FISCAL UPDATE April 6, 1998

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Status of Appropriations Bills

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| **Appropriations Subcommittee Bills** | | | | |
| **Appropriations Subcommittee** |  | **LSB/File #** |  | **Status** |
| Admin./Regulation |  | HF 2498 |  | Passed House on April 1. In Senate Approps. |
| Ag./Natural Resources |  | SF 2295 |  | Passed House on March 24. Senate refused to concur. |
| Economic Development |  | SF 2296 |  | Passed House on April 3. |
| Education |  | HF 2533 |  | Passed House on March 30. In Senate Approps. |
| Health/Human  Rights |  | SF 2280 |  | Passed House Approps. on April 1. |
| Human Services |  | SF 2410 |  | Passed Senate on April 2. In House Approps |
| Justice System |  | HF 2539 |  | Passed House on March 31. Passed Senate Approps. on April 2. |
| Oversight & Comm. |  | LSB 3181JA |  | Joint Subcommittee passed bill on March 2. In Senate Approps. |
| Trans., Infrastruc-ture, & Capitals |  | HF 2499  SF 2381 |  | Transportation Appropriations Bill sent to Governor on March 23.  Infrastructure Bill passed Senate on March 11. |

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| **Other Appropriations Bills** | | | | |
| **Subject** |  | **File #** |  | **Status** |
| On-Time Funding  $4 mil GF |  | HF 2130 |  | Passed House Educ. In House Approps. |
| Oil Overcharge |  | HF 2210 |  | Signed by the Governor on March 31. |
| Fed. Block Grant |  | HF 2218 |  | Signed by the Governor March 23. |
| Obsolete & Unnecessary Provisions of the Code |  | HF 2271 |  | Passed Senate on March 23. |
| FY 1998 Supplemental Appropriations |  | HF 2395 |  | Passed House on March 2. In Senate Approps. |
| Early Childhood Imperatives Program  $9 mil GF |  | HF 2458 |  | Passed House Education Standing Committee on Feb. 24. In House Approps. |
| School to Career Program |  | HF 2459 |  | Passed House Approps on April 2. |
| School Ready Grant Program - House Bill |  | HF 2500 |  | Passed House Education Standing Committee. In House Approps. |
| Teacher Certification/  Teacher Induction |  | HF 2501 |  | Passed House Education Standing Committee. In House Approps. |
| Waste Tires |  | HF 2511 |  | Passed House Approps. on April 2. |
| County Mental Health Funding |  | HF 2519 |  | Passed House Approps. on April 1. |
| IowAccess System |  | HF 2524 |  | Passed House Approps. on April 2. |
| Safe Assisted Living Facilities/Dependent Adult Abuse |  | HF 2525 |  | Passed House Approps. on April 1. |
| Organic Agriculture |  | SF 2332 |  | Passed House Approps. on April 1. |
| Education Reform  $12.02 mil GF |  | SF 2366 |  | Passed the House on March 26. |

STAFF CONTACT: Holly Lyons (Ext. 17845)

The House Passes HF 2513 - House Tax Package



**Capital Gains** House File 2513 makes a number of changes to various components of taxation. First, the Bill amends the capital gains provisions by eliminating the current 45.0% cap on gains to a maximum $17,500 deduction. Under the Bill, all gains fitting the definition under current law are excludable from income. Second, the Bill provides that if a business is sold to a lineal descendant, the business owner does not have to have materially participated in the business to receive the capital gains exclusion. The Bill also raises the pension income exclusion from $3,000 and $6,000 (single/joint filers) to $5,000 and $10,000.

**Personal Exempt. Credit** In Division 3, HF 2513 raises the personal exemption credit from $20 to $40 (single/married-separate filers) and $40 to $80 (married-joint filers and heads of household). In Division 4, the Bill raises the tuition tax credit from 10.0% of the first $1,000 to 25.0% of the first $1,000 paid for school expenses. This effectively raises the value of the credit from $100 to $250. Division 4 also expands the definition of allowable fees to include extracurricular fees.

