FISCAL UPDATE November 20, 1998

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Governor’s Public Budget Hearings

**Budget Hearings** The Governor and Governor-elect are conducting public budget hearings during the week of November 16. Legislative Fiscal Bureau staff have been attending the hearings in their assigned areas and highlights from the hearings will be outlined in the next issue of the **FISCAL UPDATE**.

STAFF CONTACT: Holly Lyons (Ext. 17845)

FY 2000 Budget Request - Department of Economic Development

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**FY 2000 Budget Request** The Department of Economic Development (DED) has submitted the FY 2000 budget request. The General Fund request totals $27.9 million and 186.0 FTE positions, an increase of $2.8 million (11.1%) and 2.7 (1.5%) FTE positions compared to estimated FY 1999. The request must still be examined by the Department of Management and the Governor-elect.

**Major Changes** The major General Fund and FTE position changes include:



* An increase of $50,000 to provide support funding for an Agricultural Biotechnology liaison position to work with world class companies to stay abreast of trends and developments in biotechnology. The request does not include an FTE position.
1. An increase of $25,000 to expand film production marketing in Iowa.
2. An increase of $75,000 to allow three interstate Welcome Centers to remain open on a year-round basis.
3. An increase of $95,000 and 1.0 FTE position to promote domestic value-added and organic food production.
4. An increase of $87,000 and 2.0 FTE positions to maintain DED’s electronic commerce and procurement efforts at current levels.
5. An increase of $93,000 to sustain and expand the IowaAccess Business License Information Center.
6. An increase of $60,000 to administer the Housing Enterprise Zone legislation enacted by the 1998 General Assembly.



1. An increase of $400,000 to provide funding for a new grant program for communities to develop plans and mechanisms to guide growth.
2. An increase of $35,000 to cover increased City Development Board staff travel and support expenditures.
3. An increase of $750,000 to provide increased funding for the Iowa Manufacturing Technology Center.
4. An increase of $75,000 to establish a Downtown Resource Center as a part of DED’s Mainstreet Program.
5. An increase of $160,000 to offset declining loan repayments to the Iowa Community Development Loan and Rural Community 2000 Funds.
6. An increase of $500,000 to provide funding for a new School-to-Career work program enacted by the 1998 General Assembly.

**Other Fund Requests** In addition to the General Fund request, the Department is requesting funding from several other State funds. Significant requests include:



1. $8.3 million from the DED’s Workforce Development Fund, an increase of $1.4 million compared to the estimated FY 1999 level. The increase would be used to expand program activity.
2. $5.0 million for the Physical Infrastructure Fund from the Rebuild Iowa Infrastructure Fund, which is no change from the estimated FY 1999 level.
3. $10.0 million from Wager Tax receipts to be used to fund a new Recreation Development Grant Program.
4. $350,000 from the Rebuild Iowa Infrastructure Fund to furnish three new interstate Welcome Centers.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

FY 2000 Budget Request - Department of Workforce Development

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 **FY 2000 Budget Request** The Department of Workforce Development (DWD) has submitted the FY 2000 budget request. The General Fund request totals $10.3 million and 1,057.3 FTE positions, an increase of $2.2 million (27.6%) and 21.8 (2.1%) FTE positions compared to estimated FY 1999. The request must still be examined by the Department of Management and the Governor-elect.

**Major Changes** The major General Fund and FTE position changes include:

1. An increase of $235,000 and 4.0 FTE positions for the elevator and boiler safety programs.



1. An increase of $130,000 and 5.0 FTE positions for additional Iowa Occupational Safety and Health enforcement. The General Fund dollars would be matched by federal funds.
2. An increase of $100,000 to design a filing system to allow employers to file Unemployment Compensation claims electronically and in mass.
3. An increase of $1.3 million and 2.0 FTE positions to build a data base with geographical mapping capabilities.
4. An increase of $500,000 and 2.5 FTE positions to expand the computer system that provides direct access to information about community resources.
5. An increase of 8.0 FTE positions to service local regions as Account Executives assisting employers with numerous activities. These positions would be funded through the Unemployment Administration Contribution Surtax appropriation.

**Other Funds Requests** In addition to the General Fund request, the Department is requesting funding from several other State funds. Significant requests include:

1. A total of $1.5 million from the Rebuild Iowa Infrastructure Fund for various capital projects. The largest request is $683,000 to purchase an uninterruptible power supply for the DWD mainframe computer.
2. $7.5 million from the Unemployment Administration Contribution Surcharge Fund, an increase of $400,000 (5.6%) compared to estimated FY 1999. The funds would be used to expand service to local regions.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

FY 2000 Budget Request - Public Employment Relations Board

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**FY 2000 Budget Request** The Public Employment Relations Board has submitted the FY 2000 budget request. The General Fund request totals $886,000 and 12.8 FTE positions, which is no change compared to estimated FY 1999. The request must still be examined by the Department of Management and the Governor-elect.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

FY 2000 Budget Request - Economic Development Appropriations Subcommittee - Board of Regents Programs

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**FY 2000 Budget Requests** Seven Board of Regents programs have submitted FY 2000 budget requests for consideration by the Economic Development Appropriations Subcommittee. The General Fund request totals $7.7 million and 75.3 FTE positions, an increase of $130,000 (1.7%) and 0.9 (1.1%) FTE position compared to estimated FY 1999. The request must still be examined by the Department of Management and the Governor-elect. The requests by programs and the comparison to the estimated FY 1999 level include:



1. University of Iowa (SUI) Research Park - $343,000 and 4.4 FTE positions, an increase of $2,400 (0.7%) for inflation and no change in FTE positions.
2. SUI Advanced Drug Development - $273,000 and 2.9 FTE positions, an increase of $300 (0.1%) for inflation and no change in FTE positions.
3. Iowa State University (ISU) Small Business Center - $1.3 million and 5.8 FTE positions, an increase of $19,000 (1.6%) for inflation and no change in FTE positions.
4. ISU Research Park - $384,000 and 4.3 FTE positions, an increase of $2,400 (0.6%) for inflation and no change in FTE positions.
5. ISU Institute for Physical Research and Testing - $4.5 million and 46.4 FTE positions, an increase of $30,000 (0.7%) for inflation and no change in FTE positions.
6. University of Northern Iowa (UNI) Metal Casting - $172,000 and 2.8 FTE positions, no change in funding and a decrease of 0.2 (5.5%) FTE position.
7. UNI Decision Making Institute - $785,000 and 9.0 FTE positions, an increase of $75,000 and 1.0 FTE position to expand Institute programs.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

FY 2000 Budget Request - Health and Human Rights appropriations Subcommittee

**FY 2000 Budget Requests** The Legislative Fiscal Bureau has received the following FY 2000 budget requests for departments within the Health and Human Rights Appropriations Subcommittee. The requests must still be examined by the Department of Management and the Governor-elect.



