FISCAL UPDATE June 9, 1999

 Legislative Fiscal Bureau (515) 281-5279 FAX 281-8451

Governor Vetoes Income Tax Reduction - HF 744



**Gov.’s Veto – HF 744** On May 24, the Governor vetoed in its entirety HF 744, which makes three changes to income taxation. The changes include:

1. Increasing the dependent credit from $40 to $70.
2. Increasing the personal credit from $40 to $70.
3. Increasing the pension income exclusion from $5,000 / $10,000 to $6,000 / $12,000 for single and joint filers, respectively.

**Fiscal Impact** All provisions of HF 744 are retroactive to tax years beginning on or after January 1, 1999. The General Fund decreases from the current year are as follows (dollar amounts in millions):



**Rationale** The Governor’s veto message states in part, “While the Bill has merit, I have made clear my concerns about the Legislature’s tax cut and tax expenditure decisions for FY 2000. These are projected to lead to General Fund budget deficits in the fiscal year beginning July 1, 2000. That is unacceptable, and I am forced to closely scrutinize bills such as this one to ensure that the budget stays balanced and critical services like education and health care can be provided to the citizens of Iowa.”

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

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STAFF CONTACT: Larry Sigel (Ext. 14611)

Governor Vetoes Investment Counseling Sales Tax Exemption - SF 176

**Gov.’s Veto – SF 176** On April 26, the Governor vetoed in its entirety SF 176, which exempts investment counseling from the sales tax. Under current law, investment counseling provided by attorneys or Certified Public Accountants is exempt from sales tax. Commission-only fees are currently exempt from the sales tax as well because the gross receipts are initiated from the sale of intangible personal property, such as insurance products or securities.

**Fiscal Impact** The Bill is expected to result in a reduction in General Fund revenues of approximately $750,000 in FY 2000 and $788,000 in FY 2001.

**Rationale** The Governor’s veto message states that while the Bill has merit, it is necessary to examine all budget decisions as part of the whole of the State’s fiscal picture.

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

STAFF CONTACT: Larry Sigel (Ext. 14611)

Governor Item Vetoes SF 459 - Property Tax Relief Act



**Item Veto – SF 459** On May 24, the Governor item vetoed several provisions of Senate File 459. In Section 1, the Governor vetoed the regular program foundation level increase from 87.5% to 88.0% and the special education support services foundation level increase from 79.0% to 88.0%. However, he let stand the provision of Section 1 that strikes the existing limit on that portion of the regular program foundation level that applies to special education weighted enrollment to 79.0%. The effect of the selective veto of parts of Section 1 results in a uniform foundation level of 87.5% for both regular and special education programs of local school districts, except the foundation level for Area Education Agency provided special education support services remains at 79.0%.

**TAG programs** Second, the Governor vetoed Subsection 2B that restricted additional foundation aid for talented and gifted (TAG) programs for the 1999-2000 school year to districts that have received approval for additional allowable growth for TAG programs from the School Budget Review Committee. Thus, now all school districts will qualify for the additional TAG funding.

**Special Education** Third, the Governor vetoed Section 4 of the Act that provided on-time funding for special education programs beginning with FY 2001.

**Fiscal Impact** The combined effect of the Governor’s vetoes reduces the FY 2000 General Fund impact of the Legislation from $57.7 million to $45.8 million. However, two other factors may result in additional changes in the cost of the Legislation. First, the Department of Management has interpreted the $38.00 increase in regular cost per pupil as applying to both the certified enrollment and weighted enrollment counts (i.e., special education, ESL, and shared student/ teacher supplementary weightings). Applying the additional $38.00 per pupil to the supplementary weighted enrollment counts added $2.2 million to the cost of the Legislation for FY 2000. Second, property valuations for FY 1998 were assumed to increase by 3.0% compared to FY 1997 when estimating the cost of Senate File 459 during the Session. It now appears the rate of increase may be over 4.0%. This will reduce the cost of the Act to the General Fund by about $5.0 million.

