David Skorton.
* Center for Advanced Drug Development - University of Iowa - David Skorton.

**Budget Requests** All seven programs received General Fund appropriations through the Subcommittee for FY 1998. In total, the programs are requesting $7.6 million and 75.5 FTE positions, an increase of $125,000 (1.7%) and a decrease of 1.0 (1.3%) FTE position compared to estimated FY 1998. The Institute for Decision Making is requesting $50,000 for program expansion. The remaining programs are requesting increases for salary annualization and inflation. The Governor is recommending $7.4 million and 74.5 FTE positions.



**Workforce Issues** On January 28, Myrt Levin of the Iowa Business Council discussed workforce recruitment issues with the Subcommittee. Ms. Levin stated that the Council is working to recruit workers to Iowa, increase the skills of Iowa’s present labor force, and increase the preparedness of Iowa’s future workforce. Ms. Levin stated that the business sector must work more closely with the education system to help prepare workers for today’s job market. Also on January 28, Tim Ostroski and Rick Hunsaker, representing the State’s 16 Councils of Governments, reviewed the mission and operation of Councils of Governments.

**HF 722 - Venture Capital** On January 29, Department of Economic Development (DED) Director David Lyons and Representative Russ Teig briefed the Subcommittee on the status of HF 722 (Venture Capital Act of 1997). The DED has been working closely with the Attorney General’s Office to address Iowa Constitution conflicts related to the tax credit provisions in that Act.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Education Appropriations Subcommittee

**Education Subcom.** The Education Appropriations Subcommittee met the week of January 26 and conducted the following business:

* January 27: College Student Aid Commission representatives made a presentation regarding the Stafford Loan Program and proposed allocations of the State Student Incentive Grant (SSIG) Program.
* January 28: Presentations from:
* Don Groff and students from Woodbine. Mr. Groff is the Microsoft Teacher of the Year.
* Representatives of Iowa Public Television regarding the School-to-Work Program using federal Star School funds.
* January 29: Anne Kruse of the Board of Educational Examiners discussed teacher shortage areas and induction programs.

**Next Week** The tentative agenda for the week of February 2 includes:

* February 3: The Food, Fiber, and Environmental Science programs.
* February 4: Details of a listening curriculum supported by the Iowa Association of Business and Industry.
* Thursday February 5: The Elderly Institute at the University of Iowa and the Statewide Reading Recovery Program.

**More Information** Additional information is available upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Mary Shipman (Ext. 14617)

HEALTH AND HUMAN RIGHTS APPROPRIATIONS SUBCOMMITTEE

**Health/Hum. Rts. Sub.** The Health and Human Rights Appropriations Subcommittee met on January 27, 28, and 29.



**Human Rights** On January 27 and 28, Almo Hawkins, Director of the Department of Human Rights, presented the Department’s budget request for FY 1999. The Department of Human Rights is requesting $3.7 million from the General Fund and 36.7 FTE positions, an increase of $460,000 (14.4%) and 2.3 (6.5%) FTE positions compared to estimated FY 1998. The Governor is recommending $3.3 million from the General Fund and 34.5 FTE positions, an increase of $59,000 (1.8%) and no change in FTE positions compared to estimated FY 1998.

**BFR - Disabilities Div.** Ms. Hawkins reviewed the Division of Persons with Disabilities’ Budgeting for Results material. Ms. Hawkins advised that the Division may not receive all of the federal grants available because the Division does not have anyone to research grants. She responded in writing to questions concerning the use of disabled parking placards, the types of phone calls received, and the type of work the Division does.

**BFR - Deaf Services Div.** Kathryn Baumann-Reese, Division Administrator for Deaf Services, reviewed the Division’s Budgeting for Results material. Ms. Baumann-Reese discussed the history of the Division’s staff interpreters, which now stands at three. She further advised that it is estimated that approximately 10.0% of Iowans are either deaf or hard of hearing.

**BFR - Latino Affairs** Sylvia Tijerina, Division Administrator for Latino Affairs, presented the Division’s Budgeting For Results material.