**Dept. for the Blind** The Department for the Blind has requested $1.9 million from the General Fund and 105.5 FTE positions, an increase of $250,000 (15.5%) and 4.0 (3.9%) FTE positions compared to estimated FY 1999. The increase is to provide additional in-home assessments and training in the activities of daily living and the development of community support systems for blind Iowans.

**Civil Rights Commission** The Civil Rights Commission has requested $1.2 million from the General Fund and 38.5 FTE positions. This is no change in funding and an increase of 1.0 FTE position (2.6%) compared to estimated FY 1999 and is due to changing a contract employee to an FTE position.

**Dept. of Elder Affairs** The Department of Elder Affairs has requested $4.8 million from the General Fund and 28.0 FTE positions, an increase of $40,000 (0.8%) and no change in FTE positions compared to estimated FY 1999. The change by Budget Unit is:

State Administration

1. An increase of $40,000 for computer software and computer hardware.

Aging Programs and Services

1. No change.



**Alliance on Subst. Abuse** The Governor’s Alliance on Substance Abuse has requested $471,000 from the General Fund and 13.0 FTE positions, which is no change in Funding and an increase of 3.0 (30.0%) FTE positions compared to estimated FY 1999. The change is due to the conversion of project appointment personnel to FTE positions.



**Dept. of Public Health** The Department of Public Health has requested $37.9 million from the General Fund and 333.3 FTE positions, an increase of $1.9 million (5.2%) and 9.0 (2.8%) FTE positions compared to estimated FY 1999. Changes by division/program include:

Child and Adolescent Wellness – A decrease of $100,000 (6.0%) and no change in FTE positions. The change is due to:

1. A decrease of $150,000 to reduce funding for the Physician Care for Children Program due to Healthy and Well Kids In Iowa (HAWK-I) Program coverage.
2. An increase of $50,000 to improve access to dental care for low income children.

Chronic Conditions – An increase of $50,000 (2.7%) and no change in FTE positions to provide for a statewide information service on environmental agents which may cause birth defects.

Community Capacity – An increase of $400,000 (31.1%) and 1.0 (4.4%) FTE position. The change is due to:

1. An increase of $350,000 for core public health functions of local boards of health.
2. An increase of $50,000 and 1.0 FTE position for the volunteer health care provider program.

Infectious Diseases – An increase of $100,000 (8.0%) and 1.0 (3.0%) FTE position to expand surveillance and investigation of infectious diseases.

Public Protection – An increase of $1.4 million (23.6%) and 7.0 (5.7%) FTE positions. The change is due to:

1. An increase of $79,000 and 1.0 FTE position to assist local boards of health in developing environmental health programs.
2. An increase of $34,000 for training required by the U.S. Nuclear Regulatory Commission.
3. An increase of $129,000 and 2.0 FTE positions to conform to the 85.0% fees returned to budget language in the 1998 Health and Human Rights Appropriations Act.
4. An increase of $45,000 and 1.0 FTE position to provide support for the Dental Hygiene Committee (Board of Dental Examiners).
5. An increase of $361,000 for relocation expenses due to the demolition of Executive Hills (Boards of Dental, Medical, Nursing, and Pharmacy Examiners).
6. An increase of $444,000 for lease and maintenance expenses due to the demolition of Executive Hills (Boards of Dental, Medical, Nursing, and Pharmacy Examiners).
7. An increase of $148,000 to digitally archive existing records (Boards of Medical and Nursing Examiners).
8. An increase of $88,000 and 1.0 FTE position for drug audits, inspections, and investigations (Board of Pharmacy Examiners).
9. An increase of $41,000 and 1.0 FTE position for an automated renewal process (Board of Dental Examiners).
10. An increase of $58,000 and 1.0 FTE position for administration of the Impaired Practitioner Program (Boards of Dental and Medical Examiners).



**Dept. of Human Rights** The Department of Human Rights has requested $4.6 million from the General Fund and 36.6 FTE positions, an increase of $1.3 million (39.1%) and 3.5 (10.5%) FTE positions compared to estimated FY 1999. The changes by division are:

Administration - No change.

Deaf Services - No change.

Persons with Disabilities

1. An increase of $51,000 and 1.0 FTE position for a disability consultant. An alternative request is for $71,000 and 1.0 FTE position for a division administrator.



Latino Affairs - No change.

Status of Women

* An increase of $126,000 for programs servicing displaced homemakers.
1. An increase of $10,000 for a professional services contract to conduct a gender wage equity study.

Status of African Americans - No change.

Criminal and Juvenile Justice Planning - No change.

Community Grant Fund

* An increase of 1.0 FTE position for restoration to the FTE usage authorized for FY 1999.

Justice Data Warehouse

* An increase of $1.1 million and 1.5 FTE positions for this new appropriation request for $770,000 to fund and $339,000 to operate a data storage computer.

**Commission on Vets Affairs** The Commission on Veterans Affairs has requested $43.3 million from the General Fund and 808.6 FTE positions, an increase of $354,000 (0.8%) and no change in FTE positions compared to estimated FY 1999. The change, by division/program, is due to:

Commission on Veterans Affairs

1. An increase of $12,000 for a new copy machine.
2. An increase of $10,000 for contracted computer systems support.
3. An increase of $10,000 for training provided for County Commissions of Veterans Affairs. Restores funding to FY 1997 level.



