FISCAL UPDATE February 01, 1999

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House and Senate Pass Allowable Growth for Schools



**HF 146 – Allowable Growth** On January 26, the House, and on January 27, the Senate, passed HF 146, establishing a 4.0% rate of allowable growth for State cost per pupil for FY 2001. The rate of allowable growth is used to determine both the amount by which State School Foundation Aid to local school districts will increase and the amount by which school district’s controlled budgets may increase over the prior year’s amounts. As a result of this action, each school district’s cost per pupil will increase by $165 to $4,298 for the 2000–2001 school year.

**Fiscal Impact – FY 2001** House File 146 is estimated to increase FY 2001 State support of local school districts by $60.6 million (3.7%) and property tax support of local schools by $32.7 million (3.6%), compared to estimated FY 2000.

**FY 2000** The FY 2000 allowable growth rate of 3.0% was set in the 1998 Session. State aid is estimated to increase by $45.0 million (2.8%) and property taxes by $22.8 million (2.6%) for FY 2000, compared to estimated FY 1999.

**District Estimates** The FY 2000 and FY 2001 State aid and property tax estimates are available by district from the LFB. However, these estimates are based on several statewide assumptions that may not accurately reflect conditions in local districts. Information on the assumptions used to compute these estimates may also be obtained from the LFB.

STAFF CONTACT: Mike Lipsman (Ext. 17799)

House and Senate Pass Budget Guarantee and On-Time Funding

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**HF 147 – Budget Guarantee** On January 26, the House, and on January 27, the Senate, passed HF 147, that provides additional State aid for school districts experiencing either decreases or increases in enrollment. During the 1998 Session, both houses passed similar legislation. However, that legislation was vetoed by Governor Branstad.

**100% Guarantee** For the current fiscal year, a 100% budget guarantee is provided through the school foundation aid formula for districts with decreasing enrollment. This means the regular program budget authority for a school district with a decrease in enrollment from the prior year will remain the same as during the 1997-1998 school year. However, all the funds for the existing budget guarantee come from property taxes. House File 147 provides for a 100% budget guarantee fully funded with State aid. The estimated cost of the budget guarantee for FY 2000 is $6.2 million.

**On-time Funding** House File 147 also provides $4.0 million in State aid for districts experiencing increases in enrollment. To obtain on-time funding for the 1999-2000 school year, districts will be required to apply to the School Budget Review Committee. If the amount applied for by school districts exceeds the amount appropriated, then the additional State aid for increased enrollment will be prorated.

**District Estimates** Estimates of the amounts of budget guarantee and on-time funding each school district will be eligible to receive during the 1999-2000 school year may be obtained from the LFB. The estimates for on-time funding have been computed using forecasts of district budget enrollments for the 1999-2000 school year. Consequently, the actual amounts school districts will qualify to receive for on-time funding will likely differ from current estimates.

STAFF CONTACT: Mike Lipsman (Ext. 17799)

ADMINISTRATION AND REGULATION APPROPRIATIONS SUBCOMMITTEE

**Admin./Regulation Sub.** The Administration and Regulation Appropriations Subcommittee met on January 26 and 27.

**Inspections & Appeals** On January 26, Kim Schmett, Director of the Department of Inspections and Appeals, presented the Department’s budget request for FY 2000.

**Hospital Inspections** Mr. Schmett responded to questions from the Subcommittee and indicated that, unlike nursing facilities, there is no mandated time frame for the Department to inspect licensed hospitals. The Department is satisfied with the one-time $5,000 funding received for FY 1999 for training of care review committee members.

**FY 2000 Request** The Department has requested $220,000 and 3.0 FTEs for FY 2000 to increase hospital inspections. The inspections are currently funded with 85.0% federal funds and the request to increase inspections would not be funded with matching federal dollars. The department currently does six or seven hospital inspections a year and utilizes approximately $4,000 of State funds.

**Affirmative Action Audits** Mr. Schmett agreed to provide an explanation of the number of affirmative action audits conducted by the Department and the cost of the audits.

**B**udgeting

**F**or

**R**esults

**Budgeting For Results** Cynthia Eisenhauer, Director of the Department of Management, Chris Atchison, Director of the Department of Public Health, and Senator Tom Flynn, a member of the Council on Human Investment, discussed Budgeting for Results. Ms. Eisenhauer indicated that the Governor would be using it as a tool to help with budgeting. She also indicated she would be meeting with the Legislative Fiscal Bureau to reach agreements on how the system can be improved.

**General Services** On January 27, Richard Haines, Director of the Department of General Services, presented the Department’s budget request for FY 2000. Mr. Haines told the Subcommittee that the Department is requesting a FY 1999 supplemental request of $67,500 due to increased rental costs.

