FISCAL UPDATE March 01, 1999

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HOUSE EDUCATION COMMITTEE PASSES INCREASE IN FUNDING FOR LIMITED ENGLISH PROFICIENT PROGRAMS

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**HF 371** On February 22, the House Education Committee passed House File 371 (formerly HSB 125). This Bill increases weighting under the School Aid Foundation Formula for limited English proficient students from 0.19 to 0.25, and it increases eligibility for the additional weighting from three to four years. This legislation will result in an increase in State aid of $3.5 million and an increase in property taxes of $0.5 million for FY 2000.

**Increasing Number**  Since the 1994-1995 school year, the number of limited English proficient students in elementary and secondary schools in Iowa has increased from 3,785 to 6,686. Furthermore, the number of school districts obtaining additional weighting for limited English proficient students has increased from 95 to 120.

**New Provisions** Currently, school districts requiring additional funds for programs for limited English proficient students may apply to the School Budget Review Committee for increased budget authority. However, the approved funds must be obtained from property taxes. The Bill passed by the House would still permit school districts to apply to the School Budget Review Committee for additional budget authority, but it should lessen the need for this alternative.

STAFF CONTACT: Mike Lipsman (Ext. 17799)

House Ways and Means Committee Passes Argon Gas Sales Tax Exemption



Sales Tax Exemption

**Exemption For Argon Gas** On February 24, the House Ways and Means Committee passed HSB 23, a sales tax exemption for argon gas. Under current law, industrial gases which cause a chemical reaction in the manufacturing process are exempt from sales and use tax. Due to the unique nature of argon, which is used to prevent chemical interaction and retain purity of welds, the Department of Revenue and Finance classifies argon as a taxable item since it does not produce a chemical effect. Under the provisions of HSB 23, argon used in the manufacturing process would be exempt from the sales tax. The Bill is retroactive to January 1, 1991, and provides a maximum amount of refunds due to the retroactivity provision at $25,000.

**Fiscal Impact** The fiscal impact of HSB 23 is an expected reduction in sales and use tax revenue of approximately $1.5 to $2.0 million annually in FY 2000 and FY 2001 compared to current law.

STAFF CONTACT: Larry Sigel (Ext. 14611)

Administration and Regulation AppropriationS Subcommittee

**Admin./Regulation Sub.** The Administration and Regualtion Appropriations Subcommittee met on February 23 and 24.



**Cell Phone Policy** On February 23, the Subcommittee requested the Department of Management to work with the departments in the Administration and Regulation Appropriations Subcommittee to develop a cell phone policy. The policy should be completed and reported to the Subcommittee by April 20, 1999.

**Governor’s Office** Greg Nichols, Legislative Affairs Coordinator for the Office of the Governor, addressed the Subcommittee on General Fund requests for the Office. The Office is requesting $90,000 for FY 2000 for support costs, which include upgrades to the Office’s data processing equipment. The Governor is also recommending $49,000 for FY 2000 for an Administrative Assistant for the First Lady in the Department of General Services’ Terrace Hill Operations. Mr. Nichols indicated that the Administrative Assistant position has already been hired and that the Governor was recommending a FY 1999 supplemental request of $12,000 to fund the position for the remainder of FY 1999.

**Targeted Small Business** Sherry Hopkins, Audits Division Administrator, and Ellie Webb, Targeted Small Business Procurement and Compliance Manager, Department of Inspection and Appeals, discussed the Targeted Small Business Division.

**Workers’ Comp. Program** Bill West, Workers’ Compensation Program Coordinator, Department of Personnel, discussed the Workers’ Compensation Program. Mr. West agreed to provide information to the Subcommittee on the five-year historical workers' compensation payment trends by payment categories and the five-year historical trend for severity of claims.



**Funding Approved** The Subcommittee recommended approval and ranked the Department of Inspections and Appeals, Health Facilities Division’s Technology Initiative request of $152,000 for FY 2000 as a top priority for funding from the Oversight and Communications Committee. The Subcommittee recommended approval for funding for the Department of General Services request of $200,000 for FY 2000 for the Vehicle Dispatcher Division from the Innovations Fund. The Subcommittee approved funding for the Department of Personnel’s request of $1.7 million for FY 2000 for the IPERS Division from the IPERS Revolving Fund.