**B**udgeting

**F**or

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**BFR - Status of Women** Charlotte Nelson, Division Administrator for the Status of Women, reviewed the Division’s Budgeting for Results material. Ms. Nelson advised that the Division also has received a $42,000 federal grant through the Department of Human Rights, Division of Criminal and Juvenile Justice Planning, to work with juvenile females, and this is not reflected in the written material. She also provided a definition of displaced homemaker and advised that the Division was able to serve 2,200 women under the Displaced Homemaker Program in FY 1997.

**Domestic Abuse** Ms. Nelson responded to questions in writing concerning overall State spending on domestic abuse, the number of abuse victims and the number of victims served, information on the Batterers Education Treatment Program, and information on the disparity, in wage, by age, between women and men.

**Americans Div.**

**BFR - Status of African/** Romelle Slaughter, Division Administrator for the Status of African-Americans, reviewed the Division’s Budgeting for Results material. The Subcommittee alerted Mr. Slaughter to the possible availability of federal abstinence money that might be of interest to local African-American groups. Mr. Slaughter was asked to provide the Subcommittee with a written response detailing the receipts and expenditures for the Division’s 1997 Conference on Women and the presenters for the 1998 Conference on Women.

**LFB Form 2B** The Subcommittee requested that in the future when presenting information on Budgeting for Results, Mr. Slaughter should also provide the completed Form 2B developed by the Legislative Fiscal Bureau. Form 2B provides a breakdown of Budgeting for Results programs into major activities.

**Iowa Comm. Action** Mike Coverdale, Executive Director for the Iowa Community Action Association, provided an informational presentation on the activities of the Association.



**Veterans Home Budget** On January 29, Jack Dack, Commandant of the Iowa Veterans Home, presented the Home’s FY 1999 budget request. The Home is requesting $42.5 million from the General Fund and 801.8 FTE positions, an increase of $1.1 million (2.5%) and 1.0 FTE position (0.1%) compared to estimated FY 1998. The Governor is recommending $41.9 million from the General Fund and 801.8 FTE positions, an increase of $448,000 (1.1%) and 1.0 FTE position (0.1%) compared to estimated FY 1998.

**Housekeeping Contract** Commandant Dack reported that the housekeeping contract appeal was being heard that same day. Subcommittee members asked numerous questions regarding the request for proposal requirements, bid selection, and transition for current J.A. Jones employees.



**Vet’s Affairs Commission** Randy Brown presented the Veterans Affairs Commission’s FY 1999 budget request. The Commission is requesting $270,000 from the General Fund and 5.0 FTE positions, a decrease of $31,000 (10.3%) and no change in FTE positions compared to estimated FY 1998. The Governor is recommending the budget at the requested level. Mr. Brown also presented the budget for the War Orphans Fund. The Commission has requested and the Governor has recommended a 25.0% increase to the Fund, from $4,800 to $6,000.

**Dept. of Public Health** Chris Atchison completed the Department of Public Health’s budget presentation. The Department is requesting $37.2 million from the General Fund and 322.3 FTE positions, an increase of $1.7 million (4.7%) and 3.3 (1.0%) FTE positions compared to estimated FY 1998. The Governor is recommending $35.7 million from the General Fund and 318.3 FTE positions, an increase of $137,000 (0.4%) and a decrease of 0.75 (0.2%) FTE positions compared to FY 1998.

STAFF CONTACT: Ron Robinson (Ext. 16256) Valerie Thacker (Ext. 15270)

Human Services Appropriations Subcommittee

**Human Services Sub.** The Human Services Appropriations Subcommittee met January 27 - 29. On January 29, Larry Kruse from the Glenwood State Hospital School and Dr. Bhasker Dave from the Independence Mental Health Institute (MHI) discussed the use of net-State budgeting procedures at the institutions. Glenwood State Hospital School has been operating under net-State budgeting since the beginning of FY 1998, and Mr. Kruse remarked that estimating receipts has been the most difficult part of the process. Dr. Dave explained that the Independence MHI has been conducting net-State budgeting on paper only since the beginning of FY 1998, and in the paper trial has experienced concerns about:



* Cash flow.
* The ability to accurately project revenues.
* The ability to track revenues that enter the General Fund through the Department of Revenue and Finance.