Iowa Veterans Home

1. An increase of $55,000 for the annual cost adjustment for contracted housekeeping services.
2. An increase of $217,000 for creation of a central area computer network.
3. An increase of $50,000 for staff training on regulatory requirements.

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

FY 2000 Budget Request - Department of Transportation

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**FY 2000 Budget Request** The Department of Transportation (DOT) is requesting $273.4 million and 3,889.0 FTE positions in FY 2000, an increase of $16.3 million (6.3%) and 18.0 FTE positions compared to the estimated FY 1999 budget. The budget request is divided into four general categories: operations, special purpose, programs, and capital projects. The request must still be examined by the Department of Management and the Governor. The following table shows the FY 2000 budget request by category.

|  |
| --- |
| **Department of Transportation FY 2000 Budget Request** |
| (Dollars in Millions) |
|  |  |  |  |  |  |  |  |  |
|  |  | Estimated |  | Dept. Request |  | Dept. Req. vs. |  | Percent |
|  |  | FY 1999 |  | FY 2000 |  | FY 1999 |  | Change |
| Operations |  |  $ 235.3  |  |  $ 240.6  |  |  $ 5.3  |  | 2.3% |
| Special Purpose |  | 10.5  |  | 16.7  |  | 6.2  |  | 59.0% |
| Programs |  | 6.7  |  | 7.8  |  | 1.1  |  | 16.4% |
| Capital Projects |  | 4.6  |  | 8.3  |  | 3.7  |  | 80.4% |
|  |  |  $ 257.1  |  |  $ 273.4  |  |  $ 16.3  |  | 6.3% |

**Request by Fund Source** The Department is requesting appropriations from the following sources of funds:

|  |
| --- |
| **Department of Transportation FY 2000 Budget Request** |
| (Dollars in Millions) |
|  |  |  |  |  |  |  |  |  |
|  |  | Estimated |  | Dept. Request |  | Dept. Req. vs. |  | Percent  |
|  |  | FY 1999 |  | FY 2000 |  | FY 1999 |  | Change |
| Primary Road Fund |  |  $ 217.1  |  |  $ 230.1  |  |  $ 13.0  |  | 6.0% |
| Road Use Tax Fund |  | 33.0  |  | 35.2  |  | 2.2  |  | 6.7% |
| General Fund |  | 4.0  |  | 4.3  |  | 0.3  |  | 7.5% |
| Rebuild Iowa Infrastruct. Fund |  | 3.0  |  | 3.8  |  | 0.8  |  | 26.7% |
| Total |  |  $ 257.1  |  |  $ 273.4  |  |  $ 16.3  |  | 6.3% |

**Highlights** Highlights of the major changes are discussed below.

**Operations** Operations and Finance Division



1. An increase of $508,000 to upgrade the central processing unit at the DOT. Of this, $233,000 is a one-time cost and $275,000 is the annual increase for the software license.
2. An increase of $132,000 for increased contract costs for equipment and software maintenance.
3. An increase of $125,000 for increased telecommunications costs.
4. An increase of $144,000 for payment to the Information Technology Services Division of the Department of General Services for overhead charges and salary increases of personnel assigned to the DOT.
5. An increase of $102,000 and 2.0 FTE positions for data processing personnel to assist with the implementation of HF 2424 (County Driver’s License Act).
6. An increase of $495,000 for the installation and operation of higher capacity telecommunication lines to field offices to allow for the connection to the DOT’s Local Area Network. Of this, $90,000 is one-time cost.
7. An increase of $400,000 to fund the depreciation expense associated with the Department’s proposal to purchase additional automation equipment through the Material and Equipment Replacement Revolving Fund.
8. An increase of $230,000 for costs associated with new circuits to enable the transmission of wireless data in 32 counties.
9. An increase of $445,000 for the final phase of the Electronic Records Management System implementation costs.

**Admin. Services** Administrative Services Division

1. An increase of $255,000 and 3.0 FTE positions to provide one field traffic engineer for every two transportation districts across the State. The positions will be responsible for implementing traffic management studies, safety reviews, and assistance to local governments regarding traffic safety engineering.

**Planning & Programming** Planning and Programming Division

1. An increase of $112,000 and 2.0 FTE positions for the production of electronic maps and data to meet increasing demand from internal and external customers, for conducting additional environmental analyses, and for salary increases for hourly, non-permanent employees.

**Maintenance Division** Maintenance Division

1. An increase of $186,000 for the increased cost of salt used in snow removal.
2. An increase of $161,000 for increased cost of vehicle depreciation associated with the Department’s proposal to purchase additional vehicles through the Material and Equipment Replacement Revolving Fund.
3. An increase of $300,000 for costs associated with work zone safety.

**Motor Vehicle Div.** Motor Vehicle Division

Driver’s Licenses

1. An increase of $765,000 and 23.0 FTE positions to provide expanded customer service at DOT driver’s license stations throughout the State.
2. An increase of $250,000 for increased costs associated with making the International Registration Plan System Year 2000 compliant.
3. $500,000 to redesign and modernize the driver’s license master record file. This project will require an additional $500,000 in FY 2001.
4. An increase of $313,000 and 5.0 FTE positions for additional uniformed officers to handle increased federal vehicle safety inspection requirements, increased enforcement needs due to an increase in commercial vehicle traffic, and for conducting training and safety seminars for the motor truck industry.
5. An increase of $200,000 for the automation of the motor carrier registration and fuel tax reporting requirements for electronic commerce.

**Special Purpose** Special Purpose

1. An increase of $5.5 million to the Materials and Equipment Replacement Revolving Fund for the following purposes: $2.0 million for the inflationary cost associated with replacing equipment, $3.5 million for the purchase/replacement of the Department’s vehicle fleet to prevent vehicles from being used longer than their prescribed useful life and for the purchase of additional automation equipment.
2. An increase of $493,000 for the projected increase in costs associated with driver’s license photo imaging equipment lease. The increase is due to the transfer of driver’s license issuance functions to 42 county treasurers’ offices in FY 2000.

**Programs** Other Programs

* An increase of $302,000 to fund the Railroad Assistance Program at the level of projected rail-related loan repayments.
* An increase of $851,000 for increased infrastructure assistance to Iowa’s ten commercial service airports.