**Sales Tax Exemption** Division 5 provides a sales tax exemption for privately owned hospitals. The sales tax exemption does not apply to construction projects. Division 6 increases the income eligibility requirements for the elderly and disabled, rent reimbursement, low-income, and mobile home tax credits. This Section of the Bill also provides for indexation of the income amounts. All provisions of the Bill are effective January 1, 1998, except Division 6, which is effective January 1, 1999.



**Capital Gains** Division 1 is expected to result in a net loss in General Fund revenue of $18.0 million each fiscal year. The loss in revenue attributable to the increase in the exemption from 45.0% up to $17,500 to 100.0% of permissible capital gains is equal to $10.0 million. The remainder of the revenue loss is attributable to the exemption for lineal descendants.

**Pension Income** Division 2 is expected to result in a net loss in General Fund revenue of $20.0 million in FY 1999 and $18.0 million in FY 2000. This Division raises the pension income exclusion from $3,000/$6,000 (single/joint filers) to $5,000/$10,000. Of the total, approximately $4.0 million is due to changing the way pension income is allocated between married-separate filers

**Personal Exemptions** Division 3 is expected to result in a net loss in General Fund revenue of $28.8 million in FY 1999 and $26.2 million each year thereafter. This Division raises the personal exemption from $20 to $40 for single filers and $40 to $80 for married-joint filers.



**Tuition/Textbook Credit** Division 4 is expected to result in a net loss in General Fund revenue of $3.8 million each year. This Division raises the Tuition and Textbook Tax Credit from 10.0% to 25.0% of permissible expenditures. This has the effect of increasing the maximum credit from $100 to $250. This Division also amends the definition of permissible expenditures to include extracurricular fees.

**Nonprofit Hospitals** Division 5 is expected to result in a net loss in General Fund revenue of $15.0 million each year. This Division provides a sales tax exemption for privately owned nonprofit hospitals. The exemption is not applicable to construction projects.



**Other Tax Credits** Division 6 is expected to result in an increased General Fund expenditure of $1.9 million in FY 2000 and $330,000 each year thereafter. This Division increases the income levels for the elderly, renter, and mobile home tax credits. The top income level is increased by 17.9%, with similar increases in all income levels. This Division also provides for automatic indexing of the income levels each year.

STAFF CONTACT: Larry Sigel (Ext. 14611)

Administration and Regulation Appropriations Bill - HF 2498 Passes House

**HF 2498 - Admin./Reg.** On April 1, the House approved HF 2498, the Administration and Regulation Appropriations Bill. The Bill appropriates $86.5 million and 1,894.8 FTE positions, an increase of $2.1 million (2.5%) and a decrease of 0.3 (0.01%) FTE position compared to the estimated FY 1998 appropriation.

**Changes by the House** Amendments were adopted by the House which do the following:



* An increase of $40,000 to the Program Administration and Development Unit of the Department of Personnel for an independent consultant to provide expertise on the mutual fund option of the Deferred Compensation Program.
* An increase of 1.0 FTE position to the Program Administration and Development Unit of the Department of Personnel for a Retirement Benefit Specialist for the Deferred Compensation Program.
* An increase of $448,000 to the Internal Resources Management Division of the Department of Revenue and Finance for a desktop operating system and software application development.

**NOBA**

**Bill Summary** Copies of the Notes on Bills and Amendments (NOBA) are available from the LFB.

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

Education Appropriations Subcommittee Bill Approved by the House



**HF 2533 - Education** House File 2533, the FY 1999 Education Appropriations Bill, passed the House of Representatives on March 30. The Bill appropriates $863.2 million from the State General Fund and 17,252.8 FTE positions for FY 1999. This is an increase of $16.6 million and 60.0 FTE positions compared to the estimated FY 1998 appropriation.