**State-Federal Relations** On February 24, John Norris, Chief of Staff for the Office of the Governor, addressed the Subcommittee on the issue of the Office of State-Federal Relations. Mr. Norris also responded to the issue of the Administrative Assistant to the First Lady.



**State Strategic Plan** David Oman, Chairman of the State Strategic Plan, discussed and responded to questions from the Subcommittee concerning the State Strategic Plan. Mr. Oman told the Subcommittee that the Governor is seeking $500,000 in private funding for this project. The Subcommittee asked Mr. Oman if the list of private donors would be public information. Mr. Oman answered that any private contributions to the State Strategic Plan, both monetary and in-kind, would be public information.

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

Agriculture and Natural Resources Appropriations Subcommittee

**Agric./Natural Res. Sub.** The Agriculture and Natural Resources Appropriations Subcommittee met on February 23, 24, and 25.

**Water Quality Trends** On February 23, L. D. McMullen, Des Moines Waterworks, discussed water quality trends. Included was a discussion on nitrate levels in the Raccoon River, nitrogen application rates, and watershed management.



**Quality Monitoring Study** On February 24, Stew Melvin, Iowa State University, discussed the progress of the study on water quality monitoring, which includes groundwater and surface water contamination in the State of Iowa. Included was a discussion on the Upper Maquoketa River Basin Project that was selected for watershed monitoring.

**Technology Requests** On February 25, Patty Judge, Secretary of Agriculture, discussed and prioritized the Department’s technology requests for FY 2000.

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

Economic Development Appropriations Subcommittee

**Economic Development Sub.** The Economic Development Appropriations Subcommittee held meetings on February 23, 24, and 25.

**Joint Meeting** On February 23, the Subcommittee held a joint meeting with the Education Appropriations Subcommittee. At the meeting, the Subcommittees heard testimony covering the following subjects:

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1. Myrt Levin of the Iowa Business Council presented a review of the Council’s report titled *Iowa’s Economic Future*. The report documents the current need for additional workers in Iowa.
2. Tom Illes of John Deere, Jim Aipperspach of the Iowa Business Council, Kim Linduska of Des Moines Area Community College, and John Sheldahl of John Deere and the United Auto Workers, presented information on the Skills 2000 studies recently completed in Iowa. The report discusses the need for additional skilled workers in Iowa. The John Deere Accelerated Career Education (ACE) Program was also discussed. The Program involves a two-year intensive training program at Des Moines Area Community College. One-third of the graduates are guaranteed jobs at John Deere.

**Training and Recruitment** On February 24, the Subcommittee heard testimony from staff persons of the Departments of Education, Workforce Development, and Economic Development. The presenters discussed how the many worker training and recruitment programs administered by the three departments are coordinated to avoid duplication of service.



**Iowa’s Workforce Future**  On February 25, Ted Stilwill, Director of the Department of Education; Deb Dessert, Interim Director of the Department of Workforce Development; and David Lyons, Director of the Department of Economic Development; provided a joint presentation on the advantages and challenges Iowa will face in the next 15 years related to developing an adequate workforce.

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Education Appropriations Subcommittee

**Education Subcomm.** The Education Appropriations Subcommittee held three meetings during the week of February 22.



**Joint Meeting** On February 23, the Subcommittee met jointly with the Economic Development Appropriations Subcommittee to hear a presentation from Myrt Levin, Iowa Business Council, on the future workforce needs of Iowa businesses. The Subcommittees also heard a presentation on the Skills 2000 Commission Report by Tom Iles from John Deere, Jim Aipperspach from the Iowa Association of Business and Industry, John Sheldahl and Merle Peterson from United Auto Workers Local 1450, and Kim Linduska from Des Moines Area Community College. Discussion centered on training workers to meet the future employment and skills needs of Iowa businesses.

**Dept. of Education** On February 24, the Department of Education presented information on the Board of Educational Examiners and teacher preparation issues. Anne Kruse, Executive Director of the Board of Educational Examiners, presented the Board’s FY 2000 budget request. The Board requested, and the Governor recommended, $805,000 for FY 2000, an increase of $600,000 compared to estimated FY 1999. The increase is for a pilot program to assess the knowledge of teacher education graduates. Some Subcommittee members questioned the need and funding source for testing the graduates. The Board also indicated the need for intent language to allow the Board to continue receiving 85.0% of fee increases to be used for Board operations.