**Capital Projects** Capital Projects



1. $2.5 million to complete the construction of field maintenance facilities at Storm Lake, Allison, and Shenandoah. The Department was appropriated $1.5 million in FY 1999 for construction of these facilities. The DOT was exploring opportunities to share the cost of construction with local units of government through colocation of local facilities with State facilities. The Department was not successful in reaching cost sharing agreements with local jurisdictions.
2. $1.0 million to construct an addition to the field maintenance facility in Ottumwa.
3. $750,000 for the installation of waste water treatment systems at field maintenance facility locations. The Department was appropriated $300,000 in FY 1999.
4. $400,000 for the construction of salt storage facilities throughout the State. The Department was appropriated $500,000 in FY 1999.
5. $400,000 for the replacement of roofs on field maintenance facilities. The Department was appropriated $300,000 in FY 1999.
6. $400,000 for the replacement of roofs on buildings located on the DOT’s Ames Complex.
7. $300,000 to construct an addition to the Cedar Rapids laboratory.
8. $1.4 million for Phase II of the DOT Administration Building rehabilitation. The Department was appropriated $1.3 million in FY 1999 for Phase I.
9. $650,000 for construction of a new scale facility located in Clark County. The Department was appropriated $550,000 in FY 1999 for construction of a scale facility in Fremont County.
10. $200,000 for continued improvements to DOT facilities throughout the State for compliance with Americans With Disabilities Act requirements. This is the same level of funding the DOT received in FY 1999.

STAFF CONTACT: David Reynolds (Ext. 16934)

Environmental Protection Commission Holds Meeting



**Commission Meeting** The Environmental Protection Commission held their monthly meeting on October 19 in Des Moines. There were several presentations by Department of Natural Resources staff members, which included:

1. Stan Kuhn, Administrator of the Administrative Services Division, presented a final report for FY 1998.
2. Roya Stanley, Administrator of the Waste Management Division, discussed the Waste Tire Management County Grant Program and asked for the approval of final rules for Beneficial Uses of Waste Tires. The rules were approved.
3. Allen Stokes, Administrator of the Environmental Protection Division, made a number of presentations. Included was the five-year strategy for the Operator Certification Program.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Energy Disbursement Fund Council Holds Annual Meeting



**Council Meeting** The Energy Disbursement Fund Council met on October 22 in Des Moines for their annual meeting. The Council agreed on the recommendations for FY 2000. The following disbursements were approved:

* The Department of Human Rights will receive $560,000 from the various funds for the continuation of the Weatherization Program.
* The Department of Natural Resources will receive $175,000 for administration of the Oil Overcharge Fund.
* The State Energy Program will receive $90,000 for continuation of the Program.

STAFF CONTACT: Deb Kozel (Ext. 16767)

State Board of Education Meeting



**Board Meeting** The State Board of Education met in Des Moines on October 21 and 22. Significant agenda items included:

1. Reviewed the interim accreditation report for Eastern Iowa Community College. The Board voted to approve continued accreditation of the College until 2003.
2. Received an update on Individuals with Disabilities Education Act (IDEA) reauthorization and strategic plan.
3. Reviewed the Every Child Reads program. This is an initiative developed and partially implemented by the Department’s Division of Early Childhood, Elementary, and Secondary Education to support local school districts through establishment of high standards for reading and writing, assessment of the standards, and adopting research-based practices in instruction.
4. Toured the Vocational Rehabilitation Division building at 510 East 12th Street in Des Moines and heard an overview of services provided by the Division.
5. Received reports on:



1. Supplementary Weighting Task Force. The Task Force has made several recommendations regarding legislation to clarify and revise supplemental weighting provisions, especially for shared programs. The Task Force also recommended that sufficient supplemental weighting be given to students participating in the Post Secondary Enrollment Options Program to reimburse school districts for the costs of participation (currently limited to $250 per course).
2. Safe Schools – An overview of provisions in Iowa law designed to limit violence in schools.
3. State Strategies for School Improvement

STAFF CONTACT: Mary Shipman (Ext. 14617)

Iowa Council for Continuous Improvement in Education



**Council Meeting** The Iowa Council for Continuous Improvement in Education met on October 28 in the Grimes Building. Agenda items included:

1. Updates on:
2. Task Force on Educator Preparation
3. Legislative Interim Committee on Teacher Preparation
4. Iowa activity on National Board Certification – The Department received applications from more than 380 teachers for reimbursement of National Board Certification costs. The Department has funding for 75 teachers and will hold a lottery in November to determine which teachers receive funding. It is expected that many of the teachers who do not receive reimbursement will go ahead and proceed with national certification. Iowa could potentially have 200 or more nationally certified teachers by the end of FY 1999 that qualify for the $10,000 annual stipend for five years.
5. Conference of the Iowa Association of Colleges for Teacher Education
6. Board of Directors of the Foundation. Three Board members, Marvin Pomerantz, Owen Newlin, and Wayne Richey, met since the last meeting of the Council and established an initial budget need of $150,000 for the Council. The Board would include this need when seeking private donations to the Foundation. The funds would be used to hire a Project Director, an Administrative Assistant, and possibly some contractual consultant costs. Currently, administrative support is provided on a volunteer basis by Department of Education staff. The Council agreed to table action on this item until the November meeting.
7. Presentations by:
8. Allan Odden, Professor of Educational Administration at the University of Wisconsin-Madison and Co-director of the Consortium for Policy Research in Education (CPRE). Mr. Odden gave a presentation on current policy and practices in teacher compensation as related to research on using knowledge and skills as a basis for compensation. He also discussed new designs for teacher compensation and a work plan designed to help the Council generate new designs for teacher compensation.
9. Ines Bosworth, Division of Teaching and Learning, Educational Testing Service. Ms. Bosworth discussed teacher assessments beyond initial licensure, structured support programs for beginning teachers, and a pilot project of advanced teacher assessment being utilized in Ohio.