**Juveniles From Toledo** The Subcommittee also heard presentations from three youth being served through the Iowa Juvenile Home in Toledo and asked questions about the youths’ experiences throughout the child welfare system. The Subcommittee discussed Performance Indicators and Quality Improvement Activities for the Mental Health Access Plan (MHAP) as reported by Joan Discher of Merit Behavioral Care Corporation. Fiscal Bureau staff outlined the recommendations of the Institutions and Facilities Subcommittee of the Human Services Restructuring Task Force.



**Auditor’s Presentation** On January 28, Richard Johnson, Auditor of State, and Warren Jenkins, Chief Deputy Auditor of State, discussed the Department of Human Services’ (DHS) exemption to the requirement of pre-award surveys on contracts exceeding $150,000 annually. Based on FY 1997 contracts awarded, the Auditor’s Office estimates that 171 contracts would have qualified for a State audit at an average cost of $450 each. Subcommittee members delayed action pending contact with agencies potentially affected by the audits.

**RTS Services** The Subcommittee considered the recommendations of the Child Welfare Services Work Group concerning the delink of Rehabilitative Treatment and Support (RTS) services from the behavioral managed care contract, referred to as the IA Plan. The Subcommittee discussed federal funding issues, a potential audit from the Health Care Financing Administration (HCFA), development of community capacity, and the relationship of RTS services to mental health and substance abuse services for Medicaid eligible children. The Subcommittee unanimously approved the following motion:

**Recommendations**

* The Department of Human Services shall proceed with a Request for Proposal (RFP) for managed behavioral health and substance abuse care without inclusion of Rehabilitative Treatment and Support (RTS) Services for Medicaid eligible children, Psychiatric Medical Institutions for Children (PMICs) for mental health, or the preauthorization process of Clinical Assessment and Consultation Teams (CACT) for RTS Services and the Iowa Foundation for Medical Care for PMICs. The DHS shall proceed, understanding additional concerns for resolution of mental health and substance abuse issues may be expressed during next week’s Subcommittee meetings.
* Members of the Subcommittee authorize the Child Welfare Services Work Group to continue to develop capitation alternatives and consider accountability from a managed system of care. Recommendations are to be reported to the General Assembly and Co-chairs and Ranking Members of the Human Services Appropriations Subcommittee by January 1, 1999. The Subcommittee also recommends drafting a joint resolution to affirm the Work Group’s vision.
* The Department of Human Services shall continue the CACT preauthorization process until a replacement process is implemented, and shall utilize emergency rule-making procedures to expedite the replacement of CACT.

**Child Support Serv. Ctr.** On January 29, the Subcommittee toured the Child Support Customer Service Center located at 715 E. 2nd, in Des Moines. The tour included discussion of the Center, which currently employs 37 individuals to answer an estimated 1,115 daily customer requests for information concerning child support payment. Between 70 - 85% of the requests are satisfied without additional research required. The remaining requests are forwarded to local DHS workers to research and respond to the customer within two business days. The Center will be responsible for serving the entire State by February 9.



**Performance Measures** Jim Hennessey, Administrator of the Child Support Recovery Unit, presented the performance measures and budget initiatives of the Unit. He also discussed the relationship of non-custodial parents to the Temporary Assistance for Needy Families (TANF) block grant, including possible options of defining non-custodial parents as needy and utilizing TANF or federal Welfare to Work grant monies to encourage training and adequate employment. Automation changes required by the federal government included in the FY 1999 budget recommendation include:

* National Case Registry - to allow interstate exchange of information about child support customers and court orders.
* National New Hire Registry - to allow interstate exchange of information about people taking new jobs and earning.
* Communication of income withholding orders to employers within two days of identifying the employers.
* Automation of quarterly matches with financial institutions - moving more slowly at the national pace.
* Sanction of passports for delinquent payors.

**Reallocation of TANF Monies** Doug Howard, Division Administrator of Economic Assistance, discussed the reallocation of TANF monies within the FY 1999 budget recommendation. He also explained the FY 1998 federal reduction of Social Services Block Grant allocations of approximately $500,000 which may be restored through the use of unallocated TANF monies, available due to allocating only a portion of federal technology requirements during FY 1998. He also explained efforts by the DHS to compare the results of education programs for FIP recipients, for which Iowa has received national attention.