STAFF CONTACT: Mike Lipsman (Ext. 17799)

Governor Vetoes HF 767 - Certified Capital Companies act



**Gov.’s Veto – HF 767** On May 24, the Governor vetoed HF 767, the Certified Capital Company Act. The Act would have provided insurance tax credits for insurance companies investing in Certified Capital Companies. The Certified Capital Companies would have in turn invested the funds in start up and early stage Iowa companies. The tax credits were limited to a total $60.0 million.

**Fiscal Impact** The fiscal impact of SF 767 on the General Fund was projected to be $9.0 million in FY 2001, $6.0 million in FY 2002 through FY 2009, and $3.0 million in FY 2010.

**Rationale** The Governor stated in the veto message that “before we embark on a commitment requiring an investment of $60.0 million in state funds, I believe that it is prudent to review the impact of these tax credits in other states.”

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

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Governor Item Vetoes SF 460 - Administration and Regulation Appropriations Act



**Item Veto – SF 460** The Governor item vetoed and signed SF 460, the Administration and Regulation Appropriations Act, on May 6. The Act appropriates $88.8 million from the General Fund and 1,911.6 FTE positions, an increase of $665,000 (0.8%) and 15.4 (0.8%) FTE positions compared to estimated FY 1999. The Act also appropriates $21.5 million of other funds and a total FY 1999 supplemental General Fund appropriation of $305,000 and 0.3 FTE position. The Governor item vetoed the language requiring that all vacant and unfunded positions in agencies within the Administration and Regulation Appropriations Subcommittee be eliminated from each agency’s table of organization within 60 days after the vacancy occurs. The Governor indicated that the language would create a different standard for the agencies funded by the Administration and Regulation Appropriations Subcommittee than other State agencies. The Governor intends to make recommendations concerning this issue to the Legislature during FY 2000.

**Copies Available** Copies of the enacted version of SF 460 and the veto message are available upon request.

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

Governor Item Vetoes HF 745 - Economic Development Appropriations Act



**Item Vetoes – HF 745** On April 26, the Governor item vetoed and signed HF 745, the FY 2000 Economic Development Appropriations Act. The Act appropriates $42.5 million from the General Fund and 1,318.9 FTE positions to the Department of Workforce Development, Department of Economic Development, Public Employment Relations Board, and several programs at Board of Regents institutions. This is an increase of $814,000 (2.0%) and 12.8 (1.0%) FTE positions compared to the estimated FY 1999 appropriations. The total General Fund appropriated amount was $331,000 below the level recommended by the Governor.

**Volunteer Office Language** The Governor vetoed language expressing the intent of the General Assembly to not fund the Governor’s Volunteer Office out of the Economic Development Appropriations Act beyond FY 2000. The Governor stated that it is premature for the Legislature to rule out avenues of funding for volunteer services in the future.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Governor Item Vetoes SF 464 - Education Appropriations Act



**Item Vetoes – SF 464** The Governor item vetoed and signed SF 464, the Education Appropriations Act, on May 25. The Act appropriates $918.1 million from the General Fund and 17,382.6 FTE positions. This is an increase of $21.4 million (2.4%) and 72.9 FTE positions (0.4%) compared to estimated FY 1999. The Act also makes a contingent appropriation of $416,000 to the Board of Educational Examiners from revenues resulting from increases in teacher license fees.

 The Governor made the following item vetoes:

**College Student Aid** College Student Aid Commission

* Other fund appropriation of $5.2 million and 33.6 FTE positions. The Governor stated that Sections 33 through 37 of the Act bring the Code of Iowa in conformance with the Federal Higher Education Act of 1965, eliminating the need for the appropriation.
* Intent language requiring the interest earned on federal loan reserve funds to be used on emergency loans to students for default reduction. The Governor stated the language limits default reduction services to a few emergency loan recipients. The Governor also stated that the Commission has developed a comprehensive default reduction program that will help a substantially larger number of needy students avoid default.

