FISCAL UPDATE September 16, 2009

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Governor Item Vetoes Education Reform Appropriations Act - SF 2366



The Governor signed SF 2366, the Education Reform Appropriations Act, on May 8. The Act appropriates $23.7 million in FY 1999 from the General Fund. Included in the General Fund total is a $4.0 million contingent appropriation for on-time funding. The Act also appropriates $19.9 million in FY 2000 from the General Fund and includes standing appropriations beyond FY 2000. The Governor item vetoed $14.5 million in FY 1999 and $18.0 million in FY 2000 from the General Fund appropriations. The following table shows the appropriations and the vetoed amounts.

**Education Reform Appropriations SF 2366**

The Governor vetoed the following items from SF 2366 (Education Reform Appropriations Act) stating the legislation does not meet his requirements of education reform:



* Frontier school language. Allows the $1.5 million appropriation to be used for extended school year grants.
* Beginning Teacher Induction Program and the $240,000 General Fund appropriation.
* Instructional Leadership Pilot Program and the $1.0 million General Fund appropriation.
* Changes to the teacher preparation requirements.



* Teacher Internship Pilot Program and the General Fund standing appropriations of $220,000 in FY 1999 and $575,000 in FY 2000 and FY 2001.
* Early Childhood Education Imperatives Program and the General Fund standing appropriation of $9.0 million.
* The 100.0% and 101.0% budget guarantees in FY 2000.
* On-time funding for increased enrollment including the FY 1999 contingent General Fund appropriation of $4.0 million and the General Fund standing appropriation of $4.0 million starting in FY 2000.
* The $2.0 million increased General Fund appropriation for Instructional Support.

**Copies Available** Copies of the enacted version of SF 2366 and the veto message are available upon request.

STAFF CONTACT: Jon Studer (Ext. 17799)

Governor Item Vetoes HF 2533 - FY 1999 Education Appropriations Act



**HF 2533 - Item Vetoes** The Governor item vetoed and signed HF 2533 (FY 1999 Education Appropriations Act) on May 8. The Act appropriates $863.1 million from the General Fund and 17,287.4 FTE positions. Included in the General Fund total is a $220,000 decrease affecting the appropriations in SF 2366 (Education Reform Act). The Governor item vetoed the appropriation upon which the related HF 2533 appropriation was contingent. When the Governor’s item vetoes are included, total General Fund appropriations in HF 2533 are $863.3 million. The Governor took the following action:

* Item vetoed nonreversion language which would have transferred funds remaining in the Scholarship and Tuition Grant Reserve Fund to supplement the Vocational-Technical Tuition Grant Program appropriation. The Governor indicated that the funds are to alleviate funding shortfalls for various programs and should remain in the Fund for that purpose.
* Item vetoed the language requiring the Department of Revenue and Finance to transfer the interest from the Pub. L. No. 105-33 Recall Account to the Fund 61 Default Account within the Office of the State Treasurer for emergency loans to avoid student default. The Governor also vetoed related statutory language regarding the use of the funds. The Governor indicated that federal law adequately governs the use of the interest and that the College Student Aid Commission should be encouraged to implement a default reduction program.
* Item vetoed nonreversion language allowing carryover of unexpended funds for the Western Trails Center in Council Bluffs from FY 1998 to FY 1999. The Governor indicated that significant State funding had been provided from the Rebuild Iowa Infrastructure Fund (RIIF) for the Center.
* Item vetoed a portion of intent language requiring the Vocational Rehabilitation Division of the Department of Education to enter into a Chapter 28E, Code of Iowa, agreement with the Creative Employment Options Program at the University of Iowa. The 28E Agreement would have enabled the Division to count the State funds appropriated to the Creative Employment Options Program as a local match. The Governor indicated that the federal Department of Education had indicated that such action would preclude federal funding for vocational rehabilitation in Iowa.
* Item vetoed nonreversion language allowing carryover of unexpended funds from an FY 1997 supplemental appropriation to the Department of Education for a task force regarding improved access to education through distance learning. The funds were designated to carry over and be used by the State Library in FY 1999 for the Open Access Program. The Governor indicated that it is inappropriate to use one-time funding sources for ongoing programs.



