FISCAL UPDATE October 3, 2000

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LEGISLATIVE OVERSIGHT committee MEETING



**Oversight Committee** The Legislative Oversight Committee met September 19 in the Capitol. The following items were discussed:

* Audit report on Department of Human Services (DHS) contract for outside services – Warren Jenkins, Deputy Director, Auditor’s Office, presented to the Committee an overview of the audit reports on two DHS outside services contracts. Mr. Jenkins discussed the specific issues that are necessary for good contract management and the discrepancies that were noted in the audit reports.
* DHS discussion of outside services - Jessie Rasmussen, Director, Department of Human Services, discussed how the Department could improve the contracting and monitoring systems on outside contracts. Ms. Rasmussen noted that she has asked the Department of Personnel to look at the Department’s outside contracts so they can provide direction on the right kind of management and how to monitor the contract implementation. Ms. Rasmussen discussed the outside service contracts with Paul Cote and Kathy Anderson.

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**Contracts**

* Report on use of contract employees - Mollie Anderson, Director, Department of Personnel (IDOP), presented the Committee with a report on the use of contract employees. She gave an overview of how the State uses contractors, observations about the management and oversight of contracts in the Executive Branch, and recommendations for improving the selection and management of these contracts.
* Proposal for video rate changes to eliminate the need for subsidy -Tommy Thompson, Executive Director, Iowa Communications Network (ICN), gave a progress report on elimination of the video subsidization.
* Report on the Governor’s Strategic Planning Council 2010 and related technology recommendations - Betsy Roe, Chair of 2010 Technology Work Group, and Betsy Brandsgard, Co-Chair, Governor’s Strategic Planning Council 2010, gave an update on the Council’s technology recommendations. Ms. Roe stated a comprehensive study was done in Iowa and results of the study determined that affordable high speed advanced communications services is critical for economic growth, community development, and quality of life in Iowa. These recommendations were presented to the Council and adopted.
* Impact of not receiving funds from the Pooled Technology Account for Iowa Public Television (IPTV) and ICN -Molly Phillips, IPTV, discussed the impact of not receiving funds from the Pooled Technology Account for FY 2001 to begin conversion to digital television. She stated that without the $7.0 million from the technology account the conversion would not be completed by the federally mandated date of May 2003.



**Video Subsidization** Other presentations regarding video subsidization were presented to the Committee by:

* Steve Oval, Kirkwood Community College, gave a report on Kirkwood’s distance learning system and their use of the ICN.
* Bruce Hopkins, Jon Wibbels, and Jim Christianson, Western Hills Area Education Agency (AEA), discussed the use of the ICN by community colleges and K-12 in northwest Iowa.
* Kathryn O’Shaughnessy, Education Telecommunications Council (ETC) Representative, Bettendorf School District, stated the members of the ETC believe that by keeping video rates affordable, educational opportunities for Iowa students will grow.

**Recommendation** The Legislative Oversight Committee unanimously voted to recommend that the Iowa Telecommunications and Technology Commission hold the level of video rate increase to 5.0% for the next two years with a goal of reaching a maximum reduction or possible elimination of all video subsidization by FY 2007.

**ICN Upgrade** Tommy Thompson, Executive Director, ICN, discussed the risk of not funding the second $3.5 million for the ICN upgrade.

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

Legislative Fiscal Committee



**Fiscal Committee** The Legislative Fiscal Committee met on September 26 at the Oakdale Campus of the University of Iowa. The Committee discussed:

* Revenue Update – Dennis Prouty, LFB.
* Lease purchase agreement - $170,000 for Iowa State University to replace outdated housing at Lakeside Laboratory – Dave Reynolds, LFB.
* Follow-up questions on Regents fire safety and deferred maintenance.
* ***Issue Review***– Board of Regents Fire and Environmental Safety, Mary Shipman, LFB .
* ***Issue Review*** – Board of Regents Deferred Maintenance, Mary Shipman, LFB.
* Board of Regents Capital Budget Requests for FY 2002 and Five-Year Capital Plan.
* Update on salary adjustment – follow-up from questions at August 2 meeting - Randy Bauer, Budget Director, Department of Management
* Teacher Salaries - ***Issue Review*** – Iowa’s Teacher Salaries, Shawn Snyder and Robin Madison, LFB **.**
* Board of Regents:
* Treasurer’s Temporary Investments – Mary Shipman, LFB.
* Indirect Cost Recovery – Mary Shipman, LFB**.**
* Proposed Tuition Increases – Mary Shipman, LFB**.**
* Budget Ceiling Adjustments – Mary Shipman, LFB.



* Local Option Sales Tax Administrative Fee - ***Issue Review*** – Proposed Administrative Rules to Recover Costs Associated with the Administration of the Local Option Sales and Service Taxes, Ron Robinson, LFB.
* Update on Insurance Costs – Susan Voss, Iowa Insurance Division; Molly Anderson, Iowa Department of Personnel;and Marla Naumann, representing Wellmark.
* Follow-up on Tobacco Securitization – Beth Lenstra, *LFB* ***.***
* Per Pupil Funding for Education - Mary Shipman, LFB.
* Follow-up on Vision Iowa questions from September 6 Fiscal Committee meeting – Holly Lyons, LFB.
* Tour of the following buildings:
* Windshield tour of the Medical Education and Biomedical Research Facility
* Tour Art and Art History Building
* Tour Seamans Center for Engineering
* Tour Biology Building East

**Next Meeting** The next meeting is tentatively scheduled for November 15 in Des Moines. The agenda will include:

* Department of Human Services follow-up questions from previous meetings.
* Department of Economic Development and statewide business incentives.
* Update on Vision Iowa Program.
* School infrastructure.

STAFF CONTACT: Holly Lyons (Ext. 17845) Tim Faller (Ext. 14615)

Corrections Board Meeting



**Board Meeting** The Board of Corrections met September 8 in Des Moines. Director Kip Kautzky updated the Board regarding the prison population. There was a net gain of 415 inmates during FY 2000. He also stated there are more people on probation, which will result in more probation revocations to prison. He expressed concern about inmates who serve their full prison sentence and are released without community supervision. There were 903 inmates who served their prison term and were released with no parole during FY 2000. The Department may seek a change in sentencing laws to provide mandatory parole.

**Clarinda Emergency** The Board recognized staff from the Clarinda Correctional Facility for providing assistance to the Clarinda Police Department. On July 29, there was an armed standoff at the HyVee. Superintendent Mark Lund stated the K-9 Unit, the Corrections Emergency Response Team (CERT), and the hostage negotiations team from the correctional facility were among the first responders to the incident. The Board honored 10 staff members with certificates.



**Telephone Rebate Fund** The Board reviewed and approved planned expenditures from the Telephone Rebate Fund. The balance brought forward from FY 2000 is $1.1 million, with projected FY 2001 receipts of $1.2 million, for total estimated revenues of $2.3 million. Approved project expenditures are $2.1 million, with a projected FY 2001 ending balance of $200,000.

**DOT Contract** The Board reviewed and approved a contract with the Iowa Department of Transportation. The Fort Dodge Correctional Facility is scheduled to receive $12,000 from the Road Use Tax Fund for access road improvements.

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**FY 2002 Budget**  The Board reviewed FY 2002 budget presentations from the Second, Third, Fourth, and Fifth Judicial District Departments of Correctional Services (Community-Based Corrections - CBC) and the Clarinda Correctional Facility, the Fort Dodge Correctional Facility, the Iowa Correctional Institution for Women at Mitchellville, and the North Central Correctional Facility at Rockwell City. Highlights of the CBC FY 2002 General Fund budget requests include:

* $436,000 and 10.0 FTE positions to fund the Field Services workload formula in the Second, Fourth, and Fifth CBC District Departments.
* $140,300 to fund inflationary increases in specialized treatment contracts in the Second, Third, Fourth, and Fifth CBC District Departments.
* $325,100 to replace expiring federal grants with a General Fund appropriation in the Second, Third, and Fifth CBC District Departments.
* $980,400 to fund operating expenses and one-time costs to open a 26-bed Women’s Facility in Council Bluffs. The tentative opening date is July 2001.

**Budget Request Highlights** Highlights of the Institutions’ FY 2002 General Fund budget requests include:

* $165,300 for increased cost of natural gas at the Clarinda, Mitchellville, and Rockwell City locations.