**Dept. of Education** Department of Education – Division of Vocational Rehabilitation. The Governor vetoed intent language that required the Division to enter into a 28E agreement with the Creative Employment Options (CEO) Program at the University of Iowa for the purpose of counting CEO’s State appropriation as a local match for federal funds. The Governor stated that this language conflicts with the federal Rehabilitation Act of 1973 and that Iowa’s vocational rehabilitation plan would not be approved if this were implemented.

**Board of Regents** Board of Regents – Cooperative Extension Service. The Governor vetoed a study by the Extension Service that required identification of educational materials, seminars, and assistance, which are duplicative of those offered by the Department of Human Services. The Governor stated that the study would be time-consuming and no additional resources were provided to complete the study. The study would divert resources from the important services provided by the Extension Service.

**More Information** Copies of the enacted version of SF 464 and the veto message are available upon request.

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

Governor Item Vetoes HF 760 - Human Services Appropriations Act



**Item Veto – HF 760** The Governor item vetoed and signed HF 760, the Human Services Appropriations Act, on May 21. The Act appropriates $768.8 million from the General Fund and 5,496.6 FTE positions, an increase of $37.9 million (5.2%) and 45.1 FTE positions (0.8%) compared to the estimated FY 1999 appropriation.

**Studies Vetoed** The Governor item vetoed language requiring the performance of various studies, stating the State will benefit more from utilizing appropriations for services that directly affect Iowa children and families, than it will benefit from utilizing appropriations for studies. The item vetoed studies include:

* Requiring the Department of Human Services (DHS) to consult with the Welfare Reform Advisory Group to establish and report hardship exemptions for the Family Investment Program.
* Requiring the DHS to report quarterly any changes in TANF allocations.
* Requiring the DHS to evaluate the welfare reform program and child well-being provisions.
* Requiring the DHS to submit a report detailing community level parental obligation pilot projects.
* Requiring the DHS to convene representatives of interest groups to identify and report ways to improve Home and Community-Based Waiver services.
* Requiring the DHS to evaluate the fiscal impact of implementing twelve-month continuous eligibility for Medical Assistance.
* Requiring the Healthy and Well Kids in Iowa (HAWK-I) Board to study the costs of providing family coverage under the Children’s Health Insurance Program.
* Requiring the DHS, if it adds child support recovery personnel, to report the ratio of administrative costs to child support collected to demonstrate the cost-effectiveness of the new positions.
* Requiring the DHS to report quarterly placements of children into group foster care and expenditures by county and region.
* Requiring the DHS to report the number and cost of exceptions granted to group foster care eligibility guidelines.
* Requiring each judicial planning group to submit and the DHS to compile a report on court-ordered services for juveniles, including detailed expenditure categories and utilization of Medical Assistance funding.
* Requiring the DHS to evaluate the recidivism rates of public and private treatment programs for juveniles.
* Requiring the DHS to report quarterly on efforts to maximize federal Title IV-E funding.
* Requiring the DHS and the Department of Corrections to develop a proposal to treat rather than incarcerate individuals convicted of methamphetamine use.
* Requiring the State mental health institutes to continue the net budgeting accounting test and submit a status report.
* Requiring the State Hospital-Schools to include in their annual reports a listing of items for which depreciation reimbursement funds would have been used if the depreciation reimbursement had been retained by the Schools.
* Requiring the DHS to report information relating to special needs grant awards and grantee characteristics.
* Requiring the DHS to report quarterly the number and type of vacant FTE positions.
* Requiring the DHS to report on nursing home staffing costs and wages.
* Requiring the DHS to report laws or rules waived under a Financial Assistance Services pilot program.
* Requiring the State-County Management Committee to review and report on services and funding for persons with brain injury or autism and to review and report on the continuum of care for mentally retarded individuals.

**TANF Funds** The Governor item vetoed language allocating $100,000 of federal Temporary Assistance for Needy Families (TANF) funds for a pilot project to divert child welfare service recipients from public assistance upon reaching 18 years of age. The Governor indicated that the allocation does not fulfill the regulations of the federal TANF program directing expenditure of funds on families with children.