* Item vetoed nonreversion language allowing carryover of unexpended funds from the FY 1998 appropriation for the National Assessment of Education Program (NAEP) into FY 1999 for the Open Access Program of the State Library. The Governor indicated that it is inappropriate to use one-time funding sources for ongoing programs.
* Item vetoed nonreversion language allowing carryover of unexpended funds from the FY 1998 appropriation for rehabilitating donated computers into FY 1999 for the community colleges. The Governor indicated that it is inappropriate to use one-time funding sources for ongoing programs.
* Item vetoed statutory language requiring practitioner preparation programs to include preparation in reading recovery and other reading programs. The Governor indicated this veto coincides with vetoes in SF 2533 (Education Reform Act) regarding teacher preparation programs.
* Item vetoed language amending statutory language in SF 2366 (Education Reform Act). The Governor indicated that the veto coincides with vetoes in SF 2533.
* Item vetoed statutory language creating Mathematics Pilot Programs. The Governor indicated that the veto coincides with vetoes in SF 2533.
* Item vetoed allocations from Phase III of the Educational Excellence standing appropriation as follows:
* $50,000 for the Local Arts Comprehensive Educational Strategies (LACES) Program.
* $50,000 for the Geography Alliance.
* A total of $125,000 for the Mathematics and Science Coalition.
* $35,000 for a listening curriculum in the Sioux City Community School District.
* A contingent appropriation of $200,000 for reading recovery programs in the event that the programs do not receive the $200,000 General Fund appropriation.
* The Governor indicated that the allocations are an inappropriate use of Phase III funds.
* Item vetoed language which allows a standing allocation of $150,000 from Phase III to Iowa Public Television for overnight block feeds. The veto makes the allocation effective for FY 1999 only, not succeeding fiscal years. The Governor indicated that the allocations are an inappropriate use of Phase III funds.
* Item vetoed related effective date language, based upon item veto action within the Act.

**Copies Available** Copies of the enacted version of HF 2533 and the veto message are available upon request.

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

Governor Item Vetoes Portions of HF 2496 - Retirement Systems Act



**HF 2496 - Item Vetoes** The Governor signed HF 2496 (Retirement Systems Act), but made item vetoes in Sections 46 and 80. These sections provided enhanced disability benefits for Iowa Public Employees Retirement System (IPERS) special service group members (Sheriffs, Deputies, Airport Fire Fighters, and Protection Occupations members) beginning July 1, 1999. The Governor stated that because these employees can receive federal Social Security disability benefits, it would leapfrog the IPERS special groups over members of other State fire and law enforcement retirement systems who have the disability benefits but do not have Social Security coverage. The Governor further noted that HF 2496 required a comprehensive review to examine comparability and equitability of the three retirement systems covering law enforcement related employees and fire fighters. If the study supports the enhanced disability benefits change, the Governor stated that the General Assembly could still provide the enhancements by July 1, 1999. The Governor stated concern that the disability enhancements included the presumption that heart and lung diseases are job related even if the individual was a smoker.



**Fiscal Impact** The vetoed disability enhancements were projected to have an annual cost of $578,000 to the counties for the Sheriffs and Deputies. The annual cost of the vetoed enhancements for Protection Occupation members was projected to be $1.4 million for State agencies and $537,000 for non-State agencies.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561) Paige Piper/Bach (Ext. 14613)

Audit report for the Judicial Department - FY 1997

**Audit Report** The annual audit report for the Judicial Department for FY 1997 was received by the Legislative Fiscal Bureau (LFB). The Auditor noted no instances of non-compliance and one reportable condition for the Department.



**Reportable Condition** ***Reportable Condition:*** Fixed asset records were not current and fixed asset acquisitions and deletions were not supported by the detailed listing for existence and completeness.

**Auditor Recommendation:** Implement procedures to ensure that equipment records are accurate and updated in a timely manner. In addition, the Department should:

* Perform a timely reconciliation between fixed asset purchases and addition records.
* Tag equipment when received and assign a unique number to enhance future tracking of these items.

**Department Response:** They would continue to work on improving fixed asset records to insure accurate and timely reports are available.

STAFF CONTACT: Darlene Kruse (Ext. 16301)

Audit Report - Department of Natural Resources



**Audit Report** The State Auditor issued the FY 1997 Audit Report for the Department of Natural Resources on April 28, 1998. The report was received by the Legislative Fiscal Bureau in May.

**Reportable Conditions *Reportable Conditions* -** The Report commented on several compliance issues with regard to the Code of Iowa, which have not been accomplished by the Department. Some of the issues include:

* Establishment of a toll-free telephone number for the Pollution Hotline Program.
* Submission of progress reports on water needs of all water users and implementation schedules to the General Assembly.
* Establishment of a public information program on infectious waste in conjunction with the Department of Public Health.
* Establishment of a Toxics Pollution Prevention Program.
* Adoption of rules for the classification and prioritization of sites where pesticides and fertilizer contamination have been discovered.
* Development of a comprehensive groundwater monitoring network in cooperation with the Soil and Water Conservation District Commissioners.



