FISCAL UPDATE January 25, 2000

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

General Assembly Passes HF 2059 - National World War II Memorial Funding



**HF 2059 – WWII Memorial** On January 20, the General Assembly passed HF 2059, which appropriates $278,000 from the Rebuild Iowa Infrastructure Fund to the Commission of Veterans Affairs for Iowa’s contribution to the National WW II Memorial Fund. The funds will be used for construction of a national World War II memorial in Washington, D.C. The total estimated cost to design, construct, and maintain the memorial is $100.0 million. As of June 1999, approximately $60.0 million had been received from corporations, foundations, veterans groups, civic associations, states, and individuals. The memorial will be located between the Lincoln Memorial and the Washington Monument.

**NOBA**

**Bill Summary** Copies of the Executive Summary of the Bill Summary for HF 2059 are available from the LFB.

STAFF CONTACT: David Reynolds (Ext. 16934)

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ADMINISTRATION AND REGULATION APPROPRIATIONS SUBCOMMITTEE

**Admin./Regulation Sub.** The Administration and Regulation Appropriations Subcommittee met January 18, 19, and 20.



**Potential Reductions** On January 18, the following agencies discussed a possible 1.0% reduction to their General Fund appropriation:

* Ethics and Campaign Disclosure Board – Kay Williams, Director
* Department of Inspections and Appeals – Kevin Techau, Director
* Department of Personnel – Mollie Anderson, Director
* Department of Commerce – Shari Fett, Legislative Liaison

 On January 19, the following agencies discussed a possible 1.0% reduction to their General Fund appropriation:

* Office of the Treasurer – Michael Fitzgerald, Treasurer of State
* Office of the Auditor – Warren Jenkins, Chief Deputy Auditor of State
* Office of the Governor – Elizabeth Buck, Administration
* Secretary of State – Bob Galbraith, Division Administrator
* Department of General Services – Jerry Gamble, Legislative Liaison
* Department of Revenue and Finance – Gerald Bair, Director

**Dept. of Management** On January 20, Cynthia Eisenhauer, Director, Department of Management, responded to questions concerning a possible 1.0% reduction to their General Fund appropriation and the Governor’s budget recommendations.

**IPERS Privatization** A bill for the privatization of IPERS was discussed and deferred to a later date to allow for an amendment and further discussion.

**Meeting With Econ. Dev.** The Administration and Regulation Appropriations Subcommittee adjourned and joined the Economic Development Appropriations Subcommittee for a discussion of State programs that involve targeted small business. The following agencies responded to questions concerning their programs:

* Department of Inspections and Appeals - Kevin Techau, Director
* Department of Economic Development - Donna Lowery and Ken Boyd
* Treasurer of State - Treasurer of State Michael Fitzgerald and Karen Sinclair

STAFF CONTACT: Ron Robinson (Ext. 16256) Christina Schaefer (Ext. 16765)

Agriculture and Natural Resources Approppriations Subcommittee

**Agric./Natural Res. Sub.** The Agriculture and Natural Resources Appropriations Subcommittee met January 18, 19, and 20 to discuss possible budget reductions for FY 2001.

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**Presentation** On January 18, the Legislative Fiscal Bureau presented information, and discussion followed on the following items:

* FY 1999 reversions to the General Fund and the Technology Initiative Account from the Department of Agriculture and Land Stewardship and the Department of Natural Resources.
* FY 1999 transfers of General Fund moneys from the Parks and Preserves Division, the Forestry Division, and the Energy and Geology Division to the Administrative Services Division to redesign and carpet office space to house additional staff.
* Details on the change in General Fund appropriations between FY 1999 and FY 2000.

**Dept. of Ag. & Land Stwd.** On January 19, Legislative Fiscal Bureau staff and Mary Jane Olney, Department of Agriculture and Land Stewardship, answered questions regarding the Department’s FY 2001 base budget request.

**Dept. of Natural Resources** The Legislative Fiscal Bureau staff and Mark Slatterly, Department of Natural Resources, responded to questions regarding the Department’s FY 2001 base budget request on January 20.

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

Economic Development Appropriations Subcommittee

**Economic Devel. Sub.** The Economic Development Appropriations Subcommittee met January 18, 19, and 20, and conducted the following business:

**Funding Changes** January 18:

* Reviewed answers to questions posed by Subcommittee members at earlier meetings.
* Reviewed information concerning Department of Economic Development funding changes over the past five fiscal years.

**Gov.’s FY 2001 Budget** January 19:

**Gov. FY 2001 **

* Reviewed answers to questions posed by Subcommittee members at earlier meetings.
* Reviewed the Governor’s FY 2001 budget recommendations for the Department of Economic Development, Workforce Development, Iowa Finance Authority, Public Employment Relations Board, and several economic development programs at the Regents Universities.