**Information Requested** The Department will provide the Subcommittee and the LFB with information at a future date concerning the following:

1. Updated projected costs of utilities based on the mild winter in FY 1999.
2. A statewide list of the location of State government-leased office space.
3. State Capitol Police serving as front desk security in the Hoover Building.

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**Secretary of State** On January 27, Secretary of State Chet Culver presented the Office of Secretary of State’s budget request for FY 2000. Secretary of State Culver told the Subcommittee he has three main responsibilities:

1. Commissioner of Elections.
2. Record keeper for the State of Iowa.
3. Member of the Executive Council.

**New Program** Secretary of State Culver told the Subcommittee that he is initiating a new program called the Iowa Student Political Awareness Club, which will begin on January 28. The program is a voter education and voter registration project that will be implemented in all Iowa counties.

**Information Requested** The Office will provide the following information to the Subcommittee and the LFB:

1. The office’s statutory authority to audit for-profit foreign corporations.
2. The financial impact on the Office of State legislation passed in 1998, including the cost savings from biennial printing of the Redbook.
3. The number of Redbooks remaining from FY 1998 and the public schools thoughts on the electronic version of Redbook.
4. A list of states where the Office of Secretary of State also oversees Ethics and Campaign Disclosure.
5. An example of forms for non-profit and for-profit corporations, a farm information filing form, and a list of all forms.

STAFF CONTACT: Ron Robinson (Ext. 16256) Shawn Snyder (Ext. 16765)

Agriculture and Natural Resources Appropriations Subcommittee

**Agric./Natural Res. Sub.** The Agriculture and Natural Resources Appropriations Subcommittee met on January 26 and January 27.

**Assistance For Farmers** On January 26, the Committee heard from Wendy Wintersteen, Iowa State University, on long range financial planning and assistance for farmers.

**Iowa Concern Hotline** Margaret VanGinkel, Iowa Concern, discussed the Iowa Concern Hotline Program.

**Organic Farming** On January 27, the Committee heard from Maury Wills, Department of Agriculture and Land Stewardship, on organic farming and the Iowa Organic Certification Program.

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

Economic Development ApproprIations Subcommittee

**Econ. Development Sub.** The Economic Development Appropriations Subcommittee met January 27.

**Dept. of Workforce Devel.** Jeff Nall, Division Administrator at the Department of Workforce Development, presented an overview of the functions of the Department and responded to questions from the Subcommittee. Mr. Nall also discussed the impact of recent federal legislation designed to consolidate workforce development programs under a unified strategic plan (Workforce Investment Act of 1998). Mr. Nall stated that since Iowa’s redesign of workforce programs came more than a year before the federal changes, Iowa’s program does not fit perfectly within the federal outline. Mr. Nall stated that requirement waivers are available and that Iowa would likely seek those waivers if necessary.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Education Appropriations Subcommittee

**Education Subcommittee** The Education Appropriations Subcommittee held meetings on January 26 and 27.



**Community Colleges** On January 26, the Subcommittee heard a presentation from Janice Friedel, Administrator of the Division of Community Colleges and Workforce Preparation, Department of Education, on the community college appropriation requests. Gene Gardner, Executive Director of the Iowa Association of Community College Trustees, presented the Association’s priority issues for the legislative session. The Subcommittee heard from some Iowa Community College Presidents, including Dan Kinney, President of Iowa Western Community College, on their funding needs and the impact of General Fund appropriations on the community colleges.

**Dept. of Education** The Subcommittee also heard a brief presentation from Ted Stilwill, Director of the Department of Education, on the Department’s FY 2000 budget requests. Mr. Stilwill will be returning to the Subcommittee on February 2 for further discussion of the budget requests, along with the Governor’s budget recommendations for the Department of Education.



**Library Budget Requests** On January 27, the Subcommittee heard a presentation from Sharman Smith, Administrator of the Division of Library Services, Department of Education, on the FY 2000 budget requests for State and regional libraries. Dwight Carlson, Acting Administrator for the Division of Vocational Rehabilitation, Department of Education, followed with a presentation on the FY 2000 budget requests for the Division. The Subcommittee also heard form Robert Bacon, Director of Training and Education of the Hospital School, University of Iowa, on the Creative Employment Options Program, which assists persons with disabilities to obtain appropriate employment.

STAFF CONTACT: Paige Piper/Bach (Ext. 14613) Mary Shipman (Ext. 14617)

Health and Human Rights Appropriations Subcommittee

**Health/Human Rights** The Health and Human Rights Subcommittee met on January 26 at the Iowa Commission for the Blind. The Subcommittee received a tour of the facilities, followed by a presentation by Creig Slayton, Director of the Commission for the Blind.

**Gambling Treatment Program** On January 27, Frank Biagioli, the Executive Director of the Gambling Treatment Program, gave a presentation on statistical information and the evaluation of the Gambling Treatment Program. The 1-800-BETS OFF helpline was discussed, particularly in regard to the amount and effectiveness of related advertising.