**Economic Assistance** Mr. Howard presented the key budget initiatives for Economic Assistance in FY 1999, including:



* Electronic Benefits Transfer - required by federal Welfare Reform law to replace food stamp coupons by 2002. The Human Services Appropriations Act of 1997 set a target date of July 1, 1999, for statewide implementation.
* FIP Diversion - efforts to divert FIP applicants from requiring FIP benefits. The Diversion program has been operating for only a few months in three counties and helps pay for expenses leading to work within a two-month time frame.
* Process Redesign/Reengineering - including performance measures to verify program effectiveness and innovative solutions to individual client needs. Examples include studying transportation patterns in the Quad Cities to redirect public transportation to benefit Economic Assistance clients, and utilization of seed money to initiate late-shift child care operations and low-income auto repair shops, combining efforts with the private sector to keep former FIP recipients employed.
* Other budget initiatives discussed include elimination of child support rebates, effective July 1, 1999; expansion of the Family Development and Self-Sufficiency (FaDSS) program statewide within two years; maintaining Promise Jobs postsecondary education and training services without a waiting list; and Post-FIP Community-Based Funding, which is a pilot project to study a continued strategy of case management for former FIP recipients to reduce Program recidivism.

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

Justice System Appropriations Subcommittee

**Justice System Sub.** The Justice System Appropriations Subcommittee heard presentations from the Department of Public Defense and the Department of Corrections during the week of January 26.

**Dept. of Public Defense** The Governor is recommending $5.1 million from the General Fund and 242.5 FTE positions for the Department of Public Defense for FY 1999. This is an increase of $20,000 (0.4%) and a decrease of 0.04 (0.02%) FTE position compared to estimated FY 1998. The increase is for salary annualization. Other topics discussed include:

* The counties and cities receiving training and planning services through the Emergency Management Division for handling hazardous materials incidents.
* The “Smart Building” Project with the Military Division to test climate, security, and other energy saving control systems in armories and other buildings.
* The college tuition grant program for National Guard recruits.



**Department of Corrections** The Governor is recommending $212.1 million from the General Fund and 3,765.8 FTE positions for the Department of Corrections for FY 1999. This is an increase of $14.2 million (7.2%) and 222.4 (6.3%) FTE positions compared to estimated FY 1998. The major increases recommended by the Governor are for:

* Full-operating costs of the Ft. Dodge and Newton prisons ($6.1 million).
* Funding for inmate support items for the growing inmate population ($2.5 million).
* Staffing for inmate labor programs ($1.3 million).
* Converting 100 mental health institution beds at Mt. Pleasant to special needs beds for women inmates ($2.2 million).
* Replacement of expiring Governor’s Alliance on Substance Abuse (GASA) funding for Community-Based Corrections Programs ($433,000).
* Staffing and operation of the relocated and expanded work release facility in the Fifth Community-Based Corrections District ($971,000).

**Other Discussion** Other topics discussed include:



* The construction of a 200-bed special needs unit at Ft. Madison instead of pursuing the renovation of Cellhouse 17 due to the legal impediments associated with the renovation.
* The construction of additional 192-bed pods at the new Ft. Dodge prison site.
* The Pay-for-Stay Program:
* The monthly inmate fees are projected to fall short of the $303,000 FY 1998 budget by approximately $40,000. The approximately $24,000 monthly fees were not collected in July due to a lag in implementation of administrative rules and procedures.
* Community-Based Corrections fees are expected to exceed the FY 1998 budget of $469,000 by an estimated $275,000.
* Collections from private sector employment of inmates could reach up to $160,000 with full currently projected employment, which is approximately one-third of the $511,000 budget for FY 1998. The Governor’s FY 1999 recommendation reduces prison operating budgets by an additional $1.3 million for revenues to be generated by private sector employment of inmates.
* Substance abuse treatment.
* Elements of effective Community-Based Corrections Programs. Factors include:
* Treating behavioral problems of high-risk clients.
* Targeting programming to specific needs and avoiding putting clients in programs that do not directly address their problems.
* Providing firm and fair immediate responses to inappropriate behavior.
* Providing relapse prevention.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561) Darlene Kruse (Ext. 16301)

Oversight and Communications Appropriations Subcommittee

**Oversight & Comm. Sub.** The Oversight and Communications Appropriations Subcommittee met January 27 - 29.



**IPTV Budget** On January 27, David Bolender presented the Iowa Public Television (IPTV) budget request related to support for K - 12 schools establishing video classrooms to utilize the Iowa Communications Network (ICN) to provide assistance in determining how the schools can most appropriately utilize the ICN as an instructional tool, to provide assistance to Regional Technology Councils, and to increase the inventory of spare parts for equipment needed by K - 12 schools if something breaks down in their ICN classroom. The Governor is recommending $2.3 million and 9.0 FTE positions from the General Fund for FY 1999. This is an increase of $113,000 (5.1%) and no change in FTE positions compared to estimated FY 1998.