**Segregation of Duties *Segregation of Duties* -** Miscellaneous receipts collected by the Department of Natural Resources are submitted to the cashier’s office for deposit. Persons working in this area can collect, record, and deposit the money received. The Department maintains pre-numbered receipt books for miscellaneous receipts which are not reconciled to the deposit function in the Department. There is no documentation as to the individuals that have custody of the receipt books.

* Recommendation - The Department should ensure adequate segregation of duties over miscellaneous receipts. This should include an independent reconciliation of the amounts recorded in receipt books and amounts deposited. The Department should account for the receipt books in numerical order.
* Response - The Department is working on procedures to resolve this finding. The function of receiving over-the-counter cash receipts will be assigned to the receptionist, mailroom, or licensing area. Procedures for independent reconciliation will be implemented as well as implementing a tracking system for the pre-numbered receipt books.
* Conclusion - Response accepted.

**Stormwater Discharge *Stormwater Discharge Permit* -** There was a lack of accountability over the stormwater discharge permits issued and no procedures in place to ensure all permit fees have been collected.

* Recommendation - The Department should establish and implement procedures that will provide accurate recording and collecting of stormwater discharge permit fees.
* Response - The Department has a computer database that contains authorizations of permits issued, type of documentation sent, and other information relating to Stormwater Discharge Permits. The Department instructed program personnel to mail follow-up letters when the proper fees are not received.
* Conclusion - Response acknowledged. Discussions held with program personnel indicate that follow-up notification letters were prepared but not sent as of December 1997. For new applicants, the process for follow-up on an incomplete application should be documented.



**Camping Receipts *Camping Receipts* -** The Department has not established policies and procedures for fee collection from campers at State parks and other facilities.

* Recommendation - The Department should implement policies and procedures which will ensure proper collection, recording, and reconciliation of camping receipts.
* Response - The Department has developed written policies and procedures and consulted the Auditors during the development stages.
* Conclusion - Response acknowledged.

**Procedures Manual *Data Processing Policies and Procedures Manual* -** The Department does not have written policies and procedures for electronic data processing and reporting.

* Recommendation - The Department should develop written policies and procedures for electronic data processing and reporting.
* Response - The Department has standard systems documentation for mainframe programs and backups are completed in a routine manner for mainframe and network files. Programmers and/or users maintain documentation as needed.
* Conclusion - Response acknowledged. General policies and procedures should be written and include all systems documentation for all programs developed and maintained by the Department of Natural Resources.



**Cellular Phone Policies *Cellular Phone Policies* -** The Department has not established policies and procedures for reasonable business use and allowable personal use of cellular phones.

* Recommendation - The Department should implement policies and procedures which will ensure proper business use of cellular phones.
* Response - The Department has a written policy in their Employee Handbook which was distributed to Department staff in December 1997. Monthly cellular phone bills are reviewed on a monthly basis by the employee’s supervisor.
* Conclusion - Response acknowledged. The Department should address the incidental or personal use of cellular phones by employees. This should include the manner in which an employee can reimburse the Department for personal telephone calls.

**Manure Storage Fund *Manure Storage Indemnity Fund*** - The Department Director is permitted to assess administrative penalties against facilities that pollute the environment.

* Recommendation - The Department should take steps to improve accountability over administrative penalties. Documentation should be maintained to identify the status of each penalty assessed.
* Response - The Department has taken steps to improve the accountability of administrative penalties. The listing will be regularly updated to reflect changes in the penalty amount due. Additional documentation is maintained in the individual penalty case files.
* Conclusion - Response acknowledged.