 STAFF CONTACT: Mary Shipman (Ext. 14617)

Commission On Urban planning, growth management of cities, and protection of farmland holds Meeting



**Commission Meeting** The Commission on Urban Planning, Growth Management of Cities, and Protection of Farmland held a two-day meeting in Des Moines on November 9 and 10. Senator Mary Lundby and Representative Russell Teig chaired the meeting, and Senator Eugene Fraise and Representative Ed Fallon were in attendance. Commissioners gave the following presentations:

1. Lu Barron presented the recommendations for the Annexation Subcommission.
2. Gordon Mills presented the recommendations for the Land Use Planning and Policy/Urban Revitalization Subcommission.
3. Mark Ackelson discussed the recommendations for the Public Park and Recreation/Natural and Historic Areas Subcommission.
4. Jay Howe discussed the recommendations for the Farmland Inventories/Farmland Preservation Subcommission.
5. Tim Zisoff discussed the recommendations for the Infrastructure Costs and Subsidies/Tax Implications Subcommission.

**Preliminary Conclusions** On November 10 Stuart Huntington, Iowa State University, presented preliminary conclusions about changes of land use in Iowa. The final presentation will be given at the next meeting.

**Next Meeting** The next meeting will be held November 30 and December 1 in Des Moines. The Commission will review recommendations to be included in a report to the Iowa General Assembly.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Natural Resource Commission Holds Monthly Meeting



**Commission Meeting** The Natural Resource Commission met November 12 in Des Moines. The following presentations were made by Department of Natural Resources staff members:

1. Stan Kuhn, Administrator of the Administrative Services Division, presented information on the FY 2000 budget request, construction projects, and land acquisitions. Included was the land acquisition that included 166 acres of virgin prairie, pastures, and wetlands in Clay County.
2. Mike Carrier, Administrator of the Parks, Recreation, and Preserves Division, made a number of presentations. Included was a request for the Commission to approve 54 projects selected for funding under the Recreation Infrastructure Grant Program that was created by the 1998 Iowa General Assembly. The Commission approved the funding.
3. Al Farris, Administrator of the Fish and Wildlife Division, made a number of presentations. Included was a cooperative agreement between Ducks Unlimited, the Natural Resources Conservation Service, and the Department of Natural Resources (DNR). The agreement specifies that a person from Ducks Unlimited will assist landowners in Cerro Gordo, Hancock, Winnebago, and Worth Counties for enrollment in the Wetlands Restoration Program. The goal of the agreement is to enroll 1,000 acres per county per year.
4. Kevin Szcodronski, Legislative Liaison, presented legislative proposals supported by the DNR for the 1999 Session of the Iowa General Assembly.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Libraries Study Committee

**Study Committee Meeting** The Libraries Legislative Study Committee met November 9 at the West Des Moines Public Library. Members of the Study Committee include:

|  |  |
| --- | --- |
| HOUSE | SENATE |
| Jenkins, Co-Chair | Kramer, Co-Chair |
| Frevert | Black |
| Rayhons | Rittmer |



**Testimony Heard** The Committee heard testimony from the following library representatives:

1. Dale Ross, Chair of the State Commission of Libraries
2. Sharman Smith, State Librarian
3. President and President-elect of the Iowa Library Association
4. Regional library trustees and administrators
5. Several public library directors
6. Dean of Library Sciences at the University of Northern Iowa

**Issues Discussed** Issues discussed included:



1. Regional Library Employees – Regional Library trustees and administrators would like the regional library employees (29 full-time positions) to be considered State employees for purposes of obtaining salary increases and benefits.
2. Enrich Iowa Library Funding – All the library interest groups support full funding of an initiative to provide State funding for public libraries. The proposal developed by the Iowa Library Association involves an appropriation of $3.0 million to the State Library that would be distributed as follows:
3. $1.8 million distributed to local public libraries based on a formula that includes base funding dependent on compliance with three tiers of library standards and a portion distributed on a per capita basis.
4. $650,000 for information access, which includes technology and information resources development and support for interlibrary loan.
5. $450,000 for cooperative, demonstration and special project grants.
6. $100,000 to be retained by the State Library for administration and implementation.
7. Open Access and Access Plus – All library interest groups support full funding of the Open Access and Access Plus Programs. Open Access is a Program that reimburses libraries on a transaction basis for loaning materials to Iowans outside their funding jurisdiction. Access Plus is a Program that reimburses libraries on a transaction basis for loaning their books and materials to another library via interlibrary loan. For FY 1999, funding for Open Access totals $995,000 and for Access Plus totals $357,000. Currently, requests for reimbursement in both Programs exceed available funding. The State Library estimates that additional funding of approximately $200,000 is necessary to fully fund the Open Access Program. The State Library would also like an increase in the Access Plus Program to increase the $2 reimbursement per item because the estimated actual cost per item is approximately $7.50.

**Draft of Recommendations** The Committee did not discuss recommendations, but agreed to circulate a draft document of recommendations for approval by members.

LSB STAFF CONTACTS: Rick Nelson (Ext. 25822) or Kathy Hanlon (Ext. 13847)

LFB STAFF MONITOR: Mary Shipman (Ext. 14617)

Teacher Preparation Study Committee

**Study Committee** The Teacher Preparation Study Committee met for the final two of five authorized meeting days on November 11 and 12 at the State Capitol.

**Testimony** On November 11, the Committee received the following testimony:



1. Mount Mercy College – Mount Mercy was asked to make a presentation as an example of a teacher preparation program that relies on multiple, structured, and varied field experiences. The typical teacher preparation program in Iowa has a one-semester student teaching experience.
2. Iowa Reading Association – Two speakers for the Association emphasized the importance of reading on student success and the importance of incorporating more reading content education in teacher preparation programs.
3. Michael Podgursky, Chairman and Professor of Economics at the University of Missouri, discussed research that led him to co-author a document that is critical of the recommendations made by the National Commission on Teaching and America’s Future. Specifically, Mr. Podgursky stated there is no research proving increased success or effectiveness of teachers that obtain national certification, nor is there evidence of superiority in teacher candidates that graduate from colleges and universities that have been accredited by the National Council for Accreditation of Teacher Education.
4. A panel of practitioners (teachers and administrators) voiced concerns and gave suggestions for areas of improvement in teacher preparation programs.
5. A panel of counseling and media services practitioners stressed the shortage of qualified personnel and need for services in this area.