STAFF CONTACT: Jennifer Dean (Ext. 14613) Valerie Thacker (Ext. 15270)

Human Services Appropriations Subcommittee

**Human Services Subcom.** The Human Services Appropriations Subcommittee met the week of January 25 and conducted the following business:

 January 26:



Empowerment

* Heard testimony from representatives of empowerment areas which received empowerment funding during the first round of grant awards. The members of the Subcommittee discussed:
1. Histories of the development of the working relationships within the empowerment areas prior to the empowerment area establishment.
2. Use of funds for children five years of age and younger.
3. Use of funds for children older than five years of age.
4. Possible assistance from representatives of empowerment areas operating successfully to areas of the State not yet established as empowerment areas.
5. Performance indicators for programs for children.
6. Relationship with decategorization funding.
7. Competitive grant process compared to an allocation formula for distribution of funds in the future.
8. Heard information from representatives of the Department of Human Services (DHS) regarding available funding for expansion of the empowerment areas.

 January 27:

* Heard testimony from Central Point Coordinators, the DHS, and a Merit Behavioral Care representative regarding the Iowa Plan. The Plan provides mental health and substance abuse managed care. The members of the Subcommittee discussed:

1. Indicators of successful treatment within the managed care contract.
2. Incentives for provision of medical services as opposed to withholding treatment.
3. Length of stay and treatment for use of methamphetamines.
4. Use of funding from the contract for reinvestment into the community.
5. Relationship of services provided by Consultec and Merit.
6. Requested the Department of Human Services to respond to the Subcommittee in writing regarding the concerns expressed at the meeting.
7. Heard testimony regarding the purchase of services and county expenditures. The members of the Subcommittee discussed:
8. The expenditure or nonexpenditure of the allowable growth funds for mental health services by counties.
9. Variances of per diem costs of counties for local services.
10. Expenditure of maximum levy revenues and the county’s ending balances for mental health expenditures.
11. Requested the Iowa State Association of Counties provide reasons for expending the allowable growth funds for mental health costs on nonmental health cost items or property tax relief.
12. Requested the Iowa State Association of Counties provide a list comparing county per diem costs for services provided.

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

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

Justice System Appropriations Subcommittee

**Justice System Subcom.** The Justice System Appropriations Subcommittee met the week of January 25 to review departmental budget requests and programs. The following departments made presentations:



**Parole Board** Parole Board – Charles Larson, Board Chairperson, presented the request for a status quo budget. Mr. Larson indicated that the Board has used computer technology to improve efficiencies over the last few years, but the growing inmate population will necessitate requests for increases in the future. Other issues discussed by Mr. Larson include:

1. Use of the Iowa Communications Network (ICN) for parole hearings.
2. The Sexual Predator Law and the risk evaluation of sex offenders for parole.

**Law Enforcement Acad.** Iowa Law Enforcement Academy – Gene Shepard, Academy Director, presented the Academy’s budget request. The Academy is requesting:

1. An increase of $80,000 for telecommunicator training.
2. An increase of $20,000 for instructional staff training.

**Discussion** In addition to budget issues, the Subcommittee asked questions about:

1. Physical fitness standards for candidates and age-based and gender-based standards.
2. Training standards for candidates at the different police training schools around the State.
3. Reserve Police Officer responsibilities and their supervision by local police departments.



**Attorney General** Attorney General – Attorney General Tom Miller presented the Subcommittee with the following budget requests:

1. An increase of $248,000 and 4.00 FTE positions for Assistant Attorneys General to assist with the increased caseload in the Criminal Appeals Division.
2. An increase of $512,000 to conduct the legal proceedings due to the Sexually Violent Predator Act, which took effect July 1,1998, and to transfer funding from the Department of Human Services that is currently used for this purpose.
3. An increase of $350,000 in State assistance for the Legal Services Poverty Corporation, which provides legal representation in civil cases for eligible individuals in poverty.
4. An increase of $176,000 to increase funding for domestic abuse, rape, and sexual assault grants by 10.0%.
5. An increase of $69,000 to compensate for a salary deficit for existing staff.

**Future Discussion** A separate, in-depth discussion of the Legal Services Corporation will take place during the subcommittee meeting on March 3.



**Fire Marshal** Fire Marshal – Penny Westfall, the newly appointed Commissioner of Department of Public Safety, was accompanied by State Fire Marshal, Roy Marshall. Ms. Westfall discussed the Fire Marshal’s budget request for an increase of $24,000 to update the Iowa Building Code to comply with provisions of the Americans With Disabilities Act. Other issues discussed by the Subcommittee included:

1. Inadequate staffing levels - Commissioner Westfall presented to the subcommittee a detailed listing of the current personnel and a three-year plan to bring the staffing levels to a level commensurate with the levels proposed in an Issue Review by the Legislative Fiscal Bureau in 1994.
2. Duplication in City/State Services – Mr. Marshall raised the issue of overlapping inspections being conducted on the State and city level. Given the shortage of inspectors and the high number of inspections be done, Mr. Marshall asked the subcommittee to review this situation.

