FISCAL UPDATE January 31, 2000

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



Administration and Regulation Appropriations Subcommittee

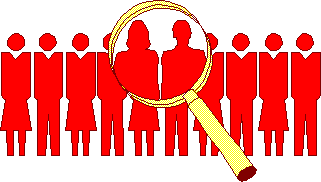
**Admin./Regulation Sub.** The Administration and Regulation Subcommittee met January 26 and 27 and conducted the following business.

**Worker’s Comp. Fund** On January 26, the Subcommittee discussed the Workers’ Compensation Fund.

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* Mollie Anderson, Director of the Department of Personnel, and Bill West, Workers’ Compensation Division Administrator for the Department of Personnel, presented information regarding the *Segal Report.* The *Segal Report* provided an evaluation of the Workers’ Compensation Program and made recommendations regarding the Program.
* Warren Jenkins and Andy Nielsen of the Auditor’s Office, and Kevin McKelvogue, Generally Acceptable Accounting Principals Coordinator for the Department of Revenue and Finance, responded to questions concerning the possible unfunded liability within the Workers’ Compensation Fund.

**Other Information** The Subcommittee:



* Heard a presentation by the Legislative Fiscal Bureau on vacant State positions, including historical FTE usage and a listing of positions vacant for six months or more.
* Received the following materials:
* Department of Personnel response to questions on the Dependant Care Accounts.
* Department of Commerce response to questions on the closing of the Hartford-Carlisle Savings Bank.

**Lottery Problems** On January 27, the Subcommittee heard a presentation by Edward Stanek, Iowa Lottery Commissioner, regarding the computer problems the Iowa Lottery has experienced.

**Gov.’s FY 2001 Budget** Dennis Prouty, Director of the Legislative Fiscal Bureau, responded to questions about the Governor’s FY 2001 Budget Recommendations.

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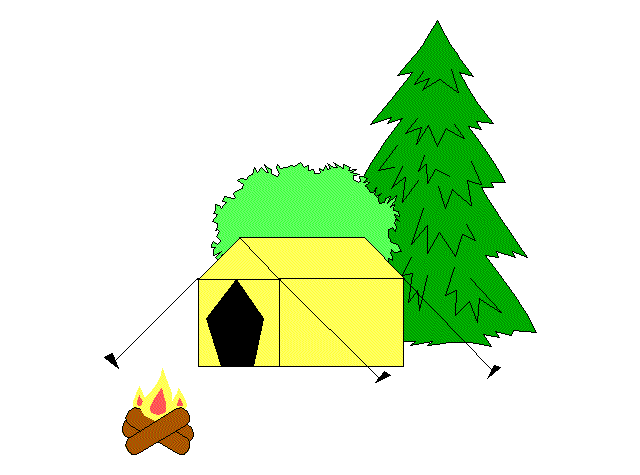
Agriculture and Natural Resources AppropriationS Subcommittee

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

**State Vehicles** On January 26, Dale Schroder, Fleet and Mail Administrator, Department of General Services, discussed the process by which departments replace and purchase additional State vehicles. Current State vehicles are replaced after 92,000 miles or ten years of service and purchased with funds the department has deposited in their depreciation account. New, additional State vehicles are usually funded by an appropriation. After the Department of General Services receives requests for State vehicles, the Department requests bids from dealers on new vehicles, and vehicles are selected based upon required use specifications and the lowest life cycle cost. Chapter 18.3, Code of Iowa, defines life cycle cost as the total cost of ownership during the life of a product.

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**State Parks** The second speaker on January 26 was Mike Carrier, Parks and Preserves Division Administrator, Department of Natural Resources. Mr. Carrier discussed a plan to maximize the efficiency and long-term management of State parks. Under the new plan, 17 clusters of two to four State parks would be managed by a superintendent. Personnel and equipment would be shared between the parks in a cluster.



**Pseudorabies Eradication** On January 27, John Schiltz, State Veterinarian; and Kevin Petersburg, United States Department of Agriculture, Animal Plant Health Inspection Service; presented an update on Pseudorabies Eradication Program and the federal Accelerated Pseudorabies Eradication Program (APEP).