**More Information** For more information on these comments, please contact the Legislative Fiscal Bureau.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Lottery Revenues and Expenditures Through March



**FY 1998 Lottery Revenues** Through March, FY 1998 Lottery sales revenues were $5.4 million below the FY 1997 level. Lottery prize expenses decreased $3.5 million, operating expenses increased $1.0 million, and transfers to other State funds decreased $2.7 million. The following table details the revenues, expenditures, and balances of the State Lottery. Rows and columns may not add, due to rounding.

| **STATE LOTTERY**  **July Through March**  **(Dollars in millions)** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | FY 1997 |  | FY 1998 |  | Inc./  Decr. |  | % Inc. |
| FY Beg. Balance |  | $ 3.2 |  | $ 3.4 |  | $ 0.2 |  |  |
|  |  |  |  |  |  |  |  |  |
| Game Revenues |  | 124.3 |  | 119.0 |  | -5.4 |  | -4.3 |
| Interest |  | 0.7 |  | 0.6 |  | -0.1 |  | -15.5 |
| Total Revenue |  | $ 125.0 |  | $ 119.5 |  | $ -5.5 |  | -4.4 |
|  |  |  |  |  |  |  |  |  |
| Prize Expense |  | $ 72.9 |  | $ 69.4 |  | $ -3.5 |  | -4.8 |
| Operating Expense |  | 25.5 |  | 26.5 |  | 1.0 |  | 4.1 |
| Transfer of Profits |  | 26.7 |  | 24.0 |  | -2.7 |  | -10.3 |
| Total Expense |  | $ 125.1 |  | $ 119.9 |  | $ -5.2 |  | -4.2 |
|  |  |  |  |  |  |  |  |  |
| Year-to-Date Ending Balance |  | $ 3.1 |  | $ 3.0 |  | $ -0.1 |  |  |

**FY Sales** Fiscal year sales through March, compared to the same time period of FY 1997, were as follows:

* Instant ticket sales decreased $71,000 (0.1%).



* Iowa Lotto/Supercash sales decreased $1.8 million (23.7%).
* Multi-State Powerball sales decreased $1.1 million (4.9%).
* Multi-State Daily Millions/Cash 4 Life sales decreased $512,000 (11.9%).
* Dream Draw sales decreased $940,000 (100.0%, discontinued in FY 1997).
* Daily Game sales decreased $1.1 million (22.8%).
* Pull-tab sales decreased $229,000 (1.2%).

**March Sales** Total Lottery sales for March were below March 1997 by $1.3 million (8.3%). March 1998 sales for all games except Pull-Tabs were below March 1997.



**REC Projections** The April Revenue Estimating Conference (REC) projected FY 1998 Lottery profits will total $32.0 million. Of this amount, $31.5 million is to be transferred to the General Fund and three-tenths of one percent of gross Lottery sales transferred to the Gambler’s Assistance Fund (approximately $500,000). Actual profit transfer for FY 1997 was $35.0 million. The LFB currently estimates FY 1998 profits will be $31.0 to $33.0 million.

**Lottery Expenditures** The following chart shows the annual percent of Lottery revenue expended on prizes, administration, profit transfers to other State funds, and sales tax. The FY 1998 figure is through March and the previous year’s figures are year-end.



**Sales Tax Paid** In addition to the amount transferred to the State as profits, the Lottery has paid $5.9 million in sales tax during FY 1998.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Iowa Communications Network (ICN) Video Classrooms



**ICN Classrooms Added** The Iowa Communications Network (ICN) added four additional interactive video classrooms during the last half of April at Janesville High School, Kirkwood Community College, and two classrooms at Indian Hills Community College. 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 | 91 |
| K-12 School Districts | 283 |
| Other Education | 2 |
| Libraries | 9 |
| Medical Facilities | 8 |
| Private Colleges | 14 |
| Regents Institutions | 24 |
| National Guard | 57 |
| State Agencies | 39 |
| Federal | 11 |
| Miscellaneous | 3 |
| Classrooms Total | 557 |

**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)

DHS Signs Contract to Evaluate Iowa’s Mental Health Delivery System



**Contract Signed** The Department of Human Services (DHS), Serving Persons with Mental Health/Mental Retardation/Developmental Disabilities Division, approved a contract with Technical Assistance Collaborative, Inc., in Boston, Massachusetts, effective from December 1, 1997, through September 30, 1998. The contract cost is $195,000, paid entirely with federal Social Services Block Grant funds.

**Purpose of Contract** The purpose of the contract is to conduct an overall evaluation of the State’s mental health delivery system. The evaluation will include services provided at the county level and services for Medical Assistance eligible individuals provided through a managed behavioral health contract, although the focus of the evaluation is less on the payment mechanism than on the actual services delivered. The contractor has been requested to evaluate both adult and children’s services. The contractor is expected to make recommendations on long-term outcome measures for both performance assessment and budget purposes, and suggestions for improved delivery of services. It is unlikely that the outcome measures will be available in time for use by the State-County Management Committee in establishing performance measure baselines for counties. The Committee was required to establish baseline measures for counties to access funds in the incentive and efficiency pool in FY 2000, as created in HF 2545 (Mental Health Allowed Growth Allocations Act).