* $414,300 for increased costs for support services, including electricity, maintenance agreements, professional service agreements, and food and drug costs at the Clarinda Correctional Facility, the Fort Dodge Correctional Facility, the Iowa Correctional Institution for Women, and the North Central Correctional Facility.
* $87,600 and 2.0 FTE positions for two nurses at the Clarinda Correctional Facility.
* $111,000 and 3.0 FTE positions for private sector inmate work supervision at the Clarinda Correctional Facility.
* $37,000 and 1.0 FTE position to be transferred from the Rockwell City Correctional Facility to the Clarinda Correctional Facility for private sector inmate work supervision.
* $110,300 to replace an expiring federal substance abuse treatment grant at the Fort Dodge Correctional Facility with a General Fund appropriation.
* $25,000 to fund the increased cost of sewer and water from the City of Mitchellville.
* $362,000 to fund the State’s share of the cost of the City of Mitchellville’s new waste water treatment plant.
* $112,800 and 1.0 FTE position for deployment of the Iowa Corrections Offender Network (ICON) at the Mitchellville and Rockwell City locations.



**September 22 Meeting** The Board of Corrections met September 22 in Des Moines. The Board reviewed and approved a pending administrative rule for telephone commissions. Director Kautzky presented the FY 2002 General Fund request for the Department of Corrections (DOC). The DOC is requesting an additional $9.3 million from the General Fund, an increase of 3.7%. Highlights for institutions include the following increases:

* $1.1 million for projected increases in the cost of natural gas.
* $714,600 to deploy the Iowa Corrections Offender Network (ICON) Mercury information technology system.
* $2.4 million to staff the new 200-bed Special Needs Unit at Fort Madison. The facility is scheduled to open March 2002.
* $52,900 for State matching funds for a federal substance abuse treatment grant at Anamosa.
* $204,700 to hook up to the city water system at Oakdale.
* $75,700 for increased wastewater costs at Newton and Mitchellville.
* $138,300 for nurses at Newton and Clarinda.
* $364,400 for the State’s share of the cost of a new wastewater plant at Mitchellville.
* $110,300 to replace federal substance abuse treatment funds with State money at Fort Dodge.

**CBC Budget Highlights** Highlights for Community Based Corrections (CBC) include the following increases:

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* $697,600 for 15.0 FTE positions to fund the Field Services workload formula.
* $384,200 to expand the Drug Court Program.
* $471,900 to replace federal funds for the following programs: youthful offenders, batterer’s education, sex offender treatment and supervision, and victim contact.
* $1.1 million for operational and one-time costs for the new Dubuque and Council Bluffs residential facilities. The Dubuque facility is scheduled to open in October 2000 while the Council Bluffs facility is tentatively scheduled to open July 2001.
* $576,200 and 12.0 FTE positions to supervise sex offenders who have discharged their sentences. This request assumes the General Assembly will amend current law to mandate a two-year parole for all sex offenders who serve their full sentence in prison. Under current law, inmates who serve their full sentence in prison are not supervised upon their release.

**Central Office**  Highlights of the Central Office accounts include the following increases:

* $800,000 to reimburse counties for holding parole, work release, and Operating While Intoxicated (OWI) offenders in jail pending revocation to prison.
* $200,000 to provide training to DOC and CBC staff.
* $150,000 to fund community college staff cost increases for education programs within the institutions.

**Infrastructure Requests** The DOC is also requesting $55.8 million for FY 2002 from the Rebuild Iowa Infrastructure Fund (RIIF). Highlights include:



* $5.4 million to continue projects previously authorized (Fort Madison electrical system and Special Needs Unit, Mount Pleasant shower renovation, and wastewater costs at Mitchellville).
* $1.8 million to renovate an existing building (location to be determined) to provide six months of substance abuse treatment in a structured setting to probation violators. This proposed prison-diversion program requires changes to current law to permit the DOC to confine probationers.
* $15.1 million to install a lift station and hook up to the sewer line at Newton, remodel the kitchen at Anamosa, replace the Clarinda water system, and replace the electrical distribution system at Oakdale, Fort Madison, and Anamosa.
* $38.9 million for major maintenance needs.



**Prison Population Forecast** Director Kautzky stated that the Department of Human Rights, Criminal and Juvenile Justice Planning Division (CJJPD), released its prison population forecast for FY 2001 to FY 2010. Given current offender behaviors and justice system trends, the CJJPD forecasts 12,400 inmates by June 30, 2010, an increase of 62.0%. For every 1,000 increase in the inmate population, a new 750-bed prison will need to be constructed. This assumes the prison will operate at 130.0% of capacity. If current trends remain unchanged, five new prisons will need to be constructed. A new prison costs approximately $45.0 million to construct, with ongoing annual operating costs of approximately $25.0 million. Director Kautzky stated there are alternatives to building prisons:

* Increase CBC residential facility and street supervision capacity.
* Provide more intermediate sanctions for CBC violators to reduce revocations to prison. One intermediate sanction the DOC has recently implemented is a Global Positioning System (GPS) bracelet as part of its electronic monitoring program.
* Amend current law to expedite parole for certain low-risk Class C and D felons. As a condition of parole, these inmates could be required to successfully complete community-based substance abuse treatment.

**Next Meeting** The Board is scheduled to meet on October 5 in Council Bluffs.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

State Soil Conservation Committee Holds Meeting

**Committee Meeting** The State Soil Conservation Committee met in Des Moines on September 5. The meeting was called to order by Chairperson Mary Ann Drish.

**Presentations** The following presentations were made:

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Conservation Committee

* Madeline Meyer discussed the Long-Range Planning Subcommittee. This discussion included the FY 2002 budget request for the State Soil Conservation Committee operations, which was presented and reviewed by the Secretary of Agriculture. The request includes the following items:

A General Fund request of $491,500 and 18.00 FTE positions for additional Field Technicians.

A General Fund request of $44,000 for training, equipment, and other necessary expenses for Field Technicians.

A General Fund request of $46,000 and 1.00 FTE position to provide additional supervision to field technicians. Currently there are three supervisory positions and 180 Field Technicians.

A General Fund request of $46,000 and 1.00 FTE position for a Program Manager for the financial incentive of the Conservation Reserve Enhancement Program, the buffer strip initiative, and provide additional oversight for current cost-share programs.

A General Fund request of $100,000 to meet the operational expenditures of District Commissioners.

A General Fund request of $186,500 and 5.00 FTE positions to establish Urban Conservation positions to provide technical assistance for the expansion of urban communities into agricultural landscapes.

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A General Fund request of $40,000 for training, equipment, and other expenses for the Urban Conservation positions.

A General Fund request of $46,000 and 1.00 FTE position for an Urban Program Manager to supervise the Urban Conservation field positions.

Jim Gillespie explained that the Buffer Strip Initiative was operative and had 38 Conservation Districts applying for funds.

Bill McGill reported on the Financial Incentives and explained that 47 Conservation Districts had requested $5.1 million. The actual amount awarded was reduced as available funding was $2.6 million.

Ken Towe provided an update on the Mines and Minerals Bureau and explained that the operations had been reduced by 1.00 FTE position due to a decrease in federal funding.

Dean Lemke provided an update on the Water Resources Bureau that included an update on the closing of agriculture drainage wells. He explained that bids for four projects related to the closing of agricultural drainage wells in Wright County were reviewed and awarded and that work on these projects had begun.

* Jim Gulliford discussed the Conservation Reserve Enhancement Program and explained the Governor would be meeting with the Soil Conservation Division to approve the final proposal. The approved proposal would be presented to the United States Department of Agriculture. He also explained that a draft report from the Watershed Task Force was currently available on the Internet.