**Major Changes** Major changes to the Bill from the action of the House Appropriations Committee on March 4 (reviewed in the March 10 ***Fiscal Update***) include:

* College Student Aid Commission: Added language which includes liberal arts classes for the calculation of need for students enrolled in vocational-technical classes at community colleges.
* Department of Cultural Affairs: No major changes.
* Department of Education: No major changes.
* Board of Regents: Struck language which prohibited Iowa State University from retaining administrative funds from the appropriation for the World Food Prize.
* Other:
* Added language which retains Phase III funds for FY 1999 for the operations of the New Iowa Schools Development Corporation.
* Eliminated language which prohibited the Reading Recovery Center from charging tuition and from accepting teachers from out-of-state.
* Changed the funding source for an appropriation for the Listening Curriculum from the General Fund to Phase III of the Educational Excellence standing appropriation.
* Added language which allows the board of directors of a community college to resubmit a levy request for equipment replacement after 355 days have passed rather than one year.
* Revised language which now requires an appropriation before an audit of area education agencies by the State Auditor would take place.
* Switched funding sources so that the appropriation for the Reading Recovery Program is now from interest from the Permanent School Fund and the appropriation for the local libraries is from the State General Fund.
* Added a contingent appropriation from Phase III of the Educational Excellence standing appropriation for the Reading Recovery Program if funds from the Permanent School Fund are not available for the Program.

**NOBA**

**Bill Summary** Copies of the Notes on Bills and Amendments (NOBA) are available from the LFB.

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

HEALTH AND HUMAN RIghts APPROPRIATIONS BILL - SF 2280 Passes HOUSE APPROPRIATIONS COMMITTEE



**SF 2280 - Health/Hum. Rts.** The House Appropriations Committee passed SF 2280, Health and Human Rights Appropriations Bill, on April 1. The Bill appropriates $89.2 million and 1,341.9 FTE positions to the Departments of the Blind, Elder Affairs, Human Rights, and Public Health; the Governor’s Alliance on Substance Abuse; the Civil Rights Commission; the Commission on Veterans Affairs; and the Iowa Veterans Home. This is an increase of $1.3 million (1.5%) and 12.0 (0.9%) FTE positions compared to the estimated FY 1998 appropriation, and an increase of $144,000 (0.2%) and 13.2 (1.0%) FTE positions compared to the Governor’s FY 1999 recommendation.

**Changes by House Approps.** The House Appropriations Committee does the following:



* Caps deposits into the Gambling Treatment Fund at $1.9 million. Specifies funds remaining in the Gambling Treatment Fund at the end of FY 1998 and funds deposited into the Fund in excess of $1.9 million during FY 1999 be appropriated to the Department of Public Health and allocated as follows:
* $200,000 to the Department of Public Health for the Public Health Nursing Program.
* $236,000 to the Department of Public Safety to combat methamphetamine use.
* $78,000 to the Department of Public Health for training of emergency medical services personnel.
* $130,000 to the Department of Elder Affairs for recruitment, retention, recognition, and training of care review committee volunteers.
* $150,000 to the Governor’s Alliance on Substance Abuse for a public education program regarding the dangers of methamphetamine use.
* $200,000 to the Governor’s Alliance on Substance Abuse for a school-based education program regarding the dangers of methamphetamine use.
* $100,000 to the Department of Public Health for surveillance of existing and emerging infectious diseases.
* $25,000 to the Department of Public Safety for hazardous materials response team training.
* Requires that successor contractors at the Iowa Veterans Home not consider employees to be new employees when determining wages, health insurance, or retirement benefits.
* Extends the sunset of the Community Grant Fund to June 30, 2000.
* Eliminates the Community Grant Fund allocation of $250,000 to the Youth Leadership Program.
* Amends the Code of Iowa to require that 0.3% of the gross sum wagered at pari-mutuel tracks be deposited into the Gambling Treatment Fund.

**NOBA**

**Bill Summary** Copies of the Notes on Bills and Amendments (NOBA) are available from the LFB.

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

Human Services Appropriations Bill - SF 2410 Passes Senate



**SF 2410 - Human Services** Senate File 2410, the Human Services Appropriations Bill, was passed by the Senate as amended on April 2. The Bill appropriates $726.2 million from the General Fund and 5,586.4 FTE positions for FY 1999. This is a decrease of $9.6 million and an increase of 90.2 FTE positions compared to the estimated FY 1998 appropriation.