**Gambling Treatment Prg.** Frank Biagioli, from the Gambling Treatment Program in the Department of Health, discussed the efforts of the Program to provide advertising to encourage people needing assistance to get assistance. The Program contracts with 12 counseling service providers across the State. In FY 1997, the Program expended approximately $1.0 million on advertising and $1.2 million on treatment. Contracts with providers are written so that only Iowa citizens can receive treatment paid for with these funds.

**Joint Meeting/Educ. Sub.** On January 28, the Subcommittee participated in a joint meeting with the Education Appropriations Subcommittee and heard presentations on computer technology and the School-to-Work Program.

**Computer Technology** Don Groff and his fifth and sixth grade students presented information about the use of computer technology and the Internet as learning tools and reviewed projects they had completed. Mr. Goff is from Woodbine, Iowa, and has been named the Microsoft Teacher of the Year.

**School-to-Work Program** Representatives of IPTV regarding the School-to-Work Program using federal Star School funds. The IPTV staff discussed a current project of developing videos of what individuals in jobs in growth areas and targeted businesses do and what skills they need. They then provide these videos to schools for career exploration of students and help identify practitioners that would do live ICN discussions with students about their careers.

**Year 2000 Problem** On January 29, Paul Carlson, Department of Management, provided an update on the efforts of the Executive Branch to resolve the Year 2000 computer problem.

**Iowa Access Proposal** James Youngblood, Information Technology Services, provided an update on the Iowa Access proposal to make public information held by Iowa government accessible to the public over the Internet.

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

Transportation, INFRASTRUCTURE, and Capitals Appropriations Subcommittee

**Tran., Infra., & Cap. Sub.** The Transportation, Infrastructure, and Capitals Appropriations Subcommittee met January 27, 28, and 29. The Subcommittee heard presentations from several agencies and discussed the Governor’s appropriations bill on transportation and infrastructure and the Governor’s proposal to create a Rebuild Iowa Infrastructure Board.

**Underground Storage Tank** Underground Storage Tank Program



* Pat Rounds, Administrator of the Underground Storage Tank Program, provided an overview of the Program and discussed the implications of transferring $25.0 million over an 18-month period to the Governor’s proposed Agrifutures Fund. The Subcommittee reviewed information provided by the Legislative Fiscal Bureau, which presented several options for funding the Agrifutures Fund from the Underground Storage Tank Program revenues.
* Mary Boote of the Governor’s Office presented the Governor’s proposal to create an Agrifutures Fund within the Department of Economic Development. The Fund would provide loans to companies involved in the development of value-added agricultural products, resulting in the creation of new jobs. The Governor is proposing to direct the $4.2 million quarterly allocations, currently used for the Underground Storage Tank Marketability Program, to the Agrifutures Fund. The $4.2 million quarterly allocations come from motor vehicle use tax receipts.

**Community-Based Corr.** Community-Based Corrections

* Linda Murken of the Second Judicial District presented a request for $1.9 million for the construction of a new 50-bed residential facility in Fort Dodge. The project would provide an additional 20 beds compared to the current facility’s capacity. This project was not recommended by the Governor.
* Jeff Larson of the First Judicial District presented a request of $1.6 million for construction of an addition to the Dubuque Residential Facility. The addition would increase the facility’s capacity by 30 beds. This project was not recommended by the Governor.