**Teacher Prep. Study** Ted Stilwill, Director of the Department of Education, presented the recommendations and findings of the Interim Teacher Preparation Study Committee. Discussion centered on teacher recruitment and retention, professional development, and access to technology and instructional materials.

**Presentations By Principals** The Subcommittee also heard a presentation from Celia Burger, principal of Iowa City Weber Elementary School, and Mary Ellen Maske, principal of Iowa City Wickham Elementary School, on the Basic School Network, which is an organizational framework to improve schools.

**National Certification** On February 25, the Subcommittee heard presentations on the National Board Teaching Standards Certification from Vickie Trent, Director of the Teacher Support Program at the University of Northern Iowa; Stephanie Epp, National Board Certified Teacher; and Kathie Meyer, teacher in the West Des Moines School District. The presenters described the application process for the national certification and the amount of time and resources required to receive the certification. Some Subcommittee members questioned the lack of data to indicate whether receiving national certification improves teaching performance and that some areas of teaching cannot receive national certification. Currently, national board certified teachers in Iowa receive an annual stipend of $10,000 for five years and some Subcommittee members questioned the stipend amounts compared to what other states provide.

**Iowa Peace Institute** The Subcommittee also heard from Gregory Buntz, Director of the Iowa Peace Institute, on the background and purpose of the Institute. The Iowa Peace Institute received State funding in FY 1988 through FY 1995 from legislative appropriation and in FY 1996 and FY 1997 from the Civil Reparations Trust Fund. The Peace Institute is seeking an annual appropriation of $170,000 in State funding.

 STAFF CONTACT: Mary Shipman (Ext. 14617) Paige Piper/Bach (Ext. 17942)

Health and Human Rights Appropriations Subcommittee

**Health/Human Rights** On February 23, Randy Brown, Executive Director, presented the budget for the Commission of Veterans Affairs. The budget request and Governor’s recommendation include $32,000 for enhanced computer services, office equipment, and contracts.

**Veterans Home** Also on February 23, Jack Dack, Commandant, presented the budget for the Iowa Veterans Home. Discussion included the status of the dietary contract at the Home. Commandant Dack reported that he had been working with the Department of Management and the current food service contractor to resolve problems.

**Methamphetamine** Following the budget presentations, Subcommittee members discussed pros and cons of funding for methamphetamine addiction treatment versus prevention.

**Executive Hills Offices** Representatives of the Department of General Services spoke to the Subcommittee on February 24 regarding Executive Hills offices. The Boards of Medical, Dental, Nursing, and Pharmacy Examiners currently have offices there and have requested a combined total of $806,000 for costs associated with moving and leasing new space.

**Information Tech. Requests** The Subcommittee members reviewed the information technology requests of the departments under the purview of the Subcommittee. Final recommendations and rankings will be made by the Subcommittee after the prototype demonstration of the justice data warehouse on March 2.

Medical

Examiner



**Medical Examiner’s Office** On February 25, Penny Westfall, Commissioner of Public Safety, reviewed recent studies and recommendations regarding the Medical Examiner’s office. Ms. Westfall stated that the Department of Public Safety is neutral on the placement of the office, as long as there is adequate funding and staffing. When asked about location, Ms. Westfall explained the request the Department had made for funding was for facilities at Camp Dodge.

**Budget Discussion** Fiscal Bureau staff provided a review of the Governor’s recommendations for Subcommittee departments.

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Human Services Appropriations Subcommittee



**Human Services Subcom.** The Human Services Appropriations Subcommittee met February 24 and conducted the following business:

1. Received information regarding possible expenditures of the federal Temporary Assistance for Needy Families (TANF) Program.
2. Discussed the requirement in SF 2410 (FY 1999 Human Services Appropriations Act) regarding action by the Department of Human Services for a seamless child care program.
3. Heard testimony regarding day treatment programs for juveniles.
4. Discussed proposing an interim study committee regarding the purchase of a service provider reimbursement system and the role of property tax.
5. Approved action regarding recommendations to the Oversight and Communications Appropriations Subcommittee. All three of the technology requests, Welfare Reform, Child Support Recovery, and the Campus Area Networks, received a #1 ranking for purposes of importance to fund by the Oversight and Communications Appropriations Subcommittee.

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

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

Justice System Appropriations Subcommittee

**Justice System** The Justice System Appropriations Subcommittee met on February 23 and 24 to hear presentations on elimination of prison law libraries and Community-Based Corrections budget issues.