**Progress In Iowa** Dr. Schiltz explained the Pseudorabies Eradication program in Iowa has made great progress since its beginning and the State is now down to less than 200 infected herds. In an effort to reduce the number of infected swine herds, the herd veterinarian contacts the owner of a herd that has tested positive within 24 hours of receiving a positive test result. Then each swine herd owner within three miles of the newly infected herd is notified and informed their swine must be vaccinated within seven days.



**Federal Program** Dr. Petersburg explained the federal APEP began in January 1999 and was in response to the hog crisis and an effort to reduce the number of pseudorabies-infected herds. The federal program offers owners of an infected swine herd the fair market value of their swine plus an additional sum for each animal humanly destroyed in an infected herd. The program began with $80 million in January 1999 and received additional federal funding of $40 million in October 1999. As of January 25, 448 herds in Iowa were enrolled in this program and Iowa producers have received over $40 million.

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Economic Development Appropriations Subcommittee

**Economic Devel. Sub.** The Economic Development Appropriations Subcommittee met January 26 and 27 and conducted the following business:

**Iowa Economy** January 26:



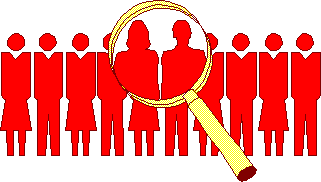
* Harvey Siegelman and Bob Henningsen, Department of Economic Development, reviewed the status of the Iowa economy and projections for economic growth the next two years.
* Ann Wagner of the Department of Workforce Development reviewed the current status of Iowa’s labor force and described workforce trends over the past four decades.

**Tourism Fund** January 27:

* Nancy Landess of the Department of Economic Development described the Department’s work in implementing the new Community Attraction and Tourism Development Program.
* Mr. Henningsen reviewed the economic and business development tools available in Iowa.
* Reviewed answers to questions posed by Subcommittee members at earlier meetings.

**Next Week** During the week of February 1st, the tentative schedule for Subcommittee meetings includes:

* February 1 – Small business programs, the impact of Internet sales on small business, and the Entrepreneurial Ventures Assistance Program.



* February 2 – Immigration and Iowa’s workforce.
* February 3 – Promise Jobs, Welfare-to-Work, and the Workforce Investment Act.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

Education Appropriations Subcommittee

**Education Sub.** The Education Appropriations Subcommittee met January 26 and 27. Highlights of Subcommittee activity for the week were:

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* Reviewed budgets by line item for:
* Iowa Public Television (IPTV)
* Board of Educational Examiners
* Division of Vocational Rehabilitation Services
* Department of Education
* Discussed requests for new programs, including:
* Iowa Jobs for America’s Graduates (JAG) to provide direct services to the most at-risk high school seniors through direct intervention by specialists.
* Career Opportunities and Resources for Education (CORE) Grant Program to encourage Iowa students to enroll in shortage-area vocational programs by providing expanded educational assistance.
* Education Innovation Fund to provide high school students with advanced level courses at regional academies and to fund innovative teacher compensation projects.

**Funding Requests** The Subcommittee also discussed requests for increased funding for Employability Skills Assessment, the Beginning Teacher Induction Program, and Empowerment areas.

**Next Week** The Subcommittee will meet the week of January 31 to review the institutional budgets for the Board of Regents.

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Health and Human Rights Appropriations Subcommittee

**Health/Human Rights Sub.** On January 26 and 27, Rose Vasquez, Director of the Department of Human Rights, and various division administrators presented the budget for the Department of Human Rights.