**Dept. of General Services** Department of General Services



* Mr. Bob Helmick of the Terrace Hill Commission, presented the Governor’s recommendation to provide $1.4 million over two years to renovate and restore Terrace Hill. Mr. Helmick also discussed the private fund raising efforts the Commission is implementing to help fund improvements.
* William Anderson, Architect with Brooks Borg Skiles, presented the Capitol Gateway East Urban Design Plan to the Subcommittee. The Plan incorporates redevelopment proposals of the Capitol Terrace located west of the Capitol Building. The Governor is recommending $1.0 million to develop a plan for the Capitol Terrace, which includes $820,000 for an architectural and engineering study of a new parking structure.
* Scott Brunscheen, Executive Director of the Salisbury House Foundation, presented the Governor’s recommendation to provide $1.8 million over three years to help renovate and restore the Salisbury House.

**Gov.’s Intent Language** The Subcommittee discussed provisions and intent language within the Governor’s appropriations bill on transportation and infrastructure and within the Governor’s bill to create a Rebuild Iowa Infrastructure Board.

STAFF CONTACT: David Reynolds (Ext. 16934)

House Passes SF 2022 - RISE Loan Provisions

**SF 2022 - RISE Fund** The House passed SF 2022, which allows the Department of Transportation (DOT) to borrow funds from the Revitalize Iowa’s Sound Economy (RISE) Fund to address potential cash flow problems in the Primary Road Fund. The Department anticipates potential cash flow problems because Congress has not passed a new transportation reauthorization act. This has created uncertainty as to when the State can expect to receive all of the federal funds necessary to move forward with the planned FY 1998 highway construction contract lettings.



**Federal Action** Prior to the close of federal fiscal year, Congress failed to draft a new reauthorization bill, as funding for transportation programs under the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) terminated on September 30, 1997. However, Congress did pass a six-month extension in funding, releasing approximately $115.9 million in obligation authority to Iowa (includes State and local funding allocations). The six-month authorized spending level will not be enough to fund the DOT’s construction projects to be let in March, April, and June.

**SF 2022 Provisions** If Congress does not pass a new reauthorization bill or provide another extension in funding before the first of March, SF 2022 will allow the Department to move forward with the planned contract lettings. Senate File 2022 allows the DOT to borrow RISE funds for a period of up to three months. The cash balance in the RISE fund on December 31, 1997, was $57.2 million.

STAFF CONTACT: David Reynolds (Ext. 16934)

Underground Storage Tank Global Opt-In Program



**Global Settlements** Section 455G.8(5), Code of Iowa, requires State-funded remediation costs recovered by the Underground Storage Tank (UST) Board from other responsible parties (large oil companies) be placed in the Innocent Landowner Fund created in Section 455G.21(2)(a), Code of Iowa. The settlement agreements allow certain claimants to recover a portion of the remedial co-payment paid by the claimant from the settlement payment made to the State. The claimant is paid with a portion of the proceeds of “global” (statewide) settlements negotiated by the Attorney General’s Office. The remaining global settlement funds are available to pay remedial costs for certain persons not otherwise eligible for Program benefits (innocent landowners).

**State Agreements** In return for agreeing to the global settlement, the State agrees not to pursue cost recovery against the oil companies for environmental damage at sites within the State formerly owned by the companies. Through January, the State has entered into agreements with 12 major oil companies, which will eventually result in approximately $34.0 million in revenue for the Innocent Landowner Fund. In most cases, the money is to be paid to the State over a period of five years. Additional recoveries from other companies are expected in the future.

**To Qualify For Proceeds** To qualify for a portion of the global settlement proceeds, a claimant must:

* Show that one of the global settlement companies had owned or controlled the site in the past.
* Incur remedial costs at the site sufficient to require payment of remedial expenses by the claimant (co-payment).
* Sign a waiver agreeing not to sue the oil company for remedial costs incurred by the claimant at the site.

**Benefits** An eligible claimant may receive up to $2,500 at a site requiring only monitoring, and up to $14,000 at a site requiring actual remediation.

**Applications** Through January 1998, the UST Board had received 603 applications from claimants. The Program has paid a total of $588,000 to 431 claimants. It is estimated another $3.0 million in payments may be made in the future. Since there is no application deadline, more applications may be received in the future.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Iowa Communications Network (ICN) Sites Update



**ICN Sites Added** The ICN added five additional interactive video sites during the first half of January at Orchard Place in Des Moines, Woodbury Central High school in Moville, Waukee High School in Waukee, and two classrooms at Indian Hills Community College in Albia. The table below presents the current distribution of sites by type of authorized user.