**Recommendation** The Committee approved the Cass County application for a priority watershed.

**Next Meeting** The next meeting will be a teleconference meeting on October 5.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Natural Resource Commission Holds Meeting



**Commission Meeting** The Natural Resource Commission met in Fort Dodge on September 7. The meeting was called to order by Chairperson Marian Meyer. The following presentations were given:

* Linda Hanson, Administrator of the Administrative Services Division, presented a number of land acquisitions to be approved by the Commission. Included was the acquisition of 125 feet of shoreline at Clear Lake for a total cost of $692,000. The land will be developed as a green space area and will provide additional public access to the Lake. All of the land acquisitions were approved.
* Linda Hanson presented the Commission with a five-year Capital Budget. The following is a summary of the Budget:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Funding Source | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|  |  |  |  |  |  |
| Fish and Wildlife Trust Fund | $3,137,500 | $3,043,000 | $7,431,000 | $11,185,000 | $ 9,961,000 |
| Marine Fuel Tax | 2,600,000 | 2,820,000 | 2,445,000 | 2,553,000 | 2,450,000 |
| Park and Institutional Road Fund | 1,761,000 | 2,264,000 | 2,230,000 | 2,213,000 | 2,331,000 |
| Sewage Works Revolving Fund | 805,000 | 1,150,000 | 1,150,000 | 0 | 0 |
| REAP Open Spaces | 4,180,375 | 4,031,160 | 4,967,375 | 5,037,268 | 5,005,375 |
| REAP Land Management | 1,171,350 | 1,171,350 | 1,171,350 | 1,171,350 | 1,171,350 |
| Restore the Outdoors | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| Recreation Grants | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| Lake and Stream Restoration | 2,900,000 | 2,900,000 | 2,900/000 | 2,900,000 | 2,900,000 |
| Total Capital Expenditures | $22,555,225 | $23,379,510 | $28,294,725 | $31,059,618 | $29,818,725 |



* Mike Brandup, Administrator of the Forests and Prairies Division, explained to the Commission that the annual production from the State Forest Nursery is approximately 2.5 million trees and shrubs per year. The Division is planning to expand seedling production and will be purchasing additional seeds during FY 2001. The Division has been creating partnerships with other businesses and will encourage citizens to collect and donate seeds. One partnership in place is an acorn collection site at Lowe’s in West Des Moines.
* Steve Pennington, Administrator of the Parks, Recreation, and Preserves Division, asked the Commission to approve a Notice of Intended Action on changes to Chapter 61, Code of Iowa. These changes include an increase in camping fees. The Commission approved the Notice.
* Al Farris, Administrator of the Fish and Wildlife Division, asked the Commission to approve an adjustment of $125,000 to the Fish and Wildlife Division budget for FY 2001. The Division received a federal grant to conduct an aquatic nuisance species management plan. The adjustment was approved.
* Larry Wilson, Deputy Director, presented the Department’s legislative proposals for FY 2002. Included were:

An increase in hunting and fishing license fees.

An increase in the number of non-resident deer and turkey licenses issued.

An increase in boat registration fees.

The development of a Water/Boater Safety Education Program.

Technical changes regarding the implementation of electronic hunting and fishing licenses.

Designation of the channel catfish as the State fish.

Implementation of the wildlife violators compact.

Adding black bear and mountain lion to the Code of Iowa as game species subject to liquidated damages and penalties.

Commissioner Richard Garrels made a motion to add legislation that would eliminate the motor size limit for boats on Lake McBride.

Commissioner Bill Sullivan made a motion for a legislative resolution that would allow the Department of Natural Resources to set hunting seasons.

* The Commission voted to accept all legislation recommended by the Department as well as the legislation added by the Commissioners.

**Next Meeting** A teleconference meeting will be held on September 28 to approve the Department’s budget request. The next meeting will be held on October 5 in Sidney.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Environmental Protection Commission Holds Meeting

**Commission Meeting** The Environmental Protection Commission held their monthly meeting on September 18th in Des Moines. Lyle Asell, Interim Director, Department of Natural Resources, explained to the Commissioners that Iowa State University has a new website that provides soil temperatures. The website is at <http://cumulus.geol.iastate.edu/daily.html>.



**FY 2000 Budget Request** Mark Slatterly, Administrative Services Division, presented the Budget Request for Fiscal Year 2002 to the Commission for approval. Decision packages that were discussed included:

* A General Fund increase of $500,000, an Other Fund increase of $500,000 and an increase of 5.00 FTE positions for the federal Total Maximum Daily Load (TMDL) Program to restore the impaired waters of the State.
* A General Fund increase of $150,000 and 3.00 FTE positions to provide the State Park system with at least one park employee at each State Park on a year-round basis.
* A General Fund increase of $65,000 for a Governor’s Symposium on Iowa’s protected landscapes to prepare a plan for protecting unique landforms and ecosystems.
* A General Fund increase of $60,000 for a plan to complete a natural resources inventory.
* A General Fund increase of $125,000 and 1.00 FTE position for the utilization of alternative resolutions for environmental disputes.
* An increase of 1.00 FTE position for a Volunteer Coordinator for the Keepers of the Land Volunteer Program. Funding is from the Environment First Fund.
* An increase of 2.00 FTE positions to provide technical assistance for failed or inadequate septic systems.
* An increase of 2.00 FTE positions to reduce the floodplain permit process from six months to one month. Funding is from the Environment First Fund.
* An increase of 3.00 FTE positions and $300,000 for the establishment of the federal Comprehensive Planning Process for water resource management. Funding is from federal funds.
* An increase of 2.00 FTE positions and $200,000 in the Fish and Game Protection Fund appropriation for the expansion of the Private Land Initiative Program.

**Other Budget Requests** Other budget changes included:

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* An increase of $2.5 million in the Infrastructure Appropriation for a destination park.
* An increase of $500,000 in the Infrastructure Appropriation to upgrade electrical systems at the camping grounds in State parks.
* An increase of $1.6 million in the Infrastructure Appropriation for the Private Land Access Program.
* A decrease of $50,000 in the Infrastructure Appropriation for the Elinor Bedell State Park.
* A decrease of $200,000 in the Infrastructure Appropriation for the Lake Belva Deer Dam.
* An increase of $2.0 million from the Environment First Fund for additional funding of the Resource Enhancement And Protection (REAP) Fund.
* An increase of $1.05 million from the Environment First Fund for expansion of the Water Quality Monitoring Program.
* An increase of $60,000 from the Environment First Fund for the expansion of the Keepers of the Land Volunteer Program.
* A decrease of $372,000 from the Environment First Fund for Water Quality Planning Standards.
* A decrease of $600,000 from the Environment First Fund for the Septic Tank Revolving Loan Fund.
* A decrease of $60,000 from the Environment First Fund for the Lewis and Clark Rural Water Supply.
* A decrease of $153,000 from the Environment First Fund for the Water Quality Total Maximum Daily Load (TMDL) Program.
* A decrease of $2.29 million in the Fish and Wildlife Capitals Fund.
* A decrease of $1.5 million in the Waste Tire Fund.
* A decrease of $170,000 in the Oil Overcharge Fund.

**Other Commission Action** Other action taken by the Commission included:

* Liz Christiansen, Waste Management Division, asked the Commission to approve a contract for $75,000 with HDR Architecture to provide sustainable development consulting services for building renovations and demolition projects under the Capitol Complex Master Plan. The contract was approved.
* Mike Valde, Environmental Protection Division, asked the Commission to approve the revised Public Drinking Water Supply Rules and the revised Environmental Laboratory Certification Rules. The Commission approved the revised Rules.



* Mike Valde asked the Commission to approve moving of the Water Supply Section of the Environmental Protection Division to a new office site. The cost is $185,000 per year for rent and $500,000 to provide furniture and other necessary services. The contract was approved.
* Mike Valde asked the Commission to approve the referral of Lester Holmes and Todd Holmes to the Attorney General. This involves a $4,000 penalty from a solid waste violation. The referral was approved.

**Next Meeting** The next meeting will be October16 in Des Moines.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Natural Resource Commission Approves Budget Request for the Department of Natural Resources



**Commission Teleconference** The Natural Resource Commission held a telephone conference meeting on September 28. The Commission was asked to approve the FY 2002 Budget Request for the Department of Natural Resources. The request included:

* A General Fund increase of $500,000, an Other Fund increase of $500,000 and an increase of 5.00 FTE positions for the federal Total Maximum Daily Load (TMDL) Program to restore the impaired waters of the State.
* A General Fund increase of $150,000 and 3.00 FTE positions to provide the State Park System with at least one park employee at each State Park on a year-round basis.
* A General Fund increase of $125,000 and 1.00 FTE position for the utilization of alternative resolutions for environmental disputes.
* An increase of 1.00 FTE position for a Volunteer Coordinator for the Keepers of the Land Volunteer Program. Funding is from the Environment First Fund.
* An increase of 2.00 FTE positions to provide technical assistance for failed or inadequate septic systems.
* An increase of 2.00 FTE positions to reduce the floodplain permit process from six months to one month. Funding is from the Environment First Fund.
* An increase of 3.00 FTE positions and $300,000 for the establishment of the federal Comprehensive Planning Process for water resource management. Funding is from federal funds.
* An increase of 2.00 FTE positions and $200,000 in the Fish and Game Protection Fund appropriation for the expansion of the Private Land Initiative Program.