**Prison Law Libraries** Prison Law Libraries**.** Kip Kautzky, Department of Corrections Director, introduced the Department’s new policy concerning providing inmates with constitutionally required access to the Courts to challenge their sentences and living conditions within the institutions. Historically, there have been two approaches: provide a law library or provide legal counsel. Iowa, like most other states, has been providing law libraries at each prison. The Department of Corrections has signed a contract with the Office of the State Public Defender at a cost of $150,000 to provide inmates with legal counsel and will be eliminating the prison law libraries. It is expected that this procedure will reduce the frivolous lawsuits while still meeting constitutional requirements. Mr. Kautzky also expects the new approach to reduce the costs compared to the $500,000 budget for the prison libraries.

**Public Defender** Mark Smith, Acting State Public Defender, discussed proving legal counsel to inmates from his Office’s perspective. Public defenders will not be used for these services. The Office will contract with private attorneys to provide legal advice to the inmates and assist in preparing forms. The contract prohibits the attorneys from representing the inmates in court.

 Layne Lindebak, Assistant Attorney General, supported the program as providing constitutional access to the courts.

**State Law Library** Sharman Smith, State Law Librarian, discussed the potential effect of the change on the State Law Library. She described the increase in requests from inmates when the Ft. Dodge prison opened. The prison does not have a law library.

**Legislative Inform. Office** Julie Livers, Legislative Information Office Director, described the requests her office receives from inmates and the lawsuits that had been filed by inmates against her and the Office.

**Reduction in Lawsuits** Judy Milosevich, Assistant for Corrections, Office of Citizens Aide/Ombudsman, discussed the recent reduction in lawsuits. In 1985, 2,637 inmates filed 208 lawsuits against the Department of Corrections. In 1998, approximately 7,400 inmates filed 209 lawsuits. The Ombudsman’s Office does not provide legal counsel to inmates, but they do examine systemic conditions adversely affecting inmates.

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**Community-Based Corr.** Community-Based Corrections. Gary Hinzman, Director of the Sixth Community-Based Corrections District Department, and Dot Faust, Director of the Fifth Community-Based Corrections District Department, discussed the Department of Corrections budget proposal. The budget proposal is intended to increase supervision of medium- and high-risk offenders and reduce revocations to prison. The budget increase for residential facility staff is intended to allow 300 prison inmates to be released to community-based corrections. Beds would be added to existing facilities to increase capacity.

**Discussion** Mr. Hinzman and Ms. Faust discussed what works and what does not work in community-based corrections. Shock programs that lack follow- up, such as “Scared Straight,” and vague counseling programs do not work. Programs that match offender needs with specific interventions, particularly those that involve changes in cognition, do work. The Polk County Drug Court Project was described as effective. Programs with minimal intervention are effective for low-risk offenders, while stronger intervention has negative effects. Conversely, high-risk offenders improve with intense interventions.

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Oversight and Communications Appropriations Subcommittee

**Oversight & Commun. Sub.** The Oversight and Communications Appropriations Subcommittee met February 23–25.



 **Year 2000**

**Year 2000 Presentations** On February 23, the Subcommittee heard presentations related to private sector efforts to remediate the Year 2000 computer programming and relate embedded chip problems. All presenters indicated they thought members of their associations would be ready for the Year 2000 with minimal disruptions, if any. However, several speakers indicated that the interdependence of the various sectors could result in problems for all of them that they could not control, such as the unavailability of materials from their suppliers or power outages. The groups presenting included:

1. Iowa Health Care Association, Craig Syata and Jeff Staggerda
2. Association of Iowa Hospitals and Health Systems, Perry Meyer
3. Iowa Automobile Dealers, Dave Duncan
4. Iowa Water Pollution Control Association, John Dunn
5. American Water Work Association, Iowa Section, Tom Neumann
6. US West, Mike Ralston
7. Iowa Telecommunications Association, Burnie Snoddy

**ICN** On February 24, the Subcommittee heard a presentation from Harold Thompson of the Iowa Communications Network (ICN). Mr. Thompson discussed:

1. The ICN’s Year 2000 preparedness efforts.



1. The need for conversion of the Network to asynchronous transfer mode and MPEG2 technology due to the number of classrooms now on the ICN, additional classrooms that are planned to be added, and the potential for site and session failures that the ICN is beginning to experience on a limited basis.
2. The Federal Communications Commission’s ruling which rejected the ICN’s argument that it should be given common carrier status and be eligible to receive funding from the Universal Services Fund.