**IOWA COMMUNICATIONS NETWORK**

# Full-Motion Interactive Video Classrooms

|  |  |
| --- | --- |
| Area Education Agencies | 16 |
| Community Colleges | 86 |
| K-12 School Districts | 272 |
| Other Education | 2 |
| Libraries | 8 |
| Medical Facilities | 8 |
| Private Colleges | 13 |
| Regents Institutions | 24 |
| National Guard | 57 |
| State Agencies | 38 |
| Federal | 10 |
| Miscellaneous | 2 |
| Classrooms Total | 536 |

**More Information** This information is updated weekly and is available on the Internet at **http://www.icn.state.ia.us/icn/html/map\_form.htm.** If you would like a copy of the full list of sites and do not have access to the Internet, you may contact the LFB and request a copy.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

Regents Federal Overhead Rates Rankings



**Overhead Rates** The January 23 issue of *The Chronicle of Higher Education* provided the Overhead Rates at the top 100 universities in Federal Research and Development Awards for FY 1995. The Overhead Rates refer to the reimbursements that the universities receive for operating costs relating to research and development such as utilities, administrative, and custodial.

**SUI** The University of Iowa ranked 36th, with $93.9 million in federal awards for research and development. The percentage permitted for overhead costs has increased from 42.0% for FY 1991 to 47.0% for FY 1997.

**ISU** Iowa State University ranked 84th, with $41.8 million in federal awards for research and development. The percentage permitted for overhead costs has increased from 40.0% in FY 1991 to 44.0% for FY 1997.

**Explanation** A direct correlation applying the percentage permitted for overhead costs to the amount of awards can not be made to derive the amount received by the institution for overhead costs, since not all contract percentages are the same. In addition, the awards granted in FY 1995 may be for more than a one-year period, which affects the annual amount of funding received for a particular contract.

**Johns Hopkins Univ.** Johns Hopkins University ranked #1, with $569.3 million of federal awards for research and development in FY 1995, with an overhead rate of 68.0%.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

FIP Caseload Continues to Decline



**FIP Caseload** According to data reported in the December 1997 *Monthly Public Assistance Statistical Report for the Family Investment Program (FIP*), the caseload for December 1997 for Regular FIP cases was 23,585 cases, which is a decrease of 595 cases (2.5%) compared to the previous month, and a decrease of 3,326 cases (12.4%) compared to December 1996. The average cost per family has also declined, from $325.91 in December 1996 to $324.11 in December 1997, which is a decrease of $1.80 (0.6%).

**December Figures** The caseload for December 1997 for Unemployed Parent FIP cases was 2,024 cases, which is a decrease of 133 cases (6.2%) compared to the previous month, and a decrease of 672 cases (24.9%) compared to December 1996. The average cost per family has also declined, from $350.74 in December 1996 to $350.55 in December 1997, which is a decrease of $0.19 (0.1%).

**Declining Trends** The declining trends in both caseloads and costs per case have contributed to General Fund savings in the Program. State FY 1998 year- to-date expenditures, net of child support payments, were $40.4 million in December 1997, which is a decrease of $6.2 million compared to fiscal year-to-date expenditures in December 1996.

**Comparison** For comparison purposes, the largest caseload recorded in the FIP was during the month of April 1994, in which the Regular FIP caseload was 36,612 cases at an average cost per case of $353.74, and the Unemployed Parent FIP caseload was 4,047 cases at an average cost per case of $380.67. The Legislative Fiscal Bureau will continue to monitor caseloads and costs per case and report any significant findings.

STAFF CONTACT: Margaret Buckton (Ext. 17942)

Weekly Medical Assistance Program Expenditures in the Department of Human Services



**Medical Assistance Program** For the week ending January 26, 1998, FY 1998 General Fund expenditures for the Medical Assistance Program in the Department of Human Services were $14.5 million (94.4% of budget). This is $864,000 below the weekly budget established by the Department. Year-to-date Medical Assistance General Fund expenditures are $196.3 million, which is $5.4 million (2.8%) 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 the members of the General Assembly. More information is available from the Fiscal Bureau.



STAFF CONTACT: Margaret Buckton (Ext. 17942)