**Item Vetoes** The Governor also took the following action:

1. Item vetoed language requiring the DHS to notify the General Assembly of transfers made from the Child and Family Services budget unit to the Medical Assistance or Family Investment Program budget unit to pay for services for children. The Governor indicated that the Act already authorizes the DHS to make such transfers and the amounts of the transfers are included within the budget enacted by the General Assembly. The notification is therefore unnecessary.
2. Item vetoed language requiring the Glenwood State Hospital-School to unbundle pharmaceutical service costs from the per diem cost. The General Assembly appropriated $200,000 to fund the State cost of the unbundling. The Governor indicated that, although the idea may have potential, the intent language and funding require further study.
3. Item vetoed language requiring the DHS to issue a Request for Proposals (RFP) for developmental disabilities basic support and advocacy grants. The Governor indicated that the language has no relationship to the appropriation which funds one time special needs grants to assist families in preventing out-of-home placement of a family member.
4. Item vetoed language requiring the DHS to reimburse counties for increased costs associated with the resignation, retirement, or dismissal of State-funded FTE positions at local DHS offices. Also item vetoed language requiring the DHS to use funds budgeted for salaries only for salaries, to report vacancies, and to redirect FTE positions from the State County Assistance Team to community coordination functions. The Governor indicated that the DHS must retain flexibility to make staffing decisions based upon caseload need and funding availability.
5. Item vetoed language requiring the DHS to work with the Department of Economic Development to develop new jobs in the local area if an institution operated by the DHS is closed or reduced in size. The Governor indicated that the DHS must retain flexibility to take appropriate action in regard to employees in this situation.

**More Information** Copies of the enacted version of HF 760 and the veto message are available upon request.

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

Governor’s Item Vetoes - SF 468 Justice System Appropriations Act



**Item Veto – SF 468** The Governor signed SF 468, Justice System Appropriations Act, and item vetoed three sections of intent language. The Act appropriates $459.2 million and 7,796.3 FTE positions from the General Fund for the nine State agencies within the Justice System. This is an increase of $31.0 million (7.2%) and 272.0 (3.6%) FTE positions compared to the estimated FY 1999 appropriations. The item vetoes were:

1. Section 4.3 requiring the Department of Corrections to fill correctional positions in a timely manner and Section 5.9 requiring the Department to exclude FY 2001 budget requests for FTE positions and the associated funding when the money would be used for operations instead of personal services costs. The Department was required to report to the General Assembly concerning unfilled positions. The Governor stated that this language failed to account for the prisons’ difficult circumstances that necessitate flexibility in operations to maintain public safety.
2. Section 23 that creates a new committee to oversee expenditures from the Inmate Telephone Rebate Fund which would have included members from the Department of Corrections and the Office of the Citizen’s Aide/Ombudsman stating that it would create a conflict of interest for the Ombudsman and a separation of powers issue between the Executive and Legislative Branches.

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

Governor Item Vetoes HF 772 - Infrastructure Appropriations Act

**Item Vetoes – HF 772** The Governor item vetoed and signed HF 772, Infrastructure Appropriations Act, on May 24. House File 772 appropriates $3.6 million in FY 1999, $134.8 million in FY 2000, and $135.5 million in FY 2001 from the Rebuild Iowa Infrastructure Fund.



**FY 2001** The Governor did not veto any funding from FY 1999 and FY 2000, however, he did veto appropriations totaling $68.9 million from FY 2001. The Governor stated that it is premature to expend all the projected FY 2001 revenues to the Rebuild Iowa Infrastructure Fund until the Iowa Vertical Infrastructure Advisory Council has had time to develop recommendations based on data currently being collected. The Governor created the Iowa Vertical Infrastructure Advisory Council through Executive Order. The Governor’s FY 2001 appropriation vetoes include:

1. An appropriation of $1.5 million to the Department of Cultural Affairs for the Historical Site Preservation Program for the restoration, preservation, and development of historical sites.
2. An appropriation of $12.5 million for the Physical Infrastructure Assistance Fund. The appropriation also includes $7.5 million in funding for the Accelerated Career Education (ACE) Program created in SF 465 (Accelerated Career Education Act).
3. An appropriation of $275,000 to the Department of General Services for the design and construction of the Iowa Hall of Pride.
4. An appropriation of $1.0 million to the Department of Public Safety for construction of a pursuit driving training track.
5. An appropriation of $8.8 million to the Board of Regents for improvements to Gilman Hall at Iowa State University.
6. An appropriation of $14.1 million to the Board of Regents for continued renovation of the Biology Complex at the University of Iowa.
7. An appropriation of $3.5 million to the Board of Regents for improvements to the steam distribution system at the University of Northern Iowa.
8. An appropriation of $1.0 million to the Department of Transportation for infrastructure improvements at Iowa’s ten commercial service airports.
9. An appropriation of $1.1 million to the Treasurer of State for infrastructure improvements to county fairs.
10. An appropriation of $2.0 million to the Department of Agriculture and Land Stewardship for the Alternative Drainage System Assistance Program.
11. An appropriation of $1.5 million to the Department of Agriculture and Land Stewardship for the Soil Conservation Cost Share Program.
12. An appropriation of $3.5 million to the Department of Natural Resources for the Recreational Grant Program.
13. An appropriation of $4.2 million to the Department of Natural Resources for the dredging of lakes in accordance with the Department’s Classification of Iowa Lakes Restoration Report.
14. An appropriation of $2.3 million to the Department of Natural Resources for capital projects which qualify for funding from Marine Fuel Tax receipts.
15. An appropriation of $1.0 million to the Department of Natural Resources for the establishment of water quality monitoring stations.
16. An appropriation of $250,000 to the Department of Natural Resources for a tree planting program to be coordinated through public and private partnerships.
17. An appropriation of $10.5 million to the Resource Enhancement and Protection (REAP) Fund.

**Language Vetoed** In addition to the above appropriation vetoes, the Governor also vetoed the following language:

* Language requiring the Department of Economic Development to adopt rules for awarding financial assistance for advanced research and commercialization projects involving value-added agriculture, advanced technology, or biotechnology. The Governor stated that by vetoing this language, the program will have greater flexibility for awarding assistance,
* Language which prohibits the DOT from using recreational trail appropriations for the acquisition of land by involuntary condemnation or for trail projects on land acquired by involuntary condemnation. The Governor stated this provision is unduly restrictive to the Recreational Trails Program.
* Intent language specifying that it is the intent of the General Assembly that, in order to supplement a $10.0 million gift, the next capital project funded at Iowa State University will be a new business college building.
* Language which creates a seven member review committee for the Community Attraction and Tourism Development Program. The Governor stated that the Department of Economic Development has the expertise and resources to make decisions regarding implementation of the Program.

**More Information** Copies of the enacted version of HF 772 and the veto message are available upon request.

STAFF CONTACT: David Reynolds (Ext. 16934)

Governor Item Vetoes HF 762 - Oversight and Communications appropriations Act

**Item Vetoes – HF 762** The Governor item vetoed and signed HF 762, the Oversight and Communications Appropriations Act, on May 26. House File 762 appropriates $23.5 million and 264.6 FTE positions from the General Fund for FY 2000.



**Budget System Reqmt.** The Governor item vetoed Section2.5 and the related effective date in Section 22. Section 2.5 requires the Iowa Telecommunications and Technology Commission to begin using the State budget and accounting system by July 1, 1999.

**Rationale** The Governor stated that the timeframe for the transition to the State systems was too short. However, the Governor stated he will direct the Commission to work with the Department of Management and the Legislative Fiscal Bureau so the implementation can be completed by December 1, 1999.