**Joint Meeting** January 20:

* Reviewed answers to questions posed by Subcommittee members at earlier meetings.
* Met in joint session with the Administration and Regulation Appropriations Subcommittee. State Treasurer Michael Fitzgerald and Ken Boyd, Department of Economic Development, discussed several assistance programs available for Targeted Small Business and the various certification processes used to certify Targeted Small Businesses.

**Next Meeting** During the week of January 24th, the tentative schedule for Subcommittee meetings includes:

* January 26th – State economists will review the current status of Iowa’s economy and employment.
* January 27th
* Review of the Community Attractions and Tourism Fund.
* Review of the adequacy of the economic development tools available in Iowa (economic development toolbox).

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Education Appropriations Subcommittee

**Education Sub.** The Education Appropriations Subcommittee met January 18, 19, and 20. Highlights of Subcommittee activity for the week include:



* LFB staff distributed the following:
* General Fund spreadsheets
* Detailed budget schedules
* Listing of the FY 2000 deappropriation amounts by budget unit for salary adjustment and out-of-state travel
* Reviewed budgets by line item for:
* College Student Aid Commission
* Department of Cultural Affairs
* Department of Education

**Next Week** The Subcommittee will meet January 26 and 27 to continue review of the Department of Education budget.

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

Health and Human Rights Appropriations Subcommittee



**Health/Human Rights Sub.** The Health and Human Rights Appropriations Subcommittee met January 18, 19, and 20. Throughout the week, the Legislative Fiscal Bureau presented the following information:

* Schedule 6s, focusing on total resources available to each budget unit that also receives a State appropriation.
* Schedule 1s, focusing on decision packages which would restore 100.0% of the FY 2000 funding level.
* The potential impact of reductions of 1.0%, 3.0%, and 5.0% to the budgets of the departments that received an FY 2000 appropriation from the Subcommittee.

STAFF CONTACT: Valerie Thacker (Ext. 15270) Russ Trimble (Ext. 14613)

Human Services Appropriations Subcommittee

**Human Services Sub.** The Human Services Appropriations Subcommittee met the week of January 17 and conducted the following business:

**Priorities & Concerns** January 18:

* Heard the priorities and concerns of the Subcommittee members.

**Budget Review** January 19:

* Reviewed the required increases and proposed decreases for the budget units of the Department of Human Services.

**Information Received** January 20:



* Discussed the Temporary Assistance for Needy Families (TANF) Program and proposed budget for FY 2001 and FY 2002.
* Reviewed information regarding the costs of facilitators and consultants utilized by the Department of Human Services.
* Received information regarding the vacant funded positions and the six- month salary expenditures for the Department of Human Services.
* Discussed information regarding the funds requested by the Department of Human Services and the amounts recommended for medical services and child welfare services by the Governor from tobacco settlement revenues for FY 2001.
* Received information regarding the Governor’s proposal for uses of monies from the Long-Term Care Trust Fund.

**More Information** Additional information is available from the LFB upon request.

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

Justice System Appropriations Subcommittee



**Justice System Sub.** The Justice System Appropriations Subcommittee met to discuss the following issues regarding the Department of Corrections (DOC):

* **Telephone Rebate Funds** - The Department utilized Telephone Rebate Funds for a variety of purposes, including but not limited to, construction, remodeling, vocational training, recreation supplies, psychological services, and victim programs.
* **Hiring of FY 2000 New Staff** - The Department provided a detailed list of all newly authorized FTE positions for FY 2000, including the position class, budgeted cost, actual cost, hire date, and factors impacting the hiring process.
* **Private Sector Employment of Inmates** - The Department works with the Department of Workforce Development, whose Board approves private employers for hiring inmates. Private employers must comply with both State and federal laws regarding the employment of inmates. Some of these laws include payment of the prevailing wage and non-displacement of private sector employees.



* **Construction of Prison Industries’ Buildings since FY 1996**
* Rockwell City – $800,000
* Luster Heights - $139,000
* Fort Dodge - $800,000
* Newton - $1.1 million
* Mitchellville - $1,254,000
* Clarinda - $1.5 million
* **Fort Dodge Institution’s Young Offenders Program** - The Department is implementing the Redirecting Inmate Values, Energy, Relationships, and Skills (RIVERS) Program. It is a cognitive development program for young, first-time, non-violent offenders. The six-month Program is designed to serve 150 offenders, offering structure and discipline, in addition to concentrating on making positive changes.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561) Beth Lenstra (Ext. 16301)

Oversight and Communications Appropriations Subcommittee

**Oversight/Communic. Sub.** The Oversight and Communications Appropriations Subcommittee met January 18 and 20.



* On January 18, the Subcommittee reviewed the detail budget schedules for the departments requesting funding through the Subcommittee and discussed the expenditure patterns of the departments in FY 1999 and FY 2000.
* On January 20, the Subcommittee continued the review of historical funding for departments and related technology projects funded by the Subcommittee in FY 1999 and FY 2000. Staff of the Legislative Fiscal Bureau briefly reviewed the $46.3 million of new department requests for technology projects.