**Other Budget Requests** Other budget requests included:

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* An increase of $2,500,000 in the Infrastructure Appropriation for a destination park.
* An increase of $500,000 in the Infrastructure Appropriation to upgrade electrical systems at the camping grounds in State parks.
* An increase of $1,600,000 in the Infrastructure Appropriation for the Private Land Access Program.
* A decrease of $50,000 in the Infrastructure Appropriation for the Elinor Bedell State Park.
* A decrease of $200,000 in the Infrastructure Appropriation for the Lake Belva Deer Dam.
* An increase of $2,500,000 from the Environment First Fund for additional funding of the Resource Enhancement And Protection (REAP) Fund.
* An increase of $1,050,000 from the Environment First Fund for expansion of the Water Quality Monitoring Program.
* An increase of $60,000 from the Environment First Fund for the expansion of the Keepers of the Land Volunteer Program.
* An increase of $125,000 to protect unique landforms and ecosystems.
* A decrease of $372,000 from the Environment First Fund for Water Quality Planning Standards.
* A decrease of $600,000 from the Environment First Fund for the Septic Tank Revolving Loan Fund.
* A decrease of $60,000 from the Environment First Fund for the Lewis and Clark Rural Water Supply.
* A decrease of $153,000 from the Environment First Fund for the Water Quality Total Maximum Daily Load (TMDL) Program.
* A decrease of $2,290,000 in the Fish and Wildlife Capitals Fund.
* A decrease of $1,500,000 in the Waste Tire Fund.
* A decrease of $170,000 in the Oil Overcharge Fund.

**Next Meeting** The Commission approved the Budget Request. The next meeting will be October 12 in Sidney.

STAFF CONTACT: Deb Kozel (Ext. 16767)

College Student Aid Commission FY 2002 Budget Request



**Commission Meeting** The College Student Aid Commission met on September 19 in Des Moines. Significant agenda items included:

* Administrative Rules – The Commission approved several proposed rules. Among these were rules to implement the Accelerated Career Education (ACE) Grant Program, enacted by the General Assembly in SF 2439 (Accelerated Career Education Program Act) during the 2000 Legislative Session.
* Approved the FY 2001 Student Loan Program budget.
* Approved the following budget request for FY 2002:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Actual** FY 2000 | **Estimated**  **FY 2001** | **Proposed**  **FY 2002** | **Increase** | **Percent**  **Change** |
| Scholarship Program | $ 498,540 | $ 498,540 | $ 498,540 | $ 0 | 0.00% |
| Tuition Grants | 47,664750 | 48,830,075 | 52,757,460 | 3,927,385 | 8.04% |
| Voc-Tech Grants | 2,482,400 | 2,482,400 | 2,982,400 | 500,000 | 20.14% |
| Work Study | 2,950,000 | 2,750,000 | 2,750,000 | 0 | 0.00% |
| Iowa Grants | 1,161,850 | 1,144,850 | 4,144,850 | 3,000,000 | 262.04% |
| Chiropractic Forgivable Loans | 100,000 | 100,000 | 100,000 | 0 | 0.00% |
| Foster Child Grants | 0 | 0 | 65,000 | 65,000 | NEW |
| GEAR UP matching funds | 0 | 0 | 337,000 | 337,000 | NEW |
| National Guard Program | 833,900 | 1,250,000 | 1,250,000 | 0 | 0.00% |
| Osteopathic Forgivable Loans | 379,260 | 254,260 | 379,260 | 125,000 | 49.16% |
| Physician Recruitment | 395,000 | 395,000 | 395,000 | 0 | 0.00% |
| Teacher Shortage Loans | 250,000 | 525,000 | 1,100,000 | 575,000 | 109.52% |
| Administration | 325,801 | 337,530 | 339,802 | 2,272 | 14.57% |
| TOTALS | $ 57,041,501 | $58,567,655 | $67,099,312 | 8,531,657 | 14.57% |

* In addition to the budget request above, the Commission anticipates total fund for the ACE Program for FY 2002 to be $3.01 million. This would consist of a General Fund appropriation of $250,000 (same as FY 2001) and $2.76 million from the Withholding Fund.

STAFF CONTACT: Mary Shipman (Ext. 14617)

Vision Iowa Board Meeting



**Board Meeting** The Vision Iowa Board met on September 13 at the Department of Economic Development. The Vision Iowa Board is responsible for the Vision Iowa Program and the Community and Tourism Development Program. Major issues discussed included:

* Type of Award. The Board discussed whether rules were needed to determine if the award would be a grant, forgivable loan, loan, or other type of award. The decision was not to create rules but to make the determination on a case-by-case basis. The Board intends to provide the minimum award needed for the project to proceed.
* Conflict of Interest. The Board discussed how to deal with potential conflict of interest for the Board members. Since Board members operate businesses and serve in local governments, each has the potential for some kind of direct or indirect conflict of interest. The Board indicated that a potential conflict should be fully disclosed, but it should not limit input and discussion of the proposed project. Legal counsel is to provide further comment and advice at a future meeting.
* Site Visits. The Board decided that members could visit any proposed project site on their own but will be reimbursed for expenses only for visits authorized by the Board.
* Administrative Rules Public Hearings. The Vision Iowa Board will hold the public hearings on the proposed rules for the Vision Iowa Program and the Community and Tourism Development Program (CATD) over the Iowa Communications Network (ICN). The times are September 27, 7:00 - 9:00 p.m. and September 29, 10:00 a.m. – 12:00 p.m.
* Website. The Vision Iowa Program has a website at [www.visioniowa.org](http://www.visioniowa.org) to provide information and announcements concerning the Vision Iowa Program.
* Application Forms. The Board reviewed and finalized the application forms for the Vision Iowa Program and the CATD Program. The form will be reviewed by the Department of Economic Development (DED) legal staff for consistency with the Code of Iowa and the Administrative Rules. Modifications will be made based upon the review and outcome of the Administrative Rules process.
* Grant-Writing Fees. The Board discussed the Legislative Fiscal Committee’s concern with the potential excessive grant-writing fees when the grant-writer charges a contingency fee based upon a percentage of the awarded grant. The Board decided that the fee is not an allowable cost to be paid from the Vision Iowa award. The grant application may include the cost in their local match but must fully disclose those costs. An excessive grant-writing fee will not receive favorable review.
* Application Scoring. During the public comment section of the meeting, the Board indicated that application scores are recommendations from the review committees and serve as guides in deciding which projects receive awards. The Board retains discretion in making awards and may not necessarily make an award to the highest scoring proposal.

**Next Meeting** The next meeting of the Vision Iowa Board is scheduled for October 11.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

Economic Development Board Meeting

**Board Meeting** The Economic Development Board met on September 21 at the Department of Economic Development. The major items discussed included the following:



**CEBA** Community Economic Betterment Account (CEBA) – Through August, the Board has made eight FY 2000 CEBA awards totaling $841,000 and recaptured $75,000 from one award. CEBA has a remaining balance of $2.3 million, prior to making awards for September. The Board authorized the following awards during the September meeting.

* City of Allison for Allan, Inc. – The Company is a sandblasting-painting contractor who requested the assistance to build a new paint facility. The project creates 45 new jobs with an average wage of $11.26 per hour. The Board awarded an $83,000, seven-year, 0.0% interest loan and a $30,000 forgivable loan.
* City of Monona for M’s Machine and Manufacturing Company, Inc. – The Company makes plastic and metal parts for equipment manufactures. The request is for assistance in purchasing and expansion of a new facility and for acquisition of additional machinery and equipment. The project creates 13 new jobs and retains 15 jobs with an average wage of $10.76 per hour. The Board awarded a $60,000, five-year, 0.0% loan and recommended the company apply for the remaining $25,000 of its request from the Targeted Small Business Program.
* City of LeMars for BoDeans Baking Company, Inc. – The Company is a start-up business that will make sugar ice cream cones for major dairy confectioners. The requested assistance is for purchase of equipment and for start-up working capital. The project creates 49 new jobs with an average wage of $12.73 per hour. The Board awarded a $75,000, five-year, 0.0% interest loan and a $75,000 forgivable loan.
* City of Davenport for Sentry Insurance – The insurance company proposes moving its underwriting, marketing, information services, claims, and human resources operations from Moline, Illinois to Davenport. The company is requesting assistance for a 10-year “turn-key” lease of a new 80,000 square foot facility and will move 345 jobs to Iowa. The average wage is $21.00 per hour. The Board awarded a $350,000, seven-year, 0.0% interest loan and a $350,000 forgivable loan.
* City of Des Moines for Lomar Distributing, Inc. – The Company was acquired by HyVee in 1991 and is a distributor of specialty food items, including condiments, low sodium products, imported cheeses, specialty teas, meats, and product line extensions of major brands. The project funds the move to a larger facility required by growth in the Company’s business. The project creates 25 new jobs with an average wage of $12.80 per hour. The Board awarded a $38,000, five-year, 0.0% interest loan and a $38,000 forgivable loan.



**New Jobs and Income Prg.** Waiver of New Jobs and Income Program rules – The Board took two actions regarding this tax-credit program.