**Final Report Due** Current activities of the contractor include interviews and data gathering from Central Point Coordinators (CPC’s), providers, consumers, and family members, and other interested parties. A final report from the contractor is anticipated by the end of the contract period, with recommendations available by September 30, 1998.

STAFF CONTACT: Margaret Buckton (Ext. 17942)

State-County Management Committee Recommends County Mental Health Plan Approval



**Committee Meeting** The State-County Management Committee met on May 13 and May 14 to review county management plans for organizing, financing, delivering, and evaluating Mental Health, Mental Retardation, Developmental Disability, and Brain Injury Services. The plans are submitted by each county to the State County Assistance Team (SCAT) within the DHS. Team members summarize the plans for the Committee, which then evaluates the plans based on the summary sheets with access to the complete plans for additional questions or concerns. The Committee then recommends approval or disapproval of the plans to the Director of the DHS, who may then approve the plan if found in compliance with Administrative Rules. The following elements must be included in the county management plans pursuant to 1997 Iowa Code Supplement, Sec. 331.439:

* Compliance with Administrative Rules.
* Description of the county’s service management provisions.
* Inclusion of a single entry point and clinical assessment process, also known as the Central Point Coordinator or CPC process.
* Service elements including the enrollment and eligibility process, scope of services included, method of plan administration (may be county or contractor administered), process for managing utilization and access to services and other assistance, quality assurance process, risk management provisions, and fiscal viability of the provisions if the county contracts with a private managed care entity.
* Criteria for serving persons with chronic mental illness.
* A fixed budget amount identified in the plan, which is the budget for the fiscal year.
* Service needs of all ages of persons for whom expenditures may be made from the county’s services fund.

**Discussion** On May 13, the Committee discussed the provisions of 85 county plans, with approval recommended by the SCAT coordinators. Discussion included issues of quality assurance, concerns of the range of administrative costs as reported by the plans (varied from 0.8% in Dubuque County to 8.4% in Hamilton County), the timeframe under which counties currently submit plans for annual approval, and interpretation of the symbolism on the summary sheets prepared by SCAT members. Several of the summaries did not include the annual budget amounts or administrative costs. The Chairperson of the Committee stated that approval would be recommended without consideration to county budgets, adequate services, or eligibility provisions within the plans. Instead, the Committee would recommend approval if the plans met criteria as established in Administrative Rules. The Committee recommended approval of all 85 county plans considered.



**Presentations** On May 14, the Committee heard presentations from six counties concerning county management plans, with SCAT recommending non-approval. The counties and issues regarding non-approval include:

|  |  |
| --- | --- |
| County | Issue of Non-Approval |
| Franklin | Legal Settlement |
| Keokuk | County Hospital Funding |
| Linn | Legal Settlement |
| Polk | 120-day Billing Timeframe |
| Pottawattamie | Legal Settlement and Day Treatment |
| Washington | Legal Settlement and Billing Timeframe |

**Issue of Legal Settlement** Discussion focused on the issue of Legal Settlement, with the involved counties citing Code of Iowa, and Administrative Rule compliance. The counties queried whether the DHS had the authority to require additional Legal Settlement language not required in the law, such as a Pay and Chase phrase requiring counties to pay for services and then collect reimbursement from the eventual county of legal settlement once determined. The DHS responded that the issue was one of constitutionality, despite the county claims that a law is constitutional until challenged, and the Code of Iowa, allows for 99 different county service plans. In the case of Linn County’s plan, the SCAT coordinator agreed that the language in the plan was compliant, but the intent of the County’s actions was potentially in question. The State-County Management Committee recommended approval of the six plans discussed, contingent upon determination that those plans were compliant with Administrative Rule and the Code of Iowa.

**June Meeting** The remaining eight county plans which were received after the April 1 deadline will be discussed at the Committee’s June meeting. Those counties include Butler, Ida, Jasper, Lucas, Marion, Ringgold, Wapello, and Woodbury.

STAFF CONTACT: Margaret Buckton (Ext. 17942)

COMMISSION ON URBAN PLANNING, GROWTH MANAGEMENT OF CITIES, AND PROTECTION OF FARMLAND HOLDS SIXTH MEETING



**Commission Meeting** The Commission on Urban Planning, Growth Management of Cities, and Protection of Farmland held its sixth meeting on May 4 at the State Capitol. Morning presentations included: summaries of subcommittee reports; a discussion of benefits from farmland protection by Les Beck, Director of the Story County Planning and Zoning Department; and a discussion of involuntary annexation by Steve McCann, Administrator of the City Development Board.