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

Governor Item Vetoes SF 465 - Accelerated Career Education Act



**Item Vetoes – SF 465** On May 24, the Governor item vetoed and signed SF 465, the Accelerated Career Education Act. The Governor item vetoed sections of the Act which would allow companies to use income tax withholding payments from present employees to pay the job training costs of potential future employees enrolled at Iowa community colleges. The Governor also item vetoed a provision lowering the maximum annual allocation to the Department of Economic Development’s Workforce Development Fund. The Governor let stand provisions of the Act establishing the framework for the Accelerated Career Education Program within the community college system.

**Funds vetoed** In addition, the Governor approved an appropriation of $7.5 million in HF 722 (Infrastructure Appropriations Act) for capital costs associated with the Program.

**Fiscal Impact** As passed by the Legislature, the net fiscal impact of SF 465 on the General Fund was projected to be $5.0 million in FY 2000 and $9.0 million in FY 2001. In addition, the Accelerated Career Education Program was to receive a total of $15.0 million in capital appropriations from HF 772. After item vetoes, the Act will have no fiscal impact, and the infrastructure appropriations have been reduced to $7.5 million.

**Rationale** The Governor stated in the veto message that he was “concerned that the new program will become another separate and distinct workforce component rather than a complementary part of an integrated approach to improving Iowa’s workforce.”

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

STAFF CONTACT: Jeff Robinson (Ext. 14614)

GOVERNOR VETOES HF 414 - CARRYING A GUN ON PUBLIC HIGHWAY

**Gov’s. Veto – HF 414** The Governor vetoed House File 414, an Act relating to carrying a gun in a vehicle on a public highway, on May 11. The Bill would have made it legal to carry an uncased firearm in a vehicle if the magazine was detached from the firearm.



**Rationale** The Governor vetoed the Bill due to:

* Child safety concerns of having an unloaded gun with a magazine readily available.
* Making unsportsmanlike practices of “stop-and-go” hunting easier.

STAFF CONTACT: Christina Schaefer (Ext. 16301)

Office of the Governor - Audit Report

**Audit Report** The annual audit report for the Office of the Governor for FY 1998 was received by the LFB. The Auditor of State made two findings related to reportable conditions.

**Fixed Assets *Fixed Assets –*** Chapter 7A.30, Code of Iowa, requires that each department and division of State government be responsible for keeping a written, detailed, up-to-date inventory of all real and personal property belonging to the State and under their charge, control, and management. The following findings were noted:

1. Detailed equipment inventory listings were not up to date. Thirteen of 18 office equipment items selected for observation could not be located, and four of ten items observed within the Office could not be traced to the inventory listing.
2. Detailed equipment inventory additions and deletions listings were not up to date or accurate.
3. A fixed assets inventory has not been performed in the last four fiscal years.
4. Recommendation – The Office of the Governor should take the necessary steps to ensure the fixed asset inventory is updated and accurate, including an inventory performed in accordance with administrative requirements.
5. Response – The Office of the Governor will undertake a fixed asset inventory of all assets before July 1, 1999. The Office will update all changes made to inventory at the time of change.
6. Conclusion - Response accepted.

**Claims *Claims for Payment –*** The Iowa Department of Revenue and Finance established procedures for State agencies to follow when processing claims for payment. These procedures provide specific duties and criteria in accordance with Chapter 421, Code of Iowa. The Office of the Governor did not consistently comply with the Iowa Department of Revenue and Finance’s established claim processing procedures. Certain claims had been submitted for processing although proper supporting documentation or other relevant information was lacking, Executive Council approval for membership to an outside organization was lacking, and a claim for an outdated invoice had not been submitted to the Appeal Board for approval as required.

* Recommendation – The Office should work with the Iowa Department of Revenue and Finance in an effort to ensure that all claims processed for payment comply with established procedures and Chapter 421, Code of Iowa.
* Response – These problems occurred during the previous administration. Currently the Office is working with the Department to make sure individuals are properly trained on claim processing procedures.
* Conclusion – Response acknowledged.