**Changes by the Senate** Major changes made by the Senate include:

* Requires the DHS to implement Electronic Benefits Transfer (EBT) statewide by July 1, 2000. Requires the DHS to submit a progress report, including cost analysis, by January 1, 1999.
* Requires the DHS to reinstate the FIP employment earnings disregard if necessary to receive federal SCHIP funding. Requires the DHS to submit proposed legislation to codify the income disregard provisions if reinstated.



* Requires the DHS to propose a single point of access for publicly supported child care programs by January 1, 1999. Requires the DHS to implement the single point of access by April 1, 1999, if additional federal funding is received for child care.
* Permits the DHS to expend $20,000 for consultant services to assist the DHS in maximizing federal Title IV-E foster care funding and specifies a distribution framework.
* Requires the DHS and the Department of Corrections to establish a task force to define the population of sexually violent predators, consider public safety issues, and identify effective treatment modalities.
* Requires the DHS to develop an assessment-based approach to respond to reports of dependent adult abuse.

**NOBA**

**Bill Summary** Copies of the Notes on Bills and Amendments (NOBA) are available from the LFB.

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

Justice System Appropriations Bill - HF 2539 passes the House and the Senate Appropriations Committee



**HF 2539 - Justice System** The Justice System Appropriations Bill was amended and passed by the House on March 31 and by the Senate Appropriations Committee on April 2. The Bill makes appropriations to the Departments of Justice, Corrections, Inspections and Appeals, Public Defense, and Public Safety, and to the Parole Board, the Judicial Department, and the Iowa Law Enforcement Academy. The Bill appropriates $418.5 million from the General Fund and 7,529.5 FTE positions. This is an increase of $27.9 million (7.2%) and 348.0 (4.8%) FTE positions compared to estimated FY 1998.

**Changes by the House** The changes to the Bill made by the House are:

* A requirement that the Department of Corrections receive approval from the General Assembly prior to placing inmates in a private prison located in Iowa.
* An increase of $12,000 for educational training at Mitchellville.
* An exemption for prison kitchen equipment from inspection requirements for boilers or power boilers and permits inspection as pressure vessels.
* A requirement that the Department of Corrections restrict inmates’ access to personal identifying information of citizens in private business employment.

**Changes by Senate Approps.** The changes to the Bill made by the Senate Appropriations Committee are:

* A decrease of $15,000 from the Parole Board. The funding was for the creation of a Vice Chair position.
* An increase of $15,000 for the DNA Profiling Unit in the Division of Criminal Investigation in the Department of Public Safety.

**NOBA**

**Bill Summary** Copies of the Notes on Bills and Amendments (NOBA) are available from the LFB.

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

House Appropriations Committee Passes HF 2519 - Mental Health Allowed Growth Allocations Bill



**HF 2519 - Mental Health** The House Appropriations Committee passed HF 2519, Mental Health Allowed Growth Allocations Bill, on March 31. The Bill provides for allocations of $18.1 million of mental health allowed growth funding for FY 2000, as appropriated in the Human Services Appropriations Bill (SF 2410).

**County Distribution** In addition to prohibiting transfers between county mental health, mental retardation, and developmental disabilities services funds and any other fund, HF 2519 makes the following allocations for distribution to counties:

* $10.0 million for distribution to counties based on the following formula:
* 75.0% based on each county’s proportion of the State’s general population.
* 25.0% based on each county’s previous fiscal year expenditures for county mental health, mental retardation, and developmental disabilities services. This includes expenditures from county funds, property tax relief distribution, and allowed growth allocations.
* Reduction of a county’s allocation by one dollar for each two dollars the county levies below the maximum amount the county could levy for mental health, mental retardation, and developmental disabilities services.
* $2.1 million for a per capita expenditure target pool.
* $2.0 million for an incentive and efficiency pool.
* $4.0 million for a risk pool. The risk pool would provide funding to a county with unanticipated costs in excess of the county’s current fiscal year mental health budget.