**Committee Review** The Committee reviewed various items of testimony with Ted Stilwill, Director of the Department of Education, and Anne Kruse, Executive Director of the Board of Educational Examiners.

**Recommendations** On November 12, the Committee reviewed information received and formulated ideas for recommendations that include:

1. Recruitment and Retention
2. Forgivable loan program for teachers who enter identified shortage areas. The Committee recognizes that there is NOT a shortage of teacher graduates in Iowa, but there are shortages in certain areas such as special education and technology.
3. Tuition assistance for teachers who choose to pursue advanced degrees or further education.

**Recommendation**

1. Signing bonuses for teachers in shortage areas.
2. Identifying future teacher candidates.
3. Competitive salaries.
4. Teacher Preparation – Rather than mandating specific changes, the Committee agreed to request the Iowa Association of Colleges of Teacher Education (IACTE) report on various teacher preparation improvement strategies, such as adding more field experience, collaboration between colleges and student teaching districts, requiring teacher education professors to have more field experience or be licensed to teach, and surveying the amount of time teacher education professors spend in field experiences.
5. Evaluation – testing (or some assessment) of basic skills at the freshman/sophomore year of teacher preparation programs and testing prior to licensure.
6. Professional Development
7. Mentoring
8. Volunteer program involving retired teachers
9. Financial incentives for extended school year (to add staff development time)
10. Miscellaneous – The Committee is in favor of restoring the media and guidance counseling requirement for school districts.

**Draft of Recommendations** A draft of final recommendations will be circulated to Committee members for approval.

LSB STAFF CONTACTS: Kathy Hanlon (Ext. 13847) Nicole Haatvedt (Ext. 16329)

LFB STAFF MONITOR: Mary Shipman (Ext. 14617)

Legislative Fiscal Committee Meeting



**Fiscal Committee** The Legislative Fiscal Committee met on November 12 in Des Moines. The agenda included:

1. Dennis Prouty, Director, LFB, presented an update on State Revenues and included a new estimated balance sheet with “built-in increases” outlined.
2. Jeff Robinson, LFB, presented an update on reversions and technology/training dollars.
3. Dermot Hayes, Leader for Trade and Agricultural Policy Development, Iowa State University Center for Agriculture and Rural Development, and Tom Grau, Executive Director of Farm Services Agency, discussed the farm economy in Iowa.
4. Christina Schaefer, LFB, discussed the ***Issue Review, “*** State Medical Examiner”. Paul Wieck, Commissioner of Public Safety, John Sarcone, Polk County Attorney, and Fred McCaw, Dubuque County Atttorney also discussed the issue.
5. Dave Reynolds, LFB, presented the***Issue Review, “***Renovation of Facilities on the Capitol Complex”.
6. Deb Anderson, LFB, and Jim Hennessey, Department of Human Services, presented an update on the Child Support Recovery Unit.



1. Sue Lerdal, LFB, discussed State Child Care Assistance Growth.
2. Deb Anderson, LFB discussed the ***Issue Review, “***Disability Services and State Cases”, and the ***Issue Review, “***Community Mental Health Centers.
3. Margaret Buckton, LFB, discussed Medicaid Reversions and the ***Issue Review***, “State Children’s Health Insurance Program”.
4. Jan Clausen*,* DHS, discussedtheDepartment of Human Services Grants***.***
5. Deb Anderson and Sue Lerdal, LFB, presented an update on Mental Health/Property Tax Relief Status.
6. Dave Reynolds, LFB, presented the ***Issue Review, “*** Highway Funding of the Transportation Equity Act for the 21st Century”.
7. Representative Jacobs presented a brief review of the Oversight and Communications Committee activities.
8. Nancy Payne, State/Federal Office in Washington, D.C., presented an update on federal budget action – via teleconference.

**Next Meeting** The next Fiscal Committee is tentatively scheduled for Tuesday, December 8, in Room 24 of the State Capitol Building.

**Tentative Agenda** Tentative agenda includes:

1. Prison Farms Inventory Update
2. Federal Budget Issues – Phil Smith, Washington D.C.
3. Gateway Sales Tax Issue
4. Local Options Sales Tax
5. Gambling Treatment Fund
6. Substance Abuse Programs
7. State vehicles – purchasing policy/inventory of current vehicles/replacement policy
8. School Finance
9. Impact of changes to 260E program by DED Bill
10. Reading Recovery Program
11. Iowa Indebtedness Update – report
12. Net Budgeting at Institutions
13. Tobacco Settlement dollars

**More Information** For more information, please contact the Fiscal Bureau.

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

Iowa Communications NetworK (ICN) Video Classroom Update



**ICN Classrooms** The Iowa Communications Network (ICN) added seven additional interactive video classrooms during the last half of October and the first half of November at New London High School, Monticello High School, Jefferson and Kennedy High Schools in Cedar Rapids, Creston High School, North Cedar High School, and Iowa Mennonite in Kalona. This brings the total number of classrooms to 612. The total number of classrooms that will be included in the Network at the end of the Part III build out is estimated at 800. This will include multiple classrooms at several authorized sites. 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 | 94 |
| K-12 School Districts | 328 |
| Other Education | 2 |
| Libraries | 11 |
| Medical Facilities | 8 |
| Private Colleges | 17 |
| Regents Institutions | 24 |
| National Guard | 57 |
| State Agencies | 40 |
| Federal | 14 |
| Miscellaneous | 3 |
| Classrooms Total | 614 |

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 **Website**

**Website** 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 their locations and do not have access to the Internet, you may contact the LFB and request a copy.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

Lottery Revenues and Expenditures Through September



**FY 1999 Lottery Revenues** Through September, FY 1999 Lottery game revenues were $9.7 million above the FY 1998 level. Lottery prize expenses increased $5.2 million, operating expenses increased $1.6 million, and transfers to other State funds increased $3.4 million. The following table details revenues, expenditures, and balances of the State Lottery. Rows and columns may not add, due to rounding.

| **STATE LOTTERY****July Through September****(Dollars in millions)** |
| --- |
|  |  |  FY 1998 |  | FY 1999 |  | Inc./Decr. |  | % Inc. |
| FY Beg. Balance |  | $ 3.4 |  | $ 3.3 |  | $ -0.3 |  |  |
|  |  |  |  |  |  |  |  |  |
| Game Revenues |  | 38.7 |  | 48.4 |  | 9.7 |  | 25.1 |
| Interest |  | 0.3 |  | 0.1 |  | -0.1 |  | 46.6 |
|  Total Revenue |  | $ 39.0 |  | $ 48.5 |  | $ 9.6 |  | 24.6 |
|  |  |  |  |  |  |  |  |  |
| Prize Expense |  | $ 22.6 |  | $ 27.9 |  | $ 5.2 |  | 23.1 |
| Operating Expense |  | 8.2 |  | 9.7 |  | 1.6 |  | 19.3 |
| Transfer of Profits |  | 7.7 |  | 11.1 |  | 3.4 |  | 43.5 |
|  Total Expense |  | $ 38.5 |  | $ 48.7 |  | $ 10.2 |  | 26.4 |
|  |  |  |  |  |  |  |  |  |
| Year-to-Date Ending Balance |  | $ 3.8 |  | $ 3.1 |  | $ -0.7 |  |  |

**FY Sales** Fiscal year sales through September, compared to the same time period of FY 1998, were as follows:

1. Instant ticket sales decreased $1.3 million (6.3%).



1. Iowa Lotto/Supercash/Pick 3 sales decreased $988,000 (52.5%).
2. Multi-State Powerball sales increased $11.2 million (160.9%).
3. Multi-State Daily Millions/Cash 4 Life sales decreased $168,000 (12.2%).
4. Daily Game sales decreased $119,000 (9.4%).
5. Pull-tab sales increased $1.1 million (19.0%).

**September Sales** Total Lottery sales for September were above September 1997 by $812,000 (6.8%). September 1998 sales for all games except Powerball and Pull-Tabs were below September 1997.



**REC Projections** The September Revenue Estimating Conference (REC) projected FY 1999 Lottery profits will total $34.4 million. Of this amount, $33.9 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 $530,000). Actual profit transfer for FY 1998 was $34.7 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 1999 figure is through September and the previous year’s figures are year-end.

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**Sales Tax Paid** In addition to the amount transferred to the State as profits, the Lottery has paid $2.4 million in sales tax during FY 1999.

STAFF CONTACT: Jeff Robinson (Ext. 14614)



Federal Funds Provided for School Infrastructure Grants

**Federal Funds Received** The Department of Education has received $8.0 million in federal funds that will be used for school infrastructure. An additional $10.0 million of federal funds was allocated to Iowa for school infrastructure for the new federal fiscal year.

**Safety Repairs** The Department has indicated that 35.0% of the funds will be allocated for fire safety repairs. A local match will not be required. To qualify for funding, a school district must have received an order or citation from the State Fire Marshal or local fire department for one or more safety violations regarding a school facility.

**New Innovative Construction** The balance of the funds (65.0%) will be allocated for new innovative construction projects. A local match will be required and school districts will be eligible for grants of up to 10.0% of the total cost for new projects. New projects could include construction related to adding preschool programs, before and after school programs, or reducing class size.

**Federal Regulations** Both the fire safety funds and new project funds must be used for new projects to comply with federal regulations. They cannot be used to fund projects that are currently underway.

STAFF CONTACT: Mary Shipman (Ext. 14617)

COUNCIL ON HUMAN INVESTMENT (CHI) MEETING

**Name Change** The Council on Human Investment (CHI) agreed at its November 5 meeting to recommend to the Legislature that the Council’s name be changed to the Council on Accountable Government and to maintain the same statutory charge. The Council also accepted an environmental issues survey and agreed to continue to use focus groups to sample minority issues with no over-sampling.

**Next Meeting** The next meeting will be January 7, 1999, at the Botanical Center, Walsh Room. The Council will be asking the Governor-elect and the Lt. Governor-elect to attend.

STAFF CONTACT: Ron Robinson (Ext. 16256)

*Issue REVIEW* RELEASED- STATE MEDICAL EXAMINER



***Issue Review*** The Legislative Fiscal Bureau (LFB) has completed an ***Issue Review*** regarding the State Medical Examiner. The report examines the history, funding, current status, and future of the State Medical Examiner. Copies of the report are available upon request from the LFB.

STAFF CONTACT: Christina Schaefer (Ext. 16301) Dwayne Ferguson (Ext. 16561)

*Issue Review* Released - Community Mental Health Centers

***Issue Review*** The LFB recently released **an *Issue Review*** entitled “Community Mental Health Centers.” The ***Issue Review*** details the effects of legislation and policy changes impacting Community Mental Health Centers.

**Number of Centers** Community Mental Health Centers provide local outpatient services to mentally needy individuals residing or working in a catchment area. As of January 1, 1998, Iowa had 36 Centers providing services in 90 of Iowa’s 99 counties.



**Recent Changes** Community Mental Health Centers have expressed concern over their continuing viability given recent changes in funding availability and accountability standards. The environment in which the Centers operate has undergone significant change, including:

1. Limitation on mental services expenditures: Senate File 69 (1995 Property and Income Tax Reduction Act) reduced property taxes attributable to mental services and limited county expenditures for disability services to a base year plus growth allocation amount.
2. Conversion to fee-for-service funding: Senate File 69 required counties to submit County Management Plans. To manage the Plans, many counties shifted from block grant funding of Community Mental Health Centers to fee-for-service funding. Under fee-for-service funding, a majority of Centers found that reimbursement rates received from third-party payors are insufficient to cover costs of service.
3. Shift to managed care: Many Medical Assistance payments made to Community Mental Health Centers through the managed care provider fall short of the actual cost of service delivery. The managed care contractor has provided several reimbursement rate increases.
4. Increased data management and administration requirements: Fee-for-service funding has necessitated greater administration by the Centers in order to file for reimbursement from various providers. County Management Plans also specify a minimum data set required to be collected of each person receiving services from a Community Mental Health Center.

**Copies Available** Copies of the ***Issue Review*** are available upon request from the Legislative Fiscal Bureau.

STAFF CONTACT: Deb Anderson (Ext. 16764) Sue Lerdal (Ext. 17794)

*Issue Review* Released - Disability Services and State Cases



***Issue Review*** The LFB recently released an ***Issue Review*** entitled “Disability Services and State Cases.” The ***Issue Review*** studies the population served through the State Cases Program, details the amount and reasons for growth, and discusses the State and county relationship involved in maintenance of the Program.

**State Cases** The term “State Cases” encompasses three distinct service delivery and fiscal management components:

1. State Cases at State Institutions
2. State Payment Program
3. Medicaid State Cases

**State Payment Program** The State Payment Program component is experiencing substantial expenditure and caseload growth. Expenditures under the State Payment Program have grown from $2.3 million in FY 1991 to a projected expenditure of $11.2 million in FY 1999. This growth translates into a 389.8% increase over 8 years. The average number of persons served has likewise escalated from a monthly average of 377 in FY 1994 to 1,105 in FY 1999, representing 193.1% growth over a 5-year period.

**Reasons for Growth** Reasons for growth in the State Payment Program include:

1. Increased number of identifications and applications of mentally needy individuals to the State Payment Program, particularly by Central Point Coordinators (CPCs).
2. Expanded services due to implementation of County Management Plans, which broadened the array of available services.
3. Increased utilization by Community Mental Health Centers, driven by a shift from block grant funding to fee-for-service funding, which required Centers to exercise greater funding accountability.

**Issue of Legal Settlement** A primary issue relating to State Cases is legal settlement. A person is eligible for services under the State Cases Program if the person has a diagnosis of mental health, mental retardation, or developmental disability and if the person has no county of legal settlement. Legal settlement is defined as continuous residence within a county for a period of at least one year. The Iowa Department of Human Services works with counties to resolve the issue of legal settlement. In FY 1998, the average total length of time required to resolve a legal settlement dispute was 93 days from the time of application.

**Copies Available** Copies of the ***Issue Review*** are available from the Legislative Fiscal Bureau.

STAFF CONTACT: Deb Anderson (Ext. 16764) Sue Lerdal (Ext. 17794)

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



***Issue Review*** The LFB released an ***Issue Review*** entitled “Implementation of the State Children’s Health Insurance Program.” The ***Review*** discusses Iowa’s plan to implement the State Children’s Health Insurance Program (SCHIP), including expansion of Medical Assistance coverage to children in families up to 133.0% of the federal poverty level and creation of the Healthy and Well Kids in Iowa (HAWK-I) Program for children in families up to 185.0% of the federal poverty level.

**Outreach Activities** The Department of Human Services (DHS) has contracted with the Zimmerman Public Relations and Marketing Firm of Des Moines to perform outreach activities through a public awareness campaign. The DHS estimates that 16,000 children in the State are newly eligible for the Medical Assistance expansion, and 40,000 children in the State are eligible for the HAWK-I Program effective January 1999. The DHS has established an enrollment target of 15,500 children in the Medical Assistance expansion and 39,500 in the HAWK-I Program by the end of FY 2000.

**Implementation Issues** Remaining implementation issues include:

1. Provision of presumptive eligibility to provide immediate coverage for children applying to the Program until such time as actual eligibility can be determined.
2. Incorporation of a co-pay requiring families with specified income levels to pay some portion of medical expenses for children receiving services through the Program.
3. Services for children with special needs.

**Copies Available** Copies of the ***Issue Review*** are available upon request from the Legislative Fiscal Bureau.

STAFF CONTACT: Deb Anderson (Ext. 16764) Sue Lerdal (Ext. 17794)

*Issue Review* Released - Prison Industries Private Sector Employment of Inmates



***Issue Review*** The Legislative Fiscal Bureau has published an ***Issue Review*** examining private sector employment of prison inmates. The ***Review*** discusses the history of employment of inmates in private sector jobs, the federal requirements for inmate employment programs, types of employment, prison revenues from inmate employment, and the advantages and disadvantages of private sector employment.

**Background** Historically, both state and federal laws have restricted inmates from working in jobs that produced goods for public sale and/or interstate commerce. These restrictions were to prevent inmates from competing with free citizen labor and from creating unfair competitive advantages for companies who were able to hire cheap inmate labor. In 1979, Congress permitted the development of certified programs that use inmate labor in private industry jobs. The Iowa Department of Corrections received certification in 1989. The primary requirements are:

1. The inmate employee must not displace an employed worker or fill a position when a local surplus of qualified labor exists. Employment of inmates cannot impair existing contracts for employment or services.
2. Inmate employment must be voluntary.
3. Inmate workers must be paid wages comparable to the industry wage standard received in that locality.
4. Inmates must be covered by worker’s compensation.
5. Inmates are not eligible for unemployment compensation while incarcerated. (Employed parolees and probationers are eligible for unemployment compensation.)
6. Inmates must be screened and security provided to protect public safety.



**Current Employment** At the end of FY 1998, there approximately 195 inmates employed by 11 private sector companies. They work in a variety of manufacturing jobs, including food processing, metal working, plastic products, and egg production. Inmates earned a total of $1.2 million in FY 1998. The earnings were distributed as follows:



**Budget Action** Beginning in FY 1998, the Governor’s budget recommendation to the Legislature included a reduction to the Department of Corrections funding to be offset by revenues collected from the earnings of inmates and community-based corrections clients. Inmates in private sector jobs were budgeted to produce revenues of $511,000 for the prisons; the prisons recovered $430,000, for an $81,000 shortfall. The FY 1999 Governor’s budget recommendation, passed by the Legislature, included a total reduction of $2.6 million for revenues recovered from prison inmates and community-based corrections clients. Of this amount, $1.7 million is to be recovered from the wages of private sector employed inmates.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561) Christina Schaefer (Ext. 16301)

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 **Website**

Fiscal Bureau Website

Previous issues of the **Fiscal Update** are available on the Legislative Fiscal Bureau’s website, ***http://staffweb.legis.state.ia.us/lf******b***. Please note that you must have a [Word](http://www.microsoft.com/word/internet/viewer/) viewer.

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