**Next Week** The Subcommittee plans to discuss FY 2001 budget requests from the Information Technology Services Division, Department of General Services, and the Iowa Telecommunications and Technology Commission during next week’s meetings.

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

Transportation, Infrastructure, and Capitals Appropriations Subcommittee

**Trans., Infra., & Capitals**  The Transportation, Infrastructure, and Capitals Appropriations Subcommittee met January 18, 19, and 20, and discussed the following:

* Reviewed the Governor’s recommended changes to the Rebuild Iowa Infrastructure Fund, including recommended deappropriations and bonding proposals.



* Heard a presentation from Mark Wandro, Director of the Department of Transportation (DOT). Mr. Wandro discussed his goals and philosophical approach to operating the DOT. Mr. Wandro stated that he intends to reorganize the DOT into a modal division structure and will decentralize much of the decision-making to improve the responsiveness of the DOT to the public. Mr. Wandro will also be proposing, in conjunction with the Department of Economic Development, a $10.0 million funding package for improving aviation service and infrastructure in Iowa.
* Reviewed the Legislative Fiscal Bureau’s FY 1999 Expenditure Oversight report on the Department of Transportation and State infrastructure projects.
* Reviewed issues and funding pertaining to the State Recreational Trails Program and the State Aviation Programs.

STAFF CONTACT: David Reynolds (Ext. 16934)

Governor’s FY 2001 Bonding Proposals

**Bonding Proposals** The Governor is recommending the issuance of $360.6 million in revenue bonds as part of his FY 2001 budget. The bonding proposals are discussed below.

**Regents Board of Regents**



Bonding Proposal

 The Governor is recommending issuing a total of $57.0 million in bonds for projects at the three Regents institutions. The Governor is also recommending the funding for Regents Tuition Replacement from the General Fund to the Rebuild Iowa Infrastructure Fund (RIIF). The Regents bonding proposals include:

* $2.5 million for improvements to Lang Hall at the University of Northern Iowa. The General Assembly appropriated these funds to the Board of Regents from the RIIF in HF 733 (FY 1998 Infrastructure and Capitals Appropriations Act). The Governor is recommending the deappropriation of these funds and replacing the funds with bonding.
* $6.8 million for improvements to the Engineering Teaching facility at Iowa State University. The General Assembly appropriated these funds to the Board of Regents from the RIIF in HF 733 (FY 1998 Infrastructure and Capitals Appropriations Act). The Governor is recommending the deappropriation of these funds and replacing the funds with bonding.
* $2.6 million for improvements to the Medical Education and Biomedical Research Facility at the University of Iowa. The General Assembly appropriated these funds to the Board of Regents from the RIIF in HF 733 (FY 1998 Infrastructure and Capitals Appropriations Act). The Governor is recommending the deappropriation of these funds and replacing the funds with bonding.
* $11.0 million for improvements to Gilman Hall at Iowa State University, including replacement of the heating, ventilation, and air conditioning system, the fume hood exhaust system, and for construction of an addition to house mechanical equipment.
* $14.7 million for renovation of the Biological Sciences Facility at the University of Iowa.
* $16.9 million for the construction of a 70,000 square-foot addition to McCollum Science Hall at the University of Northern Iowa to accommodate growth and new technology for teaching biology and life sciences.
* $2.5 million for project costs associated with technology and equipment for the Excellence in Fundamental Plant Science at Iowa State University.

 **Major Attraction Development and School Infrastructure**



**Major Attractions Fund** The Governor is recommending the establishment of a Major Attractions Fund for the purpose of providing low-cost financing to local governments for the development of major recreational and tourism attractions and for improvements to local schools. The Governor is recommending authorization for the State to issue up to $300.0 million in revenue bonds for program funding. Of the $300.0 million, $100.0 million would be dedicated specifically for school infrastructure with priority given to school districts that do not receive revenues from a local option sales tax. Under the Governor’s proposal, all projects would require local involvement of at least 50.0% local match.