* The City of Waterloo requested the agreement with ConAgra Grocery Products (formerly Hunt-Wesson, Inc.) be amended. The changes increased the number of jobs to be created and the amount of investment by the Company.
* The City of Camanche requested the rules requiring creation of 50 jobs and investment of $10.87 million be waived for Hampshire Pet Products. The Joplin, Missouri, based Company is proposing building a new plant to manufacture pet food products. The Company agreed to a capital investment of $3.0 million and creation of 15 full-time jobs. The Company projects it will invest $9.0 million and create 30 new full-time jobs with a starting wage of $12.00 per hour.

**Enterprise Zones** The Board approved 19 Enterprise Zone certifications totaling 334.7 acres in Clayton County and one certification of 110.6 acres in Hardin County.

**Administrative Rules** The Board approved changes to the Administrative Rules for Value-Added Agricultural Products and Processes Financial Assistance Program (VAAPFAP), Assistive Device Tax Credit Program, Life Sciences Enterprises Program, Rural Resource Coordination Fire Service Program, and the Housing fund Program.

**Other Approvals** The Board approved a contract with Community Based Solutions for $57,000 to assist communities in diversification of their economic bases through value-added agriculture and an Iowa Mold Builder Apprenticeship Educational Program for $25,000 through the Sponsored Business Network Training Program to address training needs of six Iowa companies.

**FY 2002 Budget Request** Budget – The Department presented its budget request.

FY 2002

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* The Department is requesting an increase of $8.6 million from the General Fund. The major increases included:
* An increase of $60,000 to offset the FY 2001 reduction to support costs for the Administration Division.
* An increase of $100,000 for the World Food Prize.
* An increase of $250,000 for the Small Business Program.
* An increase of $2.3 million for the Strategic Investment Fund programs. The Department is proposing renaming the fund the “New Economy Fund”.
* An increase of $3.5 million for the Value-Added Agricultural Processes Fund (VAAP).
* An increase of $1.0 million for Technology Marketing and Communications.
* An increase of $1.2 million for State match for the federal Home Investment Partnership Program (HOME).
* An increase of $100,000 for Land Use Planning Grants.
* An increase of $150,000 for the Community Enterprise Fund.
* In addition to the above increases, the Board directed the Department to request $1.2 million to continue the out-of-state tourism advertising that was funded by the Community Attraction and Tourism Program.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

Mental Health and Developmental Disabilities Commission Meeting



**Commission Meeting** The Mental Health and Developmental Disabilities Commission met September 5 and conducted the following business:

* Department of Human Services Division Administrator Linda Hinton discussed:

A conference planned for October 12 and 13 “Visualizing Change in Iowa’s Children’s Mental Health System”, sponsored by the Department of Human Services, Department of Public Health, and Department of Education.

A report being submitted to the Governor upon his request regarding the actions planned to respond to the United States Supreme Court Olmstead decision relating to individuals with disabilities being discriminated against in violation with the federal Americans with Disabilities Act.

Planned implementation of the adult rehabilitation options January 1, 2001, regarding services and funding.

* Representatives of three committees of the Commission discussed:

Law/Budget Committee: Topics included relationship with the Department of Inspections and Appeals, process for reporting deaths or other similar instances at facilities, home and community based waivers, and accreditation processes.

Evaluation Services Committee: Topics included the need to evaluate the services available across the State and challenges which exist to measure the quality of services.

County Management Plan Committee: Topics included the review process of county plans, the statutory requirement for a five-year plan, the estimated number of citizens (300,000) in Iowa with brain injury, the need to emphasize education and acceptance in society.

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

STAFF CONTACT: Sue Lerdal (Ext. 17794)

Child Welfare Outcomes Advisory Workgroup (Department of Human Services)

**Workgroup Meeting** The Child Welfare Outcomes Advisory Workgroup met August 30 and conducted the following business:



* Discussed a report written by the Child and Family Policy Center, summarizing a consumer satisfaction survey regarding the support of adoptive families of children with special needs.
* Discussed the possibility of reallocating funds being used for post adoption services for preadoption services instead.
* Discussed the possibility of reallocating funds being used for adoption education efforts for foster care instead.
* Discussed the planned but now delayed consumer satisfaction survey for child welfare services survey.
* Discussed the foster care satisfaction survey being undertaken by the Iowa Foster and Adoptive Parents Association.



* Discussed the FY 2001 funding available for the Outcomes Advisory Group, carried forward from the allocation made and not expended in FY 2000. Also created staggered three-year terms for members of the Group. (Senate File 2435 [FY 2001 Human Services Appropriations Act] specifies legislative intent that the work by the Outcomes Advisory Group is to be completed in FY 2001.)
* Discussed delays of data collection due to changes in planned software, and now being incorporated into the State Data Warehouse technology efforts.
* Reviewed a recently released report from the federal Department of Health and Human Services regarding child welfare outcomes, comparing various child welfare issues in all states, with data for each state.

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

STAFF CONTACT: Sue Lerdal (Ext. 17794)

Attorney General’s OWI Task Force

**Task Force Meeting** The Attorney General’s Operating While Intoxicated (OWI) Task Force met September 20 to review:



* Communications by arrested persons.
* Impoundment and immobilization of vehicles.
* Administrative License Revocation by the Department of Transportation (DOT).
* Review of Chapter 321J.2, Code of Iowa.

**Attorney Contact** Chapter 804.20, Code of Iowa, provides that anyone who has custody of another person shall permit the person in custody to call or consult a family member or attorney, or both. A reasonable number of telephone calls to contact an attorney is permitted. If the person who has been arrested is underage or intoxicated, the person who has custody shall make the telephone call. An attorney is permitted a confidential consultation with the arrested person. Local law enforcement and attorneys may need additional training. There may have been instances when an attorney was not contacted, or was not permitted a confidential meeting with the arrestee. Attorneys have also indicated that local law enforcement sometimes conducts breathalyzer tests before the attorney arrives. This situation was addressed in State v. Vietor, 261 N.W.2d 828, 832 (Iowa 1978). The Supreme Court ruled that an arrestee’s right to counsel before taking a breath test “is limited to circumstances when that course will not materially interfere with the taking of a test within the time specified . . . “. Chapter 321J.6(2), Code of Iowa, requires a peace officer to offer a test within two hours after the preliminary screening test. The attorney needs to arrive before the two hours have elapsed.

**Vehicle Impoundment** Impoundment and immobilization of a vehicle is permitted under Chapter 321J.4B, Code of Iowa. No consensus was reached by the OWI Task Force regarding this issue. There is some concern regarding who is liable for towing and vehicle storage costs. Certain local jurisdictions do not use the authority to impound and/or immobilize vehicles.



Driver’s License

**License Revocation** Administrative License Revocation (ALR) and administrative procedures of the DOT generated discussion regarding temporary work permits (issued by the court and may only be used for work), temporary restricted licenses (issued by the DOT and may be used for work, substance abuse treatment, or other needs). The Task Force also discussed using the Iowa Communications Network to hold hearings. Currently, most license revocation hearings are held via telephone. Also, concern was expressed that the criminal charges may be disposed of by dismissal, and the person may still have their license revoked by the DOT. It was noted that there are several reasons for dismissing a case. Concern was expressed that the criminal case (Operating While Intoxicated – OWI) should not be tied to civil procedures (license revocation by the DOT).

**Sentencing Options** The OWI Task Force reviewed the sentencing options as provided by 321J.2, Code of Iowa. Certain technical language was offered to improve clarity of the sentencing provisions. The OWI Task Force is scheduled to meet again on October 23.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

*Issue Review* - Department of General Services Project Management Services

***Issue Review*** The LFB recently released an ***Issue Review*** on the project management services provided by the Department of General Services (DGS).



**Project Mgmt. Services** The Department provides management services on infrastructure-related projects to all but the following State agencies: Board of Regents, Iowa Public Employment Retirement System, Department of Natural Resources, Department of Public Defense, and the Department of Transportation.

**Appropriation** Project management services are provided through the Design and Construction Office, which is part of the Property Management Division. The General Assembly annually makes a General Fund appropriation to the Property Management Division and the Department then allocates the appropriated funds to the offices of Capitol Complex Maintenance, Building Services, and Design and Construction.



**Review of Funding** The ***Issue Review*** reviews funding for the Design and Construction Office over a six-years period. From FY 1996 to FY 1999, the amount of General Fund money allocated to the Office by DGS increased from $785,000 to $919,000, approximately 5.5% annually. In FY 2000, DGS reduced the allocation to $569,000, a 38.1% reduction compared to FY 1999. To make up the budget shortfall, the Department began billing for project management services provided on projects funded from the Rebuild Iowa Infrastructure Fund. In FY 2000, the Department received $445,000 from the Rebuild Iowa Infrastructure Fund through a billing process to fund operations of the Design and Construction Office.