STAFF CONTACT: Shawn Snyder (Ext. 16765)

Strategic Planning for the Department of Elder Affairs

**Planning Meeting** On June 2, the Department of Elder Affairs held a strategic planning meeting at the Hotel Fort Des Moines. Approximately 155 people were in attendance. Guest speakers were Terry Glasscock, Deputy Secretary of Aging for the State of Kansas, and Senator Tom Harkin. Major issues addressed were retirement, Social Security, Iowa’s aging population, and family health care. The purpose of the meeting was to address key issues of concern as well as to develop a plan by which to structure systems for Iowa’s older citizens.

STAFF CONTACT: Jennifer Dean (Ext. 14613)

Downtown Revitalization/Urban Sprawl Forum

**Forum on Downtown** On May 27, the Downtown Partnership and 1000 Friends of Iowa sponsored a forum on the issue “Is downtown revitalization an answer to urban sprawl?”. Approximately 100 people attended the all-day forum and 150 people attended the luncheon held at the Marriott Hotel in Des Moines. Speakers included:

**Mayor of Des Moines** Mayor Preston Daniels opened the forum by discussing issues confronting Des Moines and its suburbs. He discussed two major factors

* Distinguishing Des Moines from its suburbs, i.e., the large amount of tax exempt property in Des Moines versus the suburbs.
* The difference in the ages of the various cities comprising the Des Moines metropolitan area.

These two factors make the provision of public services in Des Moines substantially greater than in the suburbs. For example, he pointed out that 34% of Des Moines’ property tax revenues go toward providing public services to tax-exempt properties. Second, Mayor Daniels pointed out how during the 1970s and 1980s the suburbs pulled large amounts of both financial and intellectual capital away from the central city. In the 1990s a similar migration is beginning to affect the older suburbs. For example, the predominant place of origin for people moving to Dallas County is West Des Moines. Thus, Mayor Daniels stated both Des Moines and its immediately adjacent suburbs have a common interest in looking at how to slowdown the spreading out of the metropolitan area’s residential and commercial development. Third, he stated that while most of Iowa is losing population, Des Moines and Iowa’s other major metropolitan areas are experiencing strong growth. He believes this trend will continue, and with it the challenge to local and State leaders is to find ways to help Iowa’s cities attract those young people leaving the State’s rural areas so they do not move out-of-state. One strategy he offered is to focus increased effort on preserving the older housing stock in cities like Des Moines, Cedar Rapids, and Davenport. These homes provide some of the most affordable housing in metropolitan areas, and they are well suited to young families. Coupled with the first strategy he proposed, a second one needed to attract young families to Des Moines and other larger cities is a continued emphasis on improving their schools.

**St. Paul, MN Experience** Patrick Loonan described the strategy following in St. Paul, MN, to revitalize that city’s downtown. He emphasized the need to develop strong partnerships between the public and the private sectors. He described how coalition building began in the city’s neighborhoods. Then he discussed how the Capital City Partnership aggressively recruited CEOs from the entire metropolitan area to make a commitment to locate facilities in downtown St. Paul and to take an active role in the revitalization effort by serving on the organization Board. Also, Mr. Loonan explained the importance of aggressively marketing the Partnership’s agenda and accomplishments. In addition, he showed one of the Partnership’s most effective marketing tools, a CD-ROM capable of showing 360-degree views of existing sites and proposed improvements. In concluding his presentation, Mr. Loonan presented ten principles the Capital City Partnership has followed during its redevelopment efforts. They are:

1. Evoke a sense of place.

2. Restore and enhance the natural environment.

3. Invest in the public realm.

4. Mix land uses in order to promote round-the-clock activity.

5. Improve connectivity of space both physically and visually.

6. Require new buildings to mesh with and enhance the existing environment.

7. Build on community strengths.

8. Preserve and enhance historic resources.

9. Provide a balanced system of mobility (i.e., paths, sidewalks, transit, and roads).

10. Enhance public safety.

 As a final thought, Mr. Loonan emphasized that people are more mobile and jobs are more foot loose today than ever before, so cities need to develop living environments to attract new businesses and residents, and to keep those already present.