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* Bill Brand, Division Administrator for Community Action Agencies, presented the Governor’s recommendation for $100,000 to be used in outreach efforts for the HAWK-I Program. Mr. Brand presented the Subcommittee with an overview of the Division’s role in helping to contribute to the success of the HAWK-I Program. Mr. Brand distributed information on his proposal for outreach for HAWK-I pilot projects. In the proposal, Mr. Brand discussed the Community Action Agencies mission as well as plan designs, objectives, and strategies for the pilot projects.
* Kathryn Baumann-Reese, Division Administrator for Deaf Services, discussed plans to restructure the Division.
* Marilyn Turner, Division Administrator for Persons with Disabilities, presented the Division’s budget request. The Division is requesting and the Governor is recommending an increase of $20,000 to provide added security at the annual Youth Leadership Forum.
* Elizabeth Salinas Newby, Division Administrator for Latino Affairs, gave a general overview of the Division’s responsibilities and duties. Ms. Newby also provided the Subcommittee with estimates of the number of Latinos in Iowa by county. According to the information provided by Ms. Newby, there are more Latinos living in Iowa than the decennial census indicates.
* Charlotte Nelson, Division Administrator for the Status of Women, gave an overview of the goals and objectives of the Division. Ms. Nelson discussed the importance of the Iowans in Transition program, formerly known as the Displaced Homemakers Program.
* Traevena Potter-Hall, Division Administrator for the Status of African Americans, discussed the services and programs that the Division provides to the African-American community. Ms. Potter-Hall stressed the importance of the continuation of Public Forums to gather important data on the concerns and issues facing Iowa’s African-Americans.
* Richard Moore, Division Administrator for Criminal and Juvenile Justice Planning, gave a brief summary of the Division’s functions. Mr. Moore then focused on two specific programs, the Justice Data Warehouse and the Community Grant Fund. Mr. Moore indicated that he had prefiled a bill that would remove the sunset clause from the Community Grant Fund, as well as restructure the manner in which the grants would be awarded. Mr. Moore then presented the Governor’s recommendation for an increase of $60,000 and 1.00 FTE position for a Statistical Research Analyst to service the Justice Data Warehouse.



* The Governor is recommending an increase of $12,900 to provide the Department with continued access to the Iowa Hub and the Information Technology Services Server. Divisions would receive funding based on the number of personal computers they operate, as follows:
* Deaf Services – an increase of $4,800
* Persons with Disabilities – an increase of $2,100
* Latino Affairs – an increase of $1,800
* Status of Women – an increase of $2,400
* Status of African-Americans – an increase of $1,800

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

Human Services Appropriations Subcommittee

**Human Services Sub.** The Human Services Appropriations Subcommittee met the week of January 24 and conducted the following business:



**DHS Presentation** On January 26, the Subcommittee heard from Jessie Rasmussen, Director of the Department of Human Services (DHS), regarding the following:

* The State Cases Program. Joining the discussion were two Central Point Coordinators.
* The Long-Term Care Strategy being undertaken by the Department in conjunction with Intergovernmental Transfers. The strategy will include conversion of nursing home beds to assisted living beds.
* Provider Reimbursements. The discussion included development of “preferred” resource management strategies.

**Special Needs Services** On January 27, the Subcommittee heard two parents’ concerns regarding “special needs” services being provided to their children. This discussion also included representatives from the DHS and from Consultec, the private entity responsible for administering these Medicaid payments.

**Child Support** The Subcommittee also heard from a representative of the DHS regarding the Child Support Recovery Unit and the State Disbursement Unit. The State Disbursement Unit provides a centralized location for collection of child support recoveries obtained through income withholding.

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

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Justice System Appropriations Subcommittee

**Justice System Sub.** The Justice System Appropriations Subcommittee met the week of January 24 to hear presentations from the Department of Corrections (DOC) and the Department of Public Safety (DPS) on the following issues:

**Dept. of Corrections** Department of Corrections – Deputy Director Jeannette Bucklew discussed the following major topics for Community-Based Corrections (CBC):

* **CBC Client Populations** – There were approximately 34,000 probationers and 4,000 parolees served with a budget of $57.3 million in FY 1999. There are 21 residential facilities serving approximately 5.0% of the client population but utilizing 42.3% of the budget. Field services provides street supervision to four-fifths of the clients, costing 27.8% of the budget. The remainder of the budget goes for special projects, administration, and pre-sentence investigations.



* **Probation and Parole** – Probationers and parolees receive the same supervision services, determined by risk scores and need. Probation revocation rates decreased from 15.2% in FY 1995 to 10.7% in FY 1999. Parole revocation rates decreased from 18.6% to 9.1%.
* **Drug Court** – Drug Court is a combination of punishment, treatment, and rehabilitation under the supervision of the Court, with active involvement of prosecuting and defense attorneys, CBC probation/parole officers, and treatment staff. The Program began in the Fifth CBC District in 1996 and was expanded to the Third and Fourth CBC Districts in 1999.
* **Residential Supervision** – Residential facilities house work releasees, Operating While Intoxicated (OWI) offenders, probationers, parolees, federal clients, and direct sentence offenders. The residential facilities offer the highest level of supervision in the community setting at a cost of approximately $56 per day. (Regular street supervision for a probationer costs average $1.53 per day.)
* **Community Work Crew Programs** – CBC clients and prison inmates, under supervision of the CBC Districts, provide services to community and nonprofit organizations. Projects include building houses for Habitat for Humanity, construction projects for State and local parks, painting, cleaning, and renovation of public properties.
* **Electronic Monitoring** – The District Departments currently utilize technology to monitor if an offender leaves his or her residence without authorization and does random breathalyzer testing. New technology being considered will provide satellite-based global positioning monitoring. The new techniques are being considered to monitor sex offenders more closely.