**Copies Available** Copies of the ***Issue Review*** are available upon request from the LFB.

STAFF CONTACT: David Reynolds (Ext. 16934)

*Issue Review* - Vertical Infrastructure Definition

***Issue Review***  The LFB recently released an ***Issue Review*** concerning the differences in interpretation of the statutory definition of vertical infrastructure.



**Summary** Since the inception of the definition, there have been differences of opinion between some State agencies and members of the General Assembly as to what constitutes an eligible expenditure from the Rebuild Iowa Infrastructure Fund. The ***Issue Review*** identifies various legislative concerns that have arisen over the expenditure of certain appropriated funds from the Rebuild Iowa Infrastructure Fund.

**Copies Available** Copies of the ***Issue Review*** are available upon request from the LFB.

STAFF CONTACT: David Reynolds (Ext. 16934)

*Issue Review* - Board of Regents Fire and Environmental Safety



***Issue Review*** The LFB recently released an ***Issue Review*** regarding the Board of Regents fire and environmental safety. The ***Review*** summarizes the annual report to the Board that outlines the cost to correct fire and environmental safety citations issued by the State Fire Marshal and concerns of institution staff. The annual report is submitted to the Board in November of each year. **Table 1** below illustrates the total cost to correct fire and environmental safety concerns at each of the institutions:

|  |  |  |
| --- | --- | --- |
| **Table 1**  **Total Cost to Correct Fire Safety Deficiencies**  **Board of Regents Institutions**  (Dollars in Millions) | | |
| **Institution** | **FY 1999** | **FY 2000** |
| SUI | $ 3.1 | $ 3.5 |
| ISU | 0.4 | 0.9 |
| UNI | 0.0 | 0.0 |
| ISD | 0.1 | 0.0 |
| IBSSS | 3.1 | 0.0 |
| Total | $ 3.6 | $ 4.4 |

**Copies Available** Copies of the ***Issue Review*** are available upon request from the LFB.

STAFF CONTACT: Mary Shipman (Ext. 14617)

*Issue Review* - Board of Regents Deferred Maintenance



***Issue Review***  The LFB recently released an ***Issue Review*** regarding the Board of Regents deferred maintenance. The ***Review*** summarizes the annual report to the Board that outlines the cost of deferred maintenance at each of the institutions. The annual report is submitted to the Board in November of each year.

**Deferred Maintenance** Deferred maintenance is the repair or replacement of all, or a part of, an existing capital asset that was not repaired or replaced at the appropriate time because of a lack of funds. Replacement of a building or infrastructure system or component when it should be replaced is considered building renewal, not deferred maintenance.

**Total Cost at Institutions Table 1** below illustrates the total cost, as estimated by the Board of Regents, of deferred maintenance at each of the institutions:

**Table 1**

**Deferred Maintenance – Fall 1999**

## Board of Regents Institutions

(Dollars in Thousands)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | SUI | ISU | UNI | ISD | IBSSS | TOTAL |
| Buildings | $16,286.1 | $19,148.4 | $13,951.0 | $ 1,808.0 | $ 1,086.0 | $ 52,279.5 |
| Utilities | 5,074.0 | 13,110.0 | 13,757.0 | 305.0 | 45.0 | 32,291.0 |
| Total | $21,360.1 | $32,258.4 | $27,708.0 | $ 2,113.0 | $ 1,131.0 | $84,570.5 |

SUI=University of Iowa

ISU=Iowa State University

UNI=University of Northern Iowa

ISD=Iowa School for the Deaf

IBSSS=Iowa Braille and Sight Saving School

**Copies Available** Copies of the ***Issue Review*** are available upon request from the LFB.

STAFF CONTACT: Mary Shipman (Ext. 14617)

State Children’s Health Insurance Program Update *Issue Review* Released



***Issue Review***  The Legislative Fiscal Bureau released an ***Issue Review*** entitled “Update on Iowa’s Children’s Health Insurance Program.” The publication reviews Iowa’s progress in implementing federal Title XXI (the State Children’s Health Insurance Program), including Medical Assistance expansion and implementation of the Healthy and Well Kids in Iowa (HAWK-I) Program. Highlights of the ***Issue Review*** include:

* As of June 30, 2000, the Program enrolled13,100 children with 43.5% in the Medicaid expansion portion of the Program, and 56.5% in the HAWK-I Program. The Department of Human Services (DHS) estimates 17,600 children will be enrolled in the Program during FY 2001.
* The average Medicaid expansion cost of insuring a child in FY 2001 is estimated at $226 per month. The HAWK-I cost of insuring a child in FY 2001 is estimated to range from $91-$118 per month.



* Three managed care entities provide services to HAWK-I enrollees in 44 counties. An indemnity provider insures HAWK-I enrollees in the remaining 55 counties.
* Total available FY 2000 funding was $43.6 million, of which the DHS expended $16.0 million for the Children’s Health Insurance Program. Approximately $6.6 million of unused State funds will carryforward in the HAWK-I Trust Fund, and the unused federal allocation will be held at the federal level until Iowa expends additional State funds qualifying for the federal match.
* Total available FY 2001 funding is $42.8 million, of which the DHS anticipates using $40.8 million for service delivery and $2.0 million for administration and outreach.

**Copies Available** Copies of the ***Issue Review*** are available upon request from the Legislative Fiscal Bureau.

STAFF CONTACT: Deb Anderson (Ext. 16764)

FY 2002 Department of Human Services Appropriation Request

FY 2002

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**FY 2002 Appropr. Request** The Council on Human Services has submitted its FY 2002 appropriation request. From the State General Fund, the Department of Human Services is requesting $934.6 million, an increase of $148.4 million (18.9%) compared to the estimated FY 2001 appropriation. The following is a summary of the request when significant changes have occurred. Additional detail will be provided in future Legislative Fiscal Bureau documents, as well as being available upon request:

**Economic Assistance** Economic Assistance:

* Family Investment Program – An increase of $3.7 million (10.3%) to provide a 4.0% cash grant increase and expand Electronic Benefits Transfer (EBT).
* Child Support Recoveries – An increase of $647,000 (9.5%) to fund various inflationary increases and hire short-term contract staff to resolve interstate child support cases.

**Medical Services** Medical Services:



* Medical Assistance – An increase of $77.7 million (19.4%) to fund increased cost and utilization of inpatient services, outpatient services, physicians, pharmaceuticals, Medicaid Buy-In, nursing facilities, Medicaid waiver services, home health care, and the Resource Based Relative Value System (RBRVS).
* Children’s Health Insurance Program – An increase of $5.9 million (118.4%) to replace a FY 2001 Trust Fund carryover with FY 2002 General Fund dollars and fund increased enrollment and service costs.
* Medical Contracts – An increase of $6.4 million (76.0%) for increased contractual service costs and to fund technological changes needed to comply with the federal 1996 Health Insurance Portability and Accountability Act.

**Adult/Children & Families** Adult/Children/Families:

* Child Care – An increase of $19.7 million (390.0%) to add those additional eligibles in FY 2001 not served due to the presumed FY 2001 waiting list, for elimination of the presumed FY 2001 waiting list, and for creation of a management information system.
* Iowa Juvenile Home at Toledo – An increase of $325,000 (5.0%) for inflation, drug costs, Department of Information Technology charges, DHS Human Resource Information System charges, partial costs of two additional vocational instructors, additional security staff, and costs incurred for overtime and holiday salaries.
* State Training School at Eldora – An increase of $425,000 (3.9%) for inflation, drug costs, Department of Information Technology charges, DHS Human Resource Information System charges, a position for Information Technology, and vocational program equipment.



* Child and Family Services – An increase of $15.1 million (13.9%) for changes in the federal Family Medical Assistance Program rates, replacement of one-time FY 2001 carryforward funds, replacement of possible overcharges not yet determined by the federal government for child welfare programs, supplementing FY 2001 tobacco funding increases, additional caseload based upon FY 2001 projected utilization, adoption subsidy, post adoption services, maintenance of adoption and foster care subsidies at 70.0% of the United States Department of Agriculture cost to raise a child rate, child welfare accountability activities, replacement of funding for the federal Adoption Management Information System, foster care home insurance costs, protective services quality assurance team, mandatory child abuse reporter training, reinstatement of the Subsidized Guardianship Program, additional staff for child abuse expungement requests, and transitioning of the boys at the Iowa Juvenile Home at Toledo.