**Est. Debt Service Payments** The Governor’s proposal would repay the bonds over a 20-year period. However, the Department of Management stated that the program would likely be set up where bonds would only be issued as projects are ready to be implemented. The estimated debt service payments would total between $10.0 million and $30.0 million annually. The Governor is recommending the annual payments be made from the RIIF.

**CBC Infrastructure Community-Based Corrections Infrastructure Lease Purchase**



 The Governor is recommending entering into a lease purchase agreement totaling $3.6 million for improvements and new construction at Community-Based Correctional (CBC) facilities. The Governor is recommending the lease purchase payments be made from the RIIF. The Governor is recommending an appropriation of $600,000 from the RIIF for FY 2001 for the first year’s debt service. The recommended improvements will include:

* $1.8 million for improvements to establish a Substance Abuse Treatment facility.
* $300,000 for continued improvements to the Council Bluffs facility.
* $1.5 million for expansion of Community-Based Correctional facilities.

STAFF CONTACT: David Reynolds (Ext. 16934)

Lottery Revenues and Expenditures Through December



**FY 2000 Lottery Revenues** Through December, FY 2000 Lottery game revenues decreased $8.3 million from the FY 1999 level. Lottery prize expenses decreased $4.8 million, operating expenses decreased $1.6 million, and transfers to other State funds decreased $1.9 million. The following table details revenues, expenditures, and balances of the State Lottery. Rows and columns may not add, due to rounding.



**FY Sales** Fiscal year sales through December, compared to the same time period of FY 1999, were as follows:

* Instant ticket sales increased $1.2 million (2.8%).



* Iowa Lotto/Supercash/Pick 3 sales increased $500 (0.0%).
* Multi-State Powerball sales decreased $8.2 million (31.5%).
* Multi-State Daily Millions/Cash 4 Life sales decreased $632,000 (28.9%).
* Daily Game sales increased $85,000 (3.8%).
* Pull-tab sales decreased $763,000 (5.6%).

**December Sales** Total Lottery sales for December were $14.1 million, an increase of $416,000 (3.1%) compared to December 1998. December 1999 sales for Instant tickets, Pick 3, Powerball, and the $100,000 Cash Game were above sales for December 1998.



**REC Projections** The December Revenue Estimating Conference (REC) projected FY 2000 Lottery profits will total $34.0 million. Of this amount, $33.5 million is to be transferred to the State 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 1999 was $37.0 million. Therefore, the REC is currently estimating Lottery transfers will be $3.0 million lower in FY 2000 than FY 1999. Through December, fiscal year transfers are $1.9 million below FY 1999.

**Sales Tax Paid** In addition to the amount transferred to the State as profits, the Lottery has transferred $4.0 million in sales tax during FY 2000.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Higher Education Report of Degree Programs at Satellite Locations



**Study Completed** Senate File 464 (FY 2000 Education Appropriations Subcommittee Act) required the Board of Regents, in consultation with the Iowa Association of Independent Colleges and Universities and the Iowa Coordinating Council for Post High School Education, to complete a study of the number and type of degree programs offered at satellite locations. The completed Study was submitted to the General Assembly on January 14.

**Information Provided** The Study provides the following information for each degree Program offered:

* Title
* National Center for Educational Statistics Classification of Programs (CIP) number
* Satellite location
* Resident, non-resident, and total enrollment
* Date approved by the Iowa Coordinating Council for Post High School Education
* Use of the Iowa Communications Network (ICN)
* Date of first offering
* Comments and clarification

**Satellite Locations** The majority of the courses offered are in the areas of business and education, which are the courses most frequently requested by off-campus students. Most of the satellite locations consist of community college campuses and major Iowa cities. Fall 1998 enrollment data indicates 7,482 students were enrolled in courses at satellite locations. While residency information was not known for all students, the data does show 4,827 of the students were Iowa residents and 74 were non-residents.

**Use of ICN** Of the Programs listed, all but 24 were approved by the Iowa Coordinating Council for Post High School Education. The ICN was used in delivery of 34 of the Programs.

**Copies Available** Copies of the study are available from the LFB.

STAFF CONTACT: Mary Shipman (Ext. 14617)

University of Iowa Hospitals and Clinics Report on Use of Home Telemedicine



REPORT

**Report Submitted** Senate File 464 (FY 2000 Education Appropriations Act) required the University of Iowa Hospitals and Clinics (SUIHC) “make reasonable efforts to extend the use of home telemedicine and other technologies to reduce the frequency of visits to the hospital required by indigent patients.” The SUIHC was also required to submit a report describing use of telemedicine to accomplish this purpose. The Report was submitted to the General Assembly on January 15.