**Performance Measures** The Bill also requires the State County Management Committee to recommend performance measures to establish a comparison baseline for counties eligible to receive distributions from the incentive and efficiency pool. This provision is effective upon enactment. The remaining provisions of HF 2519 are effective July 1, 1999.

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

Waste Tires - HF 2511 Passes House Appropriations

**HF 2511 - Waste Tires** The House Appropriations Committee passed HF 2511, Waste Tires, on April 2. The intent of the Bill is to reduce the number of waste tires in the State of Iowa over the next five years. The Bill amends the language in the Code of Iowa with regard to the Waste Tire Management Program. Changes include:

* Expands the categories of financial assurance instruments held by a waste tire processor. Specifies the amount of the financial assurance instrument based on the type of operation and number of waste tires processed.



* Allows the Department of Natural Resources to request an annual audit from waste tire collection sites or waste tire processing sites to ensure the required type of financial assurance instruments are in place. The audit will be conducted by a third party.
* Authorizes the Department of Natural Resources to acquire property from waste tire collection sites or stockpiles.
* Encourages the State Board of Regents to consume tire-derived fuels by providing financial incentives to cover any additional expense incurred up to $150,000 per fiscal year.
* Offers financial incentives to end users that recycle or consume waste tires if more than 250,000 are processed. The maximum award is $150,000 per fiscal year. End users with pending enforcement action against them are not eligible for financial incentives.
* Transfers $200,000 from the Landfill Alternatives Financial Assistance Program to Iowa State University in FY 1999. The funds will be used to purchase equipment needed to utilize tire-derived fuels.

**NOBA**

**Bill Summary** Copies of the Executive Summary Notes on Bills and Amendments (NOBA) are available from the LFB.

STAFF CONTACT: Deb Kozel (Ext. 16767)

House Appropriations Committee Passes SF 2332 - Organic Agriculture



**SF 2332 - Organic Agric.** Senate File 2332, Organic Agriculture, passed the House Appropriations Committee on April 1. The Bill establishes requirements for the production, handling, processing, and sale of organic agriculture products which are administered by the Department of Agriculture and Land Stewardship.

The Bill:

* Establishes fees to be collected from state certified producers and handlers of organic agricultural products. Fees collected will be deposited in the General Fund and will be appropriated to fund the Organic Agriculture Program. The Bill requires the Organic Agriculture Program to be self-funding by FY 2001.
* Establishes a board which shall: monitor conditions affecting the production, handling, processing, and sale of organic agriculture products; assist the Department in the development and interpretation of bill requirements, including standards regarding the production, processing, handling, and selling of organic agriculture products; and provides recommendations regarding the administration and enforcement of this Bill.
* Requires the Department to develop and administer a certification program for producers, handlers, and processors.
* Authorizes the Department to regulate labeling of organic products.
* Authorizes the Department to establish a seal certifying that the agricultural product complies with State requirements.
* Contains provisions concerning enforcement.



**Fiscal Impact** The Organic Agriculture Program will require a cost increase of $70,000 for salary and benefits for one additional FTE position and administrative support. The Department may begin imposing fees on certified producers and handlers as early as July 1999, but the estimated number of certified persons is unknown at this time.

STAFF CONTACT: Sherry Weikum (Ext. 17846)

Senate Passes HF 2424 - County Issuance of Driver’s Licenses

Driver’s License

**HF 2424 - Driver’s Licenses** The Senate amended and passed HF 2424, County Issuance of Driver’s Licenses, which expands driver’s license issuance functions to county treasurers’ offices in up to 42 counties. The Bill implements the recommendations of the Driver’s License Issuance Study Committee, which includes the following actions:

1. The current system of county issuance would be expanded to include up to 42 additional counties. No counties served by permanent sites would be allowed to opt-in. All types of licenses, operations, and tests would be performed by the counties.
2. The six counties currently issuing licenses would be allowed to continue issuing licenses. Per the current legislation, no county currently issuing licenses could opt-out of continued issuance, unless another contiguous county could be persuaded to opt-in in place of one of the counties, consistent with the "clustering" concept discussed below; then one of the original six counties would be permitted to opt-out.
3. Counties would be reimbursed $3.75 per license and non-operator identification issued.
4. Permanent administrative authority for State and county drivers’ licensing issuance functions would remain with the Department of Transportation (DOT).