**Dept. of Public Safety** Department of Public Safety – Commissioner Penny Westfall, with the assistance of DPS division directors, led the discussion of the following issues:

* **DNA Database** – The Department continues to expand use of DNA testing to help solve crimes. The Department is switching to new technology to improve testing and turnaround. Currently, there is an average turn-around time of 69 days.
* **Sex Offender Registry** – There are 3,200 registrants. Approximately 1,300 have been assessed, and 242 public notices have been issued. In March, the Department’s Sex Offender website will become operational, providing information on 150 sex offenders.
* **Methamphetamine Update** – The Department reported 590 methamphetamine arrests in calendar 1999, an increase of 190 arrests compared to 1998. In regard to seizures, 61,000 grams of methamphetamine and amphetamine were seized, a decrease of 10,000 grams compared to 1998. Five hundred clandestine meth labs were seized. The Department pursues a variety of illegal drugs with Highway Patrol interdiction teams, undercover operations, intelligence-gathering procedures, and with drug-sniffing dogs. Total Department narcotics seizures had an estimated value of $5.7 million through November 1999.



**Farm Subcommittee** After the regular meetings, the Farm Subcommittee of the Justice System Appropriations Subcommittee met with Roger Baysden, Department of Corrections Deputy Director for Prison Industries and Farm Operations, to review the activities of the prison farms and gardens. The DOC staff described their garden operations, the handling of produce, and their plans for improvements.

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Oversight and Communications Appropriations Subcommittee

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

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**ITS Presentation** On January 26, the Subcommittee heard a budget request presentation for Information Technology Services (ITS) from Richard Varn, Director, Information Technology Services Division, Department of General Services. The presentation included:

* An FY 2001 status quo General Fund request of $4.8 million.
* A presentation on the billing for services to other agencies used to generate the majority of funds to pay costs of the ITS operation. Some departments are over-billed and some departments are only partially billed, or not billed at all, for services. This had led to increased billings to “billable” departments to generate funds sufficient to cover costs of services to “non-billable” departments.
* A brief review of the status of the proposal to create a new Information Technology Department and IowAccess recommendations. These topics were deferred until later meetings.
* A presentation on other information technology proposals, including:
* 21st Century Learning Infrastructure.
* Confidentiality of Internet Protocol Numbers.
* Web publishing of government documents to reduce the number of paper copies generated.
* E-Commerce and the Uniform Electronic Transaction Act.

**ITTC Presentation** On January 27, the Subcommittee heard a budget request presentation for the Iowa Telecommunications and Technology Commission (ITTC) from Harold (Tommy) Thompson, Chief Operating Officer, Iowa Communications Network (ICN). The presentation included:



* An FY 2001 status quo General Fund request of $3.4 million. This is due to revised projections for growth in video usage over the ICN. For FY 1999, 395,000 hours had been projected and only 288,000 actually occurred. Revised estimates for FY 2000 and FY 2001 are 340,000 and 390,000 respectively, resulting in no change in the subsidization request.
* An FY 2001 request from the Rebuild Iowa Infrastructure Fund (RIIF) of $2.7 million for maintenance and lease cost of the ICN tail circuits. The fiber for Part III of the ICN is not owned by the ICN, but is leased on a seven-year lease basis from vendors installing the local fiber. These are annual lease payments and costs may increase in FY 2003 when the first set of leases come up for re-negotiation.
* An FY 2001 request from RIIF of $7.0 million for the second phase of the conversion of the ICN to Asynchronous Transfer Mode (ATM) and MPEGII technology. Another $7.0 million will be requested for FY 2002 to complete the conversion.
* A request to include language in the Subcommittee appropriations bill that would allow the ITTC to enter into a lease purchase for an upgrade of the voice and data telecommunications system used by 12,000 State employees at locations with the Capital Complex and other Greater Des Moines area State offices. The current voice switch is ten years old and has reached the limit of capacity. Additionally, the old technology cannot handle the demands for the high-speed modems now being used for data transfer, resulting in users being knocked off various computer dial-in connections when the current system cannot handle the load.