**Report Findings** The Report indicates that home telemedicine has decreased the frequency with which indigent patients need to travel to SUIHC for care. The data studied regarding 61 patients indicates that:

* Admissions declined by 27.3%.
* Outpatient visits declined by 18.9%.
* More than 35 patients (59.0%) had fewer admissions and outpatient visits combined after they started on home telemedicine than for an equal time period prior to starting home telemedicine.
* Charges for UIHC hospital and physician services associated with care of these patients decreased by more than $500,000.

**Copies Available** Copies of this report are available at the LFB Office.

STAFF CONTACT: Mary Shipman (Ext. 14617)

Department of General Services - Reimbursement Recommendation to the City of Des Moines for Police and Fire Protection



REPORT

**Report Received** In accordance with Senate File 460 (1999 Administration and Regulation Appropriations Act), the Department of General Services released a report recommending an annual reimbursement amount of $246,000 to the City of Des Moines for fire protection. Since the State has its own Capitol Police force, a reimbursement amount for police protection was not included in the recommendations.

**Recommendation** The basis for the recommendation was the result of a study by a task force of researchers, resource providers, and analysts from within State government, Des Moines city government, and Iowa State University. The Board of Regents has been employing a method for payment for fire protection, in lieu of taxes, which is the method the Department has recommended. If the recommendation is accepted, the Department would need an appropriation to pay for this obligation.

**Copies Available** Copies of the study and the recommendation are available from the Legislative Fiscal Bureau.

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

*ISSUE REVIEW* RELEASED - EARTHEN WASTE STORAGE STRUCTURES IN IOWA



***Issue Review*** The Legislative Fiscal Bureau (LFB) recently released an ***Issue Review*** on earthen waste storage structures in Iowa. The ***Issue Review*** summarizes the findings and recommendations of a study done by Iowa State University on potential sources of contamination from animal confinement earthen waste storage structures.

**Appropriation** In HF 708 (FY 1998 Agriculture and Natural Resources Appropriations Act), the General Assembly appropriated $200,000 from the Agriculture Management Account to Iowa State University and directed the University *“…to determine the extent to which the structures (earthen waste storage structures) contribute to point and nonpoint pollution in this state.”*

**Study by ISU** The study by Iowa State University, titled *Earthen Waste Storage Structures in Iowa*, was released in August 1999 and is composed of four research papers. The researchers studied factors such as site locations, soil and water table data, management and maintenance practices, and manure seepage to determine possible risks of surface and groundwater contamination. The researchers developed ten recommendations, from improved detailed siting, design, and construction regulations, to frequent mowing of berms and visually checking for adequate freeboard, to reduce the potential risks of contamination.

STAFF CONTACT: Sherry Weikum (Ext. 17846)

Weekly Medical Assistance Program Expenditures in the Department of Human Services



**Medical Asst. Program** For the week ending January 17, 2000, FY 2000 General Fund expenditures for the Medical Assistance Program in the Department of Human Services were $14.7 million (90.7% of budget). This is $1.5 million below the weekly budget established by the Department. Year-to-date Medical Assistance General Fund expenditures are $202.4 million, which is $7.4 million (3.8%) above the amount budgeted for 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 upon request from the Fiscal Bureau.

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

Topical Information Summaries - Highlights

**Information Available** The Legislative Fiscal Bureau has available on the Legislative Website or through the Legislative Mapper system, thirty-five summaries on a power point program available for informational purposes. The listing of presentations was provided in the January 18 edition of the ***Fiscal Update***, as well as the instructions for accessing the information. The following is a highlight of three of the power points:

**Powerpoint**

**Presentations!**

**RIIF** The Rebuild Iowa Infrastructure Fund (RIIF) provides:

* Background of the RIIF
* Definition of Vertical Infrastructure
* Revenue Sources
* Appropriations
* Fund Balance Sheet

STAFF CONTACT: David Reynolds (Ext. 16934)

 **REAP** The Resource Enhancement and Protection Fund (REAP) provides:

* An overview of the REAP
* Historical Appropriations
* Revenue Sources
* Fund Distribution to the nine areas

STAFF CONTACT: Deb Kozel (Ext. 16767)

**Law Enforcement Acad.** Iowa Law Enforcement Academy provides:

* The duties and responsibilities of the Academy
* A table of organization and membership of the Academy Council
* Listing of the courses and seminars offered at the Academy
* A historical budget
* Physical standards and minimum performance requirements for police officers attending the Academy

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

**For Assistance** If you need assistance accessing, printing, or e-mailing these presentations, please do not hesitate to ask any LFB staff member for assistance.

STAFF CONTACT: Sue Lerdal (Ext. 17794)