1. The "cluster concept" would be required. The "cluster" is a contiguous group of four to six counties that would replace a currently existing DOT itinerant team, but would not have to be the precise group of counties currently served by a single DOT team. New proposed "clusters" would be permitted, as long as the DOT would not be required to reduce service to any existing county. Clusters of counties would be allowed to provide service to non-participating counties (a neighboring county not agreeing to be part of the cluster), in the event that a proposed cluster would make service by an itinerant team to the non-participating county difficult, or would reduce its service below present levels. The DOT would have approval authority over county groups wishing to adopt local issuance. The DOT would consult with the County Treasurers’ Association in making its approval decisions.
2. Initial opt-in would require approval by the county treasurer and the board of supervisors in each county and would require a Chapter 28E agreement among the clustered counties, and another between the counties and the DOT. Opting-out would also require the approval of the county treasurer and the county board of supervisors. Counties could agree to cover a county which desires to opt-out rather than have all counties revert to DOT service, as described in item five above.
3. One DOT supervisor would be assigned to each cluster of counties. Team and administrative support FTE positions would also need to be adjusted accordingly. Approximately one technical computer support position would be needed for every 24 counties.
4. An eight-week training course with a maximum size of 20 trainees would be required for county personnel, with additional follow-up on-site training afterward.
5. No more than two sets of issuance equipment per county doing local issuance would be issued. Counties would have to declare how many sets are needed at time of opt-in.
6. The 28E agreement between the State and the counties would address the following specifics:

* For time periods subsequent to the initial decision by a county to issue drivers’ licenses, a specified opt-in/opt-out period sufficiently prior to the issuance of any Request for Proposal (RFP) pertaining to digitized imaging system should be identified, so that a specific number of sets of equipment can be specified in the RFP.
* Responsibility for collection and accounting for any fees associated with the licensing process.
* Oversight guidelines.
* Performance standards.
* Progressive discipline standards and measures, including appeals.

1. The DOT would be required to issue an RFP for the digitized photolicensing system contract and submit the results to the General Assembly by January 2, 1999. The General Assembly may use the results in making determination on expanding county issuance of driver’s licenses before March 1, 1999. The Senate amended this provision to include the involvement of the Auditor of State in the RFP process and specifying that if the General Assembly does not act in response to the RPF by March 1, 1999, then the DOT shall proceed with implementation of the Bill.



**Financial Information** A summary of the cost analysis of the Bill is shown on the following Table. The Table shows the impact of HF 2424 on the first year of implementation and on annual operations.

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| --- | --- | --- | --- | --- | --- |
|  |  |  | First Year Impact |  | Annual Impact |
| **County Revenues and Expenditures** | |  |  |  |  |
|  | County Revenue from State ($3.75 x 200,443 Licenses) |  | $ 752,000 |  | $ 752,000 |
|  | County Incremental Cost |  | -656,000 |  | -614,000 |
|  | Net Revenue to Counties |  | 96,000 |  | 138,000 |
|  |  |  |  |  |  |
| **State Revenues and Expenditures** | |  |  |  |  |
|  | Program Savings |  | 322,000 |  | 763,000 |
|  | Payment to Counties ($3.75 x 200,443 Licenses) |  | -752,000 |  | -75,000 |
|  | Net Savings (Cost) to the Road Use Tax Fund |  | -430,000 |  | 12,000 |
|  |  |  |  |  |  |
| **Total Incremental Savings (Cost) of Program** | |  | $ -334,000 |  | $ 150,000 |

STAFF CONTACT: David Reynolds (Ext. 16934)

Senate Passes HF 2528 - Graduated Driver’s License Bill

**HF 2528 - Graduated License** The Senate amended and passed HF 2528, which establishes a graduated driver's license and permit issuance process for drivers between the ages of 14 and 18. The Senate amended the Bill in the following ways:



Driver’s License

**Full License at 17** The Bill as passed by the House allows for the issuance of a full driver's license to persons aged 17 who, in addition to other requirements, have been free of accidents and convictions continuously for a 12-month period immediately preceding the application for a full driver’s license. However, a conviction for a speeding violation of not more than 10 miles per hour over the speed limit in speed zones between 34 and 56 miles per hour does not apply to this requirement. The Senate amended this provision by eliminating the “right-to-speed” language.