**Subcom. Summary Reports** Summaries of subcommittee reports included: annexation, infrastructure costs and subsidies/tax implications of development, public parks and recreation/natural and historical areas, land use planning and policy/ urban revitalization, and farmland inventories/farmland preservation. The subcommittee report on private property rights was not presented due to the absence of the subcommittee chairperson, Kevin Vinchattle.

**Tasks** In February, the Commission issued request for proposals for four tasks needed to aid the Commission. The four tasks include: (1) land use inventories, (2) survey and evaluation of state law, (3) identification of growth and development issues, and (4) sponsoring citizen involvement. The American Planning Association has submitted a proposal for tasks 2 and 3. The Wallace House Foundation and Timberline Consulting have submitted proposals for task 4.

**Presentation** In the afternoon of May 4, the Commission heard from Stanley Johnson, Iowa State University (ISU); Dann Stevens, President of Timberline Consulting; and Dwayne Sand, Vice Chairperson, Board of Directors, Wallace House Foundation. Stanley Johnson presented a proposal for task 1, which he described as a natural resource survey. This task would be completed through ISU Extension Offices. Mr. Stevens presented a proposal for task 4, and Mr. Sand responded to questions regarding the Wallace House Foundation proposal for task 4.

STAFF CONTACT: Sherry Weikum (Ext. 17846)

STATE SOIL CONSERVATION COMMITTEE MAY MEETING

**Committee Meeting** The State Soil Conservation Committee met via teleconference on May 7. Staff reports included: a discussion of the federal Conservation Reserve Enhancement Program; the disbursement of financial incentive funds; and the Directors report focusing on the Fiscal Year 1999 appropriation for the Soil Conservation Division and cost-share funds.

**Next Meeting** The next meeting is scheduled for June 4.

STAFF CONTACT: Sherry Weikum (Ext. 17846)

April Board of Regents Meeting

**Board Meeting** The Board of Regents met April 14 and 15 and conducted the following business:



* Reelected Owen Newlin as the President of the Board.
* Approved various changes to the curriculum at the University of Northern Iowa.
* Created an independent Ph.D. degree in Physical Therapy at the University of Iowa.
* Approved a contract with the Nebraska Department of Education to provide services to Nebraska deaf students. The State of Nebraska will pay $62,759 for each child that the Iowa School for the Deaf provides both academic and residential services in FY 1999. The State funding from Iowa is estimated to provide $58,881 per Iowa resident child in FY 1999, assuming no change in enrollment from FY 1998.
* Gave final approval to the new strategic plan of the Board of Regents, entitled “Investing in the Future”.



* Approved bids for the sale of $15.7 million of Dormitory Revenue Bonds at Iowa State University for the renovation of Maple Hall and a flood control project. The sale of these bonds does not affect the Tuition Replacement appropriation provided by the General Assembly.
* Authorized the University of Iowa to supplement its quasi-endowment ($20.0 million) investment options to include a pool with 100.0% fixed income in addition to the existing 50.0% equity and 50.0% fixed income option. The management of the fund would not change from the firm of Invesco.



* Received the semi-annual report for the master lease agreements. In total, the institutions and schools have current debt of $11.4 million under the master lease agreement and $2.8 million in additional leases originally over $100,000. These amounts may not include those between $50,000 and $100,000 leases which are required to be reported to the LFB and Fiscal Committee and are not necessarily included in the semi-annual report to the Board of Regents.
* Approved residence system rates for FY 1999. The increases vary depending on residence type and dining choices.
* Received the annual report on competition with private enterprise.
* Received the annual report regarding academic programs.
* Received a final report regarding the MGT Organizational Audit.



* Approved the various tenure and promotion actions proposed by the institutions.
* Approved the schematic design for Lang Hall at the University of Northern Iowa.
* Approved the beginning of a $17.0 million renovation of various residence halls at the University of Iowa, beginning with $3.9 million for the Mayflower Residence Hall. Dormitory revenue bonds, scheduled to be issued in the Spring of 1999, are the source of funding. Initial funding will be temporarily provided by Dormitory Improvement Reserves.