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Transportation, Infrastructure, and Capitals Appropriations Subcommittee

**Trans., Infra., & Capitals** The Transportation, Infrastructure, and Capitals Appropriations Subcommittee met January 26 and 27 and heard presentations from the Department of Transportation (DOT) and the Information Technology Services Division of the Department of General Services. The presentations are discussed below.

**Gov. FY 2001 **

**DOT Presentation** The DOT presented the FY 2001 Governor’s budget recommendations to the Subcommittee. The Governor is recommending a total of $275.0 million (including capital projects) and 3,833.5 FTE positions for FY 2001. This represents an increase of $7.4 million (2.8%) and no change in FTE positions compared to estimated FY 2000. The following table shows the DOT’s FY 2001 budget recommendation by funding category.

**Required Reports** The Subcommittee also heard presentations from the Department of Transportation and Information Technology Services regarding reports required from last year’s appropriations bills. The reports included:



REPORT

* Summary of the Evaluation of Ice Ban by the Highway Innovative Technology Evaluation Center - The report provides an evaluation of the deicing chemical Ice Ban Magic and provides an update of the operational tests of Ice Ban being conducted by the Maintenance Division of the DOT.
* Adopt-A-Highway Dangers - The DOT conducted a study regarding Adopt-A-Highway activities and potential safety hazards posed by debris along the roadside, and regarding the ways to minimize the risks to volunteers and the environment.
* Commercial Vehicle Parking - This report was conducted by a task force formed by the DOT to study Iowa’s policies pertaining to overnight commercial truck parking and to make recommendations regarding commercial truck parking.
* Hours of Service - The DOT conducted a study concerning the hours of service for drivers of vehicles operated for hire and designed to transport more than six persons, including the driver. The study only involved private, for-hire carriers. A committee of private sector interest groups and the DOT was formed to investigate the feasibility of applying hours-of-service regulations to vehicle operators. The study focuses primarily on the transportation of railroad workers and safety issues associated with fatigued drivers moving crews during all hours of the day and night.
* Benefits to the DOT for fees paid to the Information Technology Services Division (ITS) – This report identified the services provided to the DOT by ITS and methods in determining the overhead charges billed to the DOT. Tom Shepherd of ITS was asked if the services provide by ITS were less costly than having the DOT provide the services directly with their own staff. Mr. Shepherd stated that when ITS was created, a savings was anticipated; however, the savings never materialized because the mainframe systems of both entities were never consolidated.

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

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Topical Information Summaries on State Issues - Week of January 24

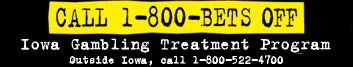
**Information Available** The Legislative Fiscal Bureau has available on the Legislative Website or through the Legislative Mapper system, thirty-five summaries on a power point program available for informational purposes. The listing of presentations was provided in the January 18 edition of the Fiscal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

**Plant Science Initiative** The Plant Science Initiative at Iowa State University provides:

* **I:\CLIPART\CGM\COLOR\AGRICULT\CORNCROP.CGM**The goals and objectives for the Initiative.
* The six centers within the Initiative.
* Initial and planned funding.
* Federal funding.

STAFF CONTACT: Mary Shipman (Ext. 14617)

**Gambling Treatment Prg.** Iowa’s Gambling Treatment Program provides:

* ****The available gambling opportunities and the percentage of clients being served for the specific opportunities.
* The purpose and funding sources of the Program.
* Data including the revenues, expenditures, the number of clients served, and the hours of counseling provided.
* Client characteristics and the use of the toll-free helpline.

STAFF CONTACT: Valerie Thacker (Ext. 15270)

**Iowa Lottery** Iowa Lottery provides:

* A list of “quick facts” regarding the Lottery.



* Historical revenues.
* Descriptions of each type of game offered.
* The financial operation of the Lottery.
* Operating expenditures and balance sheet.

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

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