**Special Minor’s License** The Bill as passed by the House increases the age of persons who are eligible to receive a special minor's license from 14 to 15 years of age and requires a special decal to be affixed to the vehicle indicating that the operator may be a student. The Senate amended this provision by lowering the age to 14 (same as current law) and eliminating the provision that a decal be displayed on the vehicle.



**Financial Information** House File 2528, as amended by the Senate, is estimated to cost $89,500 from the Road Use Tax Fund during the first year of implementation. Approximately $86,000 of this cost is associated with an increase in the cost of the lease for the digitized photolicensing system. This system is leased at a cost of $1.777 for each license issued. Due to the addition of the intermediate license, it is estimated that the number of licenses issued annually will increase by approximately 37,000, resulting in $66,000 in costs. The system will also require software changes to provide distinctive markings on the instructional permits and intermediate licenses at an estimated cost of $20,000.

**Digitized License** Beginning January 1, 2000, the DOT will enter into a new contract for the digitized photolicensing system, in which the above costs will be incorporated. It is uncertain how the new contract will affect the cost of this Bill.

STAFF CONTACT: David Reynolds (Ext. 16934)

School Budget Review Committee Meeting

**School Budget Review** The School Budget Review Committee met on March 18 and took the following action:



* Approved $3.5 million of additional allowable growth (spending authority) for increased enrollment in FY 1998. Additional allowable growth is all property taxes.
* Approved $387,000 of additional allowable growth for cost of block scheduling.
* Approved $2.2 million of additional allowable growth in FY 1998 and $1.3 million in FY 1999 for miscellaneous items.
* Tabled requests of $522,000 of additional allowable growth for all-day, every-day kindergarten.
* Discussed rules which limit the amount that a district can levy for cash reserve. No action was taken.
* Approved $15.6 million of additional allowable growth for gifted and talented programs at 329 school districts for FY 1999.
* Approved $32.7 million of additional allowable growth for dropout and dropout prevention programs at 183 school districts for FY 1999.
* Received the report of unspent balances and unexpended fund balances for FY 1997 by school district. Fourteen school districts had negative unspent balances (expenditures in excess of spending authority). The School Budget Review Committee required all but four to present corrective action plans at the May 1998 meeting.

STAFF CONTACT: Jon Studer (Ext. 17799)

Child Care Monthly Usage Report



**Child Care Monthly Usage** The following table details a chronology of usage, cost per child, and eligibility criteria for the State Child Care Assistance Program. The Department of Human Services (DHS) currently anticipates a monthly caseload growth of 340 children per month and a monthly average cost of $296 per child. The fiscal year average data is shaded for comparison.





**Expenditures Monitored** The Legislative Fiscal Bureau will continue to monitor caseload growth and expenditures of the State Child Care Assistance Program, including the potential use of a waiting list as predicted by the DHS, effective October 1, 1999. The DHS waiting list prediction is based on a caseload growth of 340 cases per month. The FY 1998 activity through March indicates an average caseload growth of 221 cases per month and an average cost per case of $288 per month.

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

Weekly Medical Assistance Expenditures in the Department of Human Services



**Medical Assistance** For the week ending March 30, 1998, FY 1998 General Fund expenditures for the Medical Assistance Program in the Department of Human Services were $3.9 million (94.5% of budget). This is $226,000 below the weekly budget established by the Department. Year-to-date Medical Assistance General Fund expenditures are $263.0 million, which is $4.2 million (1.6%) 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.



STAFF CONTACT: Margaret Buckton (Ext. 17942)