* Approved $2.2 million for remodeling within the Bowen Science Building at the University of Iowa, funded by the College of Medicine Earnings, Treasurer’s Temporary Investments (TTI), and revenue bonds.
* Approved remodeling of two locations at the University of Iowa Hospitals and Clinics at a combined cost of $1.3 million, funded by Hospital Usage Funds.
* Approved the increase of $689,000 to the planning for the Medical Education and Biomedical Research Facility at the University of Iowa to include design services for space previously planned to be initially only shell space.
* Approved the project description for a Plant Greenhouse as an addition to the Iowa State University Agronomy Building at a cost of $260,000, funded by the Soybean Promotion Board, the Corn Promotion Board, and the Agriculture Experiment Station.
* Approved the increase of $1.7 million, for a new total of $2.3 million, for the cost of the Heating and Cooling Utility Project at Iowa State University, funded by Utility Repair Funds.

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

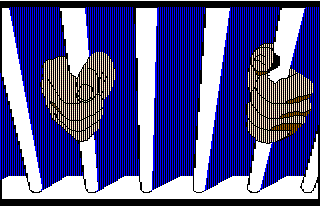
STAFF CONTACT: Sue Lerdal (Ext. 17794)

Board of Corrections Meeting



**Board Meeting** The Board of Corrections met on May 1. Fred Scaletta, Department Legislative Liaison, provided an overview of legislation passed during the 1998 legislative session that impacts the Department. John Baldwin, Deputy Director for Administration, reviewed the FY 1999 appropriations for the Department. House File 2539 (Justice System Appropriations Act) provided FY 1999 appropriations of $153.3 million for institutions, $47.9 million for community-based corrections, and $10.1 million for the Central Office. Senate File 2381 (Infrastructure Appropriations Act) provided FY 1999 appropriations of $1.4 million for improvements at the Mitchellville institution, $6.5 million for a 200-bed special needs unit at the Ft. Madison institution, and $1.5 million for construction, renovation, and expansion of community-based corrections facilities. The Bill also included a FY 1998 supplemental appropriation of $10.0 million for two cellblocks at the Ft. Dodge institution. The Board questioned the projected shortfall in revenues from the Pay-for-Stay Program that was included in the budget.

**Mt. Pleasant Conversion** Director Kip Kautzky, David Scurr, the Mt. Pleasant Superintendent, and Barbara Long, the Iowa Correctional Institution for Women Warden, discussed the conversion of Department of Human Services space at Mt. Pleasant into 100 special needs prison beds for women. An aggressive schedule has been developed, and inmate labor is being used to contain costs. The Department plans to begin moving women into the facility in August 1998.



**Inmate Population** Director Kautzky concluded the meeting with a discussion of the growing inmate populations and capacity needs. By the end of FY 2006, the prison population is projected to reach 10,589, which exceeds bed capacity by 4,288 (68.1%). Iowa has an incarceration rate (number of inmates per 100,000 population) of 232, well below the national rate of 401 for state institutions. Only three Midwestern states have lower incarceration rates (Minnesota at 114, Nebraska at 201, and North Dakota at 104).

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

May Meeting of the State Board of Education



**Board Meeting** The State Board of Education met at the Grimes Building in Des Moines on May 14 and 15. Significant agenda items included:

* A review of the accreditation report for Iowa Central Community College.
* Approval of the FY 1999 budgets for community colleges.
* Review of an agency report entitled “A Local District Perspective of Trends and Emerging Issues Related to School Desegregation/Integration.”
* Meeting with representatives of independent colleges and universities.

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

STAFF CONTACT: Mary Shipman (Ext. 14617) Jon Studer (Ext. 17799)

Highway Construction Contracts





Highway

Construction

**Highway Contracts** The Department of Transportation notifies the LFB of all highway construction contracts in excess of $5.0 million for informational purposes. The Department has submitted one contract totaling $22.3 million entered into during April. The contract was awarded to the Reilly Construction Company, Inc., of Ossian for improvements to Interstate 35/80 in Polk County. The improvements include:

* Grading and paving of 2.4 miles on Interstate 35/80 from just west of Merle Hay Road to just west of the Des Moines River. This is part of a project to widen this segment of Interstate 35/80 to 6 lanes.
* Widening the bridge over Beaver Creek on Merle Hay Road located just north of the I-35/I-80 interchange.
* Construction of a new bridge over Merle Hay Road at the I-35/I-80 interchange.