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

Oversight and Communications Appropriations Subcommittee

**Oversight & Commun. Sub.** The Oversight and Communications Appropriations Subcommittee met on January 26 and 27.

**Presentations** On January 26, the Subcommittee heard presentations on and discussed the following information:



1. Update on Hitachi Progress Audit on Executive Year 2000 Efforts – Sue Bivens, Hitachi.
2. Iowa Communications Network (ICN) feedback on Ultrapro Internations, Inc., evaluation of options for the ICN– Harold Thompson, ICN.
3. Review of past legislation related to ICN – Mark Johnson, LSB.
4. Review of historical ICN appropriations and related issues – Doug Wulf, LFB.
5. Review of historical Information Technology Services appropriations and related Year 2000 programming and embedded computer issues – Glen Dickinson, LFB.

**Technology Initiatives** On January 27, the Subcommittee heard presentations on technology initiatives that were funded in SF 2418 (1998 Oversight and Communications Appropriations Act). Presenters included:

1. Lorrie Tritch – Department of Human Services
2. Mike Flaherty – Department of Revenue and Finance
3. David Fries – Department of Public Health
4. Dick Moore – Criminal and Juvenile Justice Planning Agency
5. Dave Ancell – Department of General Services
6. Lee Tack – Department of Education
7. Lennie Jave – Department of Public Defense
8. James Baldwin – Department of Corrections
9. Mark Smith – Office of the Public Defender
10. Elizabeth Henderson – Department of Economic Development
11. Sharon McDonald – Department of Workforce Development
12. Pam Elliott and other representatives– Board of Regents

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Transportation, Infrastructure, and Capitals Appropriations Subcommittee

**Tran., Infra., & Capitals** The Transportation, Infrastructure, and Capitals Appropriations Subcommittee met January 26 and 27.

Infrastructure

Fund



**Infrastructure Fund** The Subcommittee discussed the current status of the Rebuild Iowa Infrastructure Fund and revenue estimates for the Fund for FY 2000. According to information provided by the Legislative Fiscal Bureau, the revenue estimate for the Rebuild Iowa Infrastructure Fund in FY 2000 is $173.7 million, under current law. To date, $32.8 million has already been appropriated from the Fund in FY 2000, resulting in a $140.9 million ending balance.

**Capitol Complex Renov.** Legislative Fiscal Bureau staff also presented information on the status of Capitol Complex renovation projects and parking lot improvement needs.

**Cultural Affairs** The Subcommittee heard presentations from the Department of Cultural Affairs and the Department of Natural Resources relating to their FY 2000 Infrastructure Fund budget requests. The Department of Cultural Affairs has requested $4.2 million in funding for the following projects and programs:

|  |  |  |
| --- | --- | --- |
|  |  | FY 2000 |
| Historical Preservation Grant Program |  |  $ 2,425,000  |
| Centennial Building |  |  721,360  |
| Montauk Historical Site Improvements |  |  200,000  |
| Education Center Construction – American Gothic House |   450,000  |
| Education Center Construction – Plum Grove Historical Site  |   450,000  |
| Total |  |  $ 4,246,360  |



**Natural Resources** The Department of Natural Resources has requested $10.3 million in funding for the following projects and programs:

|  |  |  |
| --- | --- | --- |
|  |  | FY 2000 |
| Marine Fuel Tax Projects |  |  $ 2,288,689  |
| Restore the Outdoors Program |  |  3,000,000  |
| Recreation Grant Program |  |  2,500,000  |
| Lake Dredging Program |  |  2,200,000  |
| Elinor Bedell Park Construction |  |  278,000  |
| Total |  |  $ 10,266,689  |

STAFF CONTACT: David Reynolds (Ext. 16934)

Weekly Medical Assistance Program Expenditures in the Department of Human Services



**Medical Asst. Program** For the week ending January 18, 1999, FY 1999 General Fund expenditures for the Medical Assistance Program in the Department of Human Services were $13.7 million (87.2% of budget). This is $2.0 million below the weekly budget established by the Department. Year-to-date Medical Assistance General Fund expenditures are $181.6 million, which is $3.5 million (1.9%) above the amount budgeted for the fiscal year-to-date.

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



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**LFB INTERNET ADDRESS** Visit the LFB website located at [***http******://staffweb.le******gis.state.ia.us/lfb/***](http://staffweb.legis.state.ia.us/lfb/)

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