**Data Warehouse Project** On February 25, the Subcommittee heard presentations from Gerald Bair, Director, and Don Cooper, Division Administrator of the Compliance Division of the Department of Revenue and Finance. The presentation focused on the Request for Proposals that the Department had issued for the development of data warehouse for the implementation of a tax gap compliance project. The warehouse would allow the Department to search for individuals who do not file tax returns by using information from a variety of other State databases and combining the information on one platform. Eventually, the planned computer applications would be used to identify all types of tax evasion.

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

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

**Trans., Infra., and Capitals** The Transportation, Infrastructure, and Capitals Appropriations Subcommittee met February 23 and 24 and heard presentations from the Board of Regents and the Department of Corrections.

**Regents’ Infrastructure** The superintendents of the two special schools and the presidents of the three Regents’ universities discussed the high priority infrastructure projects that are being requested for FY 2000 through FY 2002. The following projects were discussed with the Subcommittee:

**Governor’s Recomm.** The Governor is recommending the $4.5 million in FY 2000 for projects at the special schools; however, no funding was recommended for the Regents institutions in FY 2001 and FY 2002.

**Dept. of Corrections** The Department of Corrections discussed infrastructure needs and issues facing the Department. The following projects were discussed:

**Oakdale** Oakdale – Iowa Medical and Classification Center: The Governor is recommending $3.8 million in FY 2000 and $2.5 million in FY 2001 for a 120-bed expansion of the Center to house special needs offenders and violent sexual predators. The total cost of the project is estimated at $12.0 million. The Department would also use approximately $5.8 million in federal funds for the project.



**Rockwell City** Rockwell City - North Central Correctional Facility: The Department discussed the need for construction of a new power plant facility at the North Central Correctional Facility in Rockwell City. The total cost of the facility is estimated at $1.8 million. The Department would utilize and transfer the existing boilers and chillers to the new facility. The funding was not recommended by the Governor.

**Mitchellville** Mitchellville – Iowa Correctional Institution for Women: The Department discussed needed repairs to utility systems at Mitchellville. The improvements involve the replacement of an emergency generator and two boilers at an estimated cost of $2.4 million. The funding was not recommended by the Governor.

**Community-Based Facilities** Community-Based Correction Facilities: The Department presented the top two infrastructure priority projects for community-based correction facilities. These include $1.2 million for a 30-bed expansion to the Dubuque facility and construction of a 50-bed facility for women in Council Bluffs at an estimated cost of $1.4 million. The Governor recommended a total of $2.0 million for community-based correction infrastructure improvements.

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ELUDE LAW ENFORCEMENT BILL - HF 209 PASSES HOUSE

**HF 209** House File 209 (Elude Law Enforcement Bill) passed the House on February 23. The Bill changes the penalty for eluding or attempting to elude a pursuing law enforcement vehicle to a serious misdemeanor. If the driver exceeds the speed limit by 25 miles per hour while eluding law enforcement, the offense is an aggravated misdemeanor. If the driver exceeds the speed limit by 25 miles per hour while eluding law enforcement, and is intoxicated, commits a drug offense, injures another person, causes property damage in excess of $1,000, or commits five or more moving violations, the offense is a Class D felony.



**Impact on Admissions** The Bill will increase admissions to the Department of Corrections programs and decrease the admissions to county jails.

**Fiscal Impact** The Bill will result in increased cost to the General Fund and to counties:

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RECLASSIFYING MISDEMEANORS - SF 189 PASSED HOUSE

**SF 189** Senate File 189 (Reclassifying Misdemeanors) passed the House on February 24. The Bill lowers certain misdemeanor offenses from serious to simple and enhances the penalty for all simple misdemeanors from a maximum of $100 or 30 days in jail to a minimum of $50 to $500 or 30 days in jail. The effect of this Bill is twofold:



1. Decreases in admissions to probation/parole in FY 2000 will be realized; however, these misdemeanants typically receive the lowest levels of supervision and require minimal resources.
2. Enhanced penalties for simple misdemeanors will result in increases of approximately $2.4 million in FY 2000 and $4.8 million annually thereafter. These dollars will be deposited in the General Fund.

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