STAFF CONTACT: David Reynolds (Ext. 16934)

Community Empowerment Area Forum



**Empowerment Forum Held** On May 14, concerned legislative and citizen members of the 1997 Human Services Interim Restructuring Task Force organized a question and information forum concerning Community Empowerment Area legislation contained in Senate File 2406 (Iowa Empowerment Board and Community Empowerment Area Act of 1997). The timeline for submission of applications to the transitional Iowa Empowerment Board includes two application dates of September 1 and December 1, 1998. Major areas of interest discussed at the forum included the definition of “community”, funding formulas for distribution of resources, availability of Administrative Rules prior to application dates, membership of the transition Board, required citizen involvement in the Community Empowerment Boards, provision of administrative funding and resources, relationship of Community Empowerment Boards to current Decategorization and Innovation Zone Boards, and concern over continuing process changes requiring local changes.

**Workgroups Formed** The Executive Branch, including representation from the Departments of Public Health, DHS, and Education, has formed three workgroups to focus on issues of communications, technical assistance, and rules development. The first transition Iowa Empowerment Board meeting is scheduled for May 20. It is anticipated that the second meeting, scheduled for May 29, will include discussion of Emergency Administrative Rules for the School Ready Children Grant Program, the Iowa Empowerment Board, and the Community Empowerment Areas. The third meeting is scheduled for June 23. All meetings will be via the ICN. For information concerning ICN linkage, contact Jennifer Davis with the Governor’s Office (515) 281-5211.

**Web Page** The Departments of Public Health, Education, and Human Services are jointly organizing a Web Page for communication of information concerning development of Empowerment Areas. It was requested that the proposed Administrative Rules be included on the Web Page as soon as available. The website is www.empowerment.state.ia.us.

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

Weekly Medical Assistance Expenditures in the Department of Human Services



**Medical Assist. Program** For the week ending May 11, 1998, FY 1998 General Fund expenditures for the Medical Assistance Program in the Department of Human Services were $8.9 million (112.8% of budget). This is $1.0 million above the weekly budget established by the Department. Year-to-date Medical Assistance General Fund expenditures are $308.1 million, which is $4.7 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)

Legislative Oversight Committee

**Oversight Committee** The Legislative Oversight Committee is a committee of the Legislative Council. The purpose of the Committee is to review and analyze the structure and operations of state government in providing services and enhancing the ability of the public to interact with government. The Committee is to give particular attention to state government's use of information technology, including its role in enhancing information sharing among subunits and branches of state government and between the State and other governmental bodies.

**Membership** The ten-member Committee is chaired by Representative Jacobs and Senator King and is authorized to meet monthly. Committee members include Senators Dvorsky, Maddox, Neuhauser and Rife, and Representatives Falck, Huser, Jenkins, and Sukup. All actions of the Legislative Oversight Committee shall require the affirmative vote of a majority of the members from each of the respective chambers.

**Report to Council** The Committee shall report to the Legislative Council with a listing of programs, rules, and other activities administered or enforced by state agencies which the Committee has identified for review. The Committee shall submit a final report to the Legislative Council and to the General Assembly no later than the convening of each regular session of the General Assembly. The final report shall include findings, recommendations, and a summary and may include proposed bills or resolutions.



**May Meeting The Legislative Oversight Committee is scheduled to meet Wednesday, May 27, 1998, at 9:00 a.m., in Room 19 . The tentative agenda includes:**

* Review of Legislation and the Governor’s vetoes.
* Year 2000 Update.
* IowAccess - Contract, work to date, funding.
* ICN Update.
* Discussion of ICN Study.

**More Information** More information is available from the Fiscal Bureau.

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

Legislative Fiscal Committee



**Fiscal Committee** The Legislative Fiscal Committee is a committee of the Legislative Council. The ten-member Committee is chaired by Senator McLaren and Representative Millage and meets approximately monthly throughout the interim. Committee members include: Senators Douglas, Flynn, Iverson, and Palmer, and Representatives Bernau, Dinkla, Jacobs, and Murphy.

The Committee routinely receives updates on the State revenue picture, the federal budget situation, ICN issues, and appropriation transfers/lease purchase notifications.

***Issue Reviews*** ***Issue Reviews*** are prepared by legislative staff and presented or distributed to Committee members. The Committee also discusses a variety of legislative issues selected by the chairpersons and committee members, performing a valuable oversight function. If you have any suggestions for ***Issue Review*** topics or for issues you would like the Committee to address, please contact the Fiscal Committee chairpersons, a committee member, or the LFB.

**June Meeting** The Fiscal Committee is scheduled to meet on Wednesday, June 3, at 10:00 a.m., in Room 19. The tentative agenda will be distributed during the week of May 25.

STAFF CONTACT: Holly Lyons (17845) Tim Faller (14615)