**MH/MR/DD** Mental Health/Mental Retardation/Developmental Disabilities (MH/MR/DD) Services:

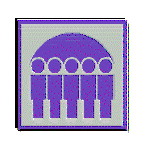


* Mental Health Institute at Cherokee – An increase of $348,000 (2.6%) for inflation, drug costs, Department of Information Technology charges, DHS Human Resource Information System charges, and compliance with the federal 1996 Health Insurance Portability and Accountability Act.
* Mental Health Institute at Clarinda – An increase of $305,000 (4.0%) for inflation, drug costs, Department of Information Technology charges, DHS Human Resource Information System charges, supply needs for the geriatric psychiatric patients, and compliance with the federal 1996 Health Insurance Portability and Accountability Act.
* Mental Health Institute at Independence – An increase of $871,000 (4.9%) for inflation, drug costs, Department of Information Technology charges, DHS Human Resource Information System charges, additional staff for the FY 2001 admission increases, compliance with the federal 1996 Health Insurance Portability and Accountability Act, and changes in the federal rate for the Family Medical Assistance Program.
* Mental Health Institute at Mount Pleasant – An increase of $157,000 (2.7%) for inflation, drug costs, Department of Information Technology charges, DHS Human Resource Information System charges, and compliance with the federal 1996 Health Insurance Portability and Accountability Act.
* State Resource Center at Glenwood – A decrease of $806,000 (21.7%) for inflation, drug costs, Department of Information Technology charges, DHS Human Resource Information System charges, changes in the federal rate for the Family Medical Assistance Program, use of FY 2001 salary funds for additional federal funding, and compliance with the federal 1996 Health Insurance Portability and Accountability Act.
* State Resource Center at Woodward – A decrease of $629,000 (24.2%) for inflation, drug costs, Department of Information Technology charges, DHS Human Resource Information System charges, changes in the federal rate for the Family Medical Assistance Program, use of FY 2001 salary funds for additional federal funding, and compliance with the federal 1996 Health Insurance Portability and Accountability Act.
* State Cases – An increase of $1.4 million (10.7%) for an increase of $20 per month per client and a 1.3% increase in the growth of the number of clients.



* Community MH/MR Fund – An increase of $349,000 (1.8%) to replace expected loss of funds from the Social Services Block Grant. This represents nine months of funding for the expected loss, with an additional three months then expected in the FY 2003 request.
* Sexual Predator Commitment Program – An increase of $516,000 (43.9%), to replace one-time FY 2001 carryforward funds, inflation, Department of Information Technology charges, DHS Human Resource Information System charges, additional staff for a projected increase in committed population, and an increase in charges from the Department of Corrections.
* Mental Health Allowable Growth – An increase of $5.5 million (26.3%) which represents the increase already appropriated in SF 2452 (2000 Standings Appropriations Act), which was a 2.34% increase in the allowable growth statutory calculation.

**Administration** Administration:



* Field Operations – An increase of $15.0 million (315.2%). This includes the DHS proposed merger of the separate Regional Offices appropriation enacted for FY 2001. Without this merger of $5.9 million, the increase is $9.2 million (19.3%) for inflation, Department of Information Technology charges, DHS Human Resource Information System charges, additional staff for increases in child care case loads and adoption case loads, replacement of expected loss of federal Social Service Block Grant funding, increases in child care center and home inspections and spot checks, staff for child protection and child welfare efforts, and staff for child safety and permanency.
* General Administration – An increase of $1.6 million (10.6%) to replace expected loss of the federal Social Service Block Grant funding, replace expected loss of federal pass-through funding, and expand customer service through the Internet.

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

Human Services Council Administrative Rule Changes - September 2000

**Notice of Action** At the September meeting of the Human Services Council administrative rule changes included Notice of Action regarding:

* Elimination of “deprivation” as an eligibility factor for the Family Investment Program (FIP) and for several Medicaid coverage groups. The fiscal impact was not included with the information to the Council.

NOTICE

* Use of a specified form for reimbursement consistency for certain rural health centers and federally qualified health centers. The information indicates that there would be no fiscal impact.



* Permit children who are in out-of-home placement where reunification is not the case plan goal to continue to receive rehabilitative treatment and supportive services without regard to income. The information indicates that fiscal impact is not expected since an exception to current policy is typically issued for such cases.
* Revise and update “exceptions to policy” to implement Executive Order Number 11 and statutory changes. The fiscal impact was not included with the information to the Council.
* Change components of various aid programs including:

Elimination of quarterly reporting of names of individuals receiving assistance from the Family Investment Program, Medicaid, and the State Supplementary Assistance Program.

Serving all nonqualified aliens in like manner exempting them from the Promise Jobs Program and the Family Investment Program agreement activities.

Prohibition of nonqualified aliens from voluntary participation in the Promise Jobs Program.

Changing aliens qualifications for the Family Investment Program eligibility.

Exclude the stepparent who is in a home from the 60-month limit for the Family Investment Program eligibility.

Change the definition for “reasonable distance” as in travel time from a home to a work site, to include travel time to take a child to a child care provider, within the Promise Jobs Program.

Utilize a Spanish version of the Public Assistance Eligibility Report form.

An unspecified “minimal” impact was the financial estimate to the Council for implementation of these rule changes.



* Eliminate monthly reporting and retrospective budgeting for categorically needy Family Medical Assistance Program-related Medicaid applicants and recipients and the six-month reporting for categorically needy Family Medical Assistance Program-related Medicaid recipients for Family Medical Assistance Program-related and Children Medical Assistance Program-related Medically Needy recipients with a zero spenddown. Saved time is projected to be utilized with accuracy within the Food Stamp Program. The fiscal impact for FY 2001 is $255,275 of State funds and $447,119 for federal funds which was not included within the appropriated nor budgeted amounts.
* Expansion of skilled nursing and home health aid services which meet guidelines for payment under Medicaid. Fiscal information provided to the Council indicates a cost neutral impact.
* Adding “interim medical monitoring and treatment service” to the Ill and Handicapped, Mental Retardation, and Brain Injury Waivers. Fiscal information provided to the Council indicates minimal impact but does not provide a dollar amount, nor whether if it is included within the budget.
* Permit certain assisted living programs to be included as an agency provider of consumer-directed attendant care in the Elderly Waiver Program.



* Increase the monthly cost limit in the Elderly Waiver Program for a person needing the nursing facility level of care from $852 to $1,052, a 23.5% increase.
* Expand the services available under the Home and Community Based Services Waiver Program and increase rates by 0.7 percent. Fiscal information provided to the Council indicates there is a $1.2 million cost to the State and $2.0 million cost to the federal government.
* Increasing rates for nursing home patients, based upon the “case mix system”, increasing rates for:

Facilities with higher than average patient care service expenses and higher than average aggregate care needs of residents will receive an increase in the Medical Assistance rate by $5.20 per day.

Facilities with lower than average patient care service expenditures and higher than average aggregate care needs of residents will receive an increase in the Medical Assistance rate by $2.60 per day.

Free-standing nursing facilities providing skilled care that exceeds the Iowa case mix nursing facility average will receive an increase in the Medical Assistance rate by $5.20 per day.

The information indicates that funds from SF 2193 (Senior Living Trust Fund Act) is the funding source. These reimbursement rate increases are in addition to those received for the 70th percentile reimbursement.



* Add pharmaceutical case management to the Medicaid Program. Information provided indicates that $414,000 of State funds were appropriated for the changes which will also result in federal funds of $698,006.
* Revise licensing requirements for child-lacing agencies providing foster care and adoptive services, emphasizing that consideration for foster or adoptive parents is not to include race or ethnicity. There is no fiscal impact.
* Adjust the eligibility date for an alien seeking assistance form the Refugee Cash Assistance Program, from six months from the date of entry into the United States to six months from the date of receiving asylum. Also includes a disregard for cash that sponsors or resettlement agencies provide to the alien instead of resulting in a reduction of financial assistance from the Refugee Cash Assistance Program. There is no State fiscal impact since the Program is entirely federally funded, but the Department does not specify a dollar amount.

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

Prison Population Forecast



**Forecast Released** The Department of Human Rights, Criminal and Juvenile Justice Planning Division (CJJPD) released “Iowa Prison Population Forecast FY 2001 – FY 2010”. If current offender behavior and justice system trends remain unchanged, the prison population will be 12,400 inmates by June 30, 2010, an increase of 62.0%. The female inmate population is expected to grow by 70.0% to 1,029 inmates over the 10-year period. The male population is expected to grow by 61.0% during the same period to 11,371 inmates. Special needs inmates, defined as those with a mental illness, a mental disorder, mental retardation, borderline intellectual functioning, or socially inadequate, are expected to increase to 2,280 inmates, an increase of 60.0% over the ten-year period. Special needs inmates who may require special housing are estimated to be 705 inmates by June 30, 2010. This specific population may exceed special needs housing capacity by 4.0% by mid-year 2010.



**Capacity Issues** The prison population forecast creates capacity issues. Assuming current policies, practices, and procedures remain unchanged for the next 10 years, the female inmate population is projected to exceed capacity by 66.0% while the male inmate population is expected to exceed capacity by 72.0%. According to the Department of Corrections, for every 1,000 increase in the inmate population, a new 750-bed prison will need to be constructed. This assumes each prison will operate at 130.0% of designed capacity. If the prison population reaches 12,400 inmates, five new 750-bed prisons will need to be built at a construction cost of $45.0 million for each prison. Each prison will incur ongoing annual operating costs of approximately $25.0 million.

**Factors Affecting Increase** Factors affecting the increase in the prison population include the following assumptions for prison admissions and releases:

* Increase in new court-ordered prison commitments. Between FY 1995 and FY 2000, these prison commitments increased approximately 50.0%. This is mainly due to new admissions of drug offenders (this category of new commitments increased 149.0% during the last five years).



* Increase in drug offenders who have manufactured or trafficked in methamphetamine. In FY 1995, only 31.0% of new drug offenders admitted to prison had offenses involving methamphetamines. During FY 2000, approximately 66.0% of new drug offenders committed to prison had offenses involving methamphetamines.
* Increase in length of stay in prison. Judges have discretion to impose mandatory minimum terms for drug offenders. Mandatory minimum terms more than tripled for drug offenders during the last five years. This will result in drug offenders serving longer prison sentences than they have in the past.



* Stability in the number of parole and work release violators who are returned to prison. This category is expected to increase 6.0% during the next 10 years.
* Minimal impact of Federal prisoners on the growth of the prison population who are held in the State prison system.
* Increase in the number of inmates who serve their entire maximum term (minus any earned time) in prison. These releases are considered “expiration of sentence”. This category of prison release increased 181.0% over the last five years; 904 inmates were released due to expiration of sentence in FY 2000, or approximately 20.0% of all FY 2000 releases from prison. Certain inmates who have committed property crimes and all misdemeanants accounted for most of the increase in the expiration of sentence category.

**Inmate Behavior** It appears that inmates are expiring their sentence in prison due to institutional misconduct and a lack of incentives to accept parole or work release. Approximately 16.0% of inmates who expired their sentence in prison, had never been on conditional release, and had some good time loss, lost six days or less. There is little incentive to accept parole or work release for certain misdemeanants, since the average time served prior to parole is not substantially different than the average time served prior to expiration of sentence.

**Fewer Paroles** There were 288 fewer paroles granted during FY 2000, compared to FY 1999. However, approximately 78.0% of the decline can be attributed to an increase in work releases (225 more work releases were granted in FY 2000 as compared to FY 1999). Approximately 9.0% of the decline in paroles granted is due to the increased length of stay in the violator program. Paroles granted include parole from the violator program. Since the violator program has been lengthened, there will be fewer inmates served by the program, resulting in fewer paroles being granted.

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**Recent Legislative Action** On July 1, 1996, the General Assembly abolished parole for certain offenders and required them to serve at least 85.0% of their maximum sentence. The offenses include Second Degree Murder, First and Second Degree Robbery, Second Degree Sexual Abuse, and Second Degree Kidnapping. Effective July 1, 1998, Vehicular Homicide with leaving the scene of the accident and Attempted Murder were added to the list of offenses. By June 2010, approximately 703 additional inmates will be in prison due to these laws. The laws will have a greater impact beyond 2010.

**Policy Issues** CJJPD’s report raises the following policy issues as alternatives to prison incarceration:

* Alternative sanctions for drug offenders.
* Continued expansion of work release capacity.
* Increase parole for misdemeanants and Class D felons whose crimes are not against persons.
* Reduce parole and probation revocations to prison.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Road Use Tax Fund Revenue Update

**Road Use Tax Fund** Road Use Tax Fund receipts through September increased $17.2 million (7.2%) compared to the same three-month period in FY 2000. Motor Vehicle Use Tax and registration and title fees comprise approximately 92.0% of the increase.

**Motor Vehicle Use Tax** Motor Vehicle Use Tax revenues increased by $11.2 million, a 23.7% increase. The increase in Motor Vehicle Use Tax receipts continues to be driven largely by strong auto sales and law changes that have decreased standing appropriations from the Use Tax.



**New Truck/Auto Sales** The most recent twelve-month period for new truck and auto sales shows that sales from July 1999 through June 2000 have increased 9.5% compared to the same period of the prior year. Additionally, new sales of multipurpose vehicles, which includes sport utility vehicles, were up 17.7% compared to the previous year.

**Law Change** A law change is also contributing to the increase in Motor Vehicle Use Tax revenues. In FY 2001, the Use Tax appropriation for the Value-Added Agricultural Products and Renewable Fuels Programs are being funded from the General Fund. This will provide an additional $4.0 million in Use Tax revenue deposited into the Road Use Tax Fund in FY 2001.

**Registration/Title Fees** Registration and title fees for the first quarter of FY 2001 increased $4.7 million (5.9%) compared to FY 2000. The increase in vehicle registration fees is largely attributed to the increase in the price of vehicles being registered. This also corresponds with the increases in car and truck sales.



**Fuel Tax Revenues** Growth in the Fuel Tax revenues continues to be slow. Fuel Tax revenues for the first quarter of FY 2001 grew by only $0.6 million (0.6%) compared to FY 2000. The small rate of growth may be attributed to two factors: total fuel sales and an increase in the market share of ethanol.

* Total fuel sales for gasoline, ethanol, and diesel, for the period of July 1999 to June 2000, were only 1.2% higher than the same eleven-month period of the previous year.
* ****The sale of ethanol-blended fuel has increased 7.5%, whereas regular gasoline sales have experienced a decrease of 5.7%. This has caused the market share of ethanol to increase from 42.5% in FY 1999 to 45.3% in FY 2000. Because ethanol is taxed at a penny less than gasoline, increasing the market share of ethanol will decrease fuel tax collections.

**Other Revenue** Other revenue types have experienced a combined increase of $0.7 million (5.6%) during the first quarter of FY 2001.



**Comparison to FY 2000** The following table compares the Road Use Tax Fund receipts for FY 2000 and FY 2001 by revenue source. The sum of the revenues may not equal totals due to rounding.



STAFF CONTACT: David Reynolds (Ext. 16934)

FY 2001 Approved Major Maintenance Projects



**Major Maintenance Projects** The Governor’s Vertical Infrastructure Advisory Committee approved a list of projects that will be funded from the appropriation for major maintenance. The General Assembly appropriated $10.5 million from the Rebuild Iowa Infrastructure Fund in FY 2001 for major maintenance projects at State facilities and institutions.

**Committee Decisions** This is the first time the Committee has made decisions with regard to the allocation of funds for major maintenance. In prior fiscal years the decisions were made by the Department of General Services in collaboration with the other State agencies. The process used by the Committee in determining which project received funding involved each State agency presenting a prioritized list of projects, including cost estimates, to the Committee. A subcommittee was then chosen to review all the projects and make recommendations to the full Committee. The final prioritized list adopted by the Committee was then sent to the Governor for his review and approval.

**Top 23 Projects** The following table lists the top 23 projects to receive funding from the major maintenance appropriation. The list also includes two allocations to the Department of General Services to administer the Vertical Infrastructure Program and to cover costs incurred for providing project management services.



**Cost of Projects** The total cost for all projects exceeds the $10.5 million appropriation by approximately $400,000. The last project listed may be fully funded if there are cost savings from higher priority projects.

STAFF CONTACT: David Reynolds (Ext. 16934)

USDA Research Grants to Regents Institutions



**USDA Grants** The USDA recently awarded $113.0 million for 86 comprehensive research grants in the fields of genomics, biotechnology, and natural-resource management. Both Iowa State University (ISU) and the University of Northern Iowa (UNI) were recipients as follows:

* ISU - $550,000 for plant genome research. The grant funding is for a three-year period and is entitled *The Genetic Basis of Winter Hardiness in Alfalfa*.
* ISU - $588,000 for animal genome research. The grant funding is for a three-year period and is entitled *Mapping and Use of ATL for Marker-Assisted Improvement of Meat Quality in Pigs*.
* UNI - $750,000 for new