**European Cities** James Throgmorton discussed how European cities differ from American cities. He emphasized how new development in European cities is made compatible with the surrounding and adjacent built environment. He further emphasized the pedestrian focus of most European cities.

**Metropolitan Planning Org.** The theme for Tom Kane’s presentation was “Today’s Decisions - Tomorrow’s Choices.” After explaining the role of the Metropolitan Planning Organization, Mr. Kane provided a brief history of factors influencing the development of the Des Moines Metropolitan Area. The main point of this presentation was that the factors influencing the development of Des Moines and its suburbs today are not the same as during the 1950s and 1960s. Today the population is older, families are smaller, and the dominance of the traditional family is rapidly decreasing. Furthermore, he discussed how federal transportation programs changed dramatically with the passage of ISTEA (Intermodal Surface Transportation Efficiency Act) in 1991 and TEA-21 (Transportation Equity Act for the 21st Century). These pieces of legislation, he pointed out, shifted the focus of federal and State transportation programs from individual transportation modes to the system as a whole. Also, they substantially increased the amount of discretion State and local transportation organizations have in using federal funds. For example, the Des Moines Metropolitan Planning Organization recently reallocated $1.0 million from highway projects to the Metropolitan Transit Authority for the purchase of new buses. Mr. Kane concluded by stating that the choices facing transportation planners and local politicians today require focusing on the transportation system as a whole both in terms of modes and geography.

**Mayor of Milwaukee** John Norquist, in addition to being elected to three terms as Mayor of Milwaukee, WI, is Chairman of the Congress on New Urbanism, and author of The Wealth of Cities: Revitalizing the Centers of American Life. Through an extensive slide presentation that provided contrasting views of downtown Milwaukee and its suburbs, Mayor Norquist illustrated and discussed how modern exclusionary zoning practices, architectural design, and federal transportation and housing policies have adversely affected the livability of cities. Being an advocate of the new urbanism, Mayor Norquist emphasized the advantages of mixed-use development, i.e., having people live, work, shop, and recreate in the same neighborhoods. Alternatively, he showed how new suburban office development with individual buildings surrounded by vast expanses of concrete fragment and isolate different activity centers. Although not stated explicitly, the dominant message contained in Mr. Norquist’s presentation was that older, multiple activity areas not only provide more vital and interesting living environments, they also use land more efficiently than single use suburban development because different activities occur throughout the day using the same piece of land rather than separate pieces of land. Thus, downtown, as well as older mixed-use neighborhoods, redevelop results in a reduction of urban sprawl.

**St. Louis Library System** Glen Holt discussed how the library system in St. Louis has served as a catalyst for downtown and neighborhood revitalization. Like Patrick Loonan, he emphasized that as jobs become more foot loose, amenities and investment that improves the living environment becomes more important to economic development efforts. In terms of downtown redevelopment he pointed out that libraries can serve as hubs that give rise to surrounding development. Also, he stressed the importance of “signature buildings” to the urban landscape. Most of his presentation consisted of a road map for library development and revitalization. Following is the eight step process he described:

1. Ask what attracts kids because they define the library experience.

2. Focus on the best, most frequent customers, i.e., readers of fiction and best sellers, and provide a variety of facilities, i.e., meeting rooms, a restaurant, auditorium, etc.

3. Attract virtual customers by accommodating book reservations and the filling of information requests over the Internet because such services eventually attract new visitors.

4. Provide adequate, accessible, and safe parking.

5. Develop a business service center that offers both content and assistance to small and new businesses.

6. Add some “Gee Whiz” type exhibits. The St. Louis Central Library has a Museum of the Information Future.

7. Change hours to better meet the needs of the public.

8. Look to national, as well as local companies, for funding, such as the Gates Library Foundation.

 In closing, Mr. Holt offered three items of advice, do not do second rate planning, delight your users, be a chameleon; constantly adapt to meet changing customer needs.

STAFF CONTACT: Mike Lipsman (Ext. 17799) Deb Kozel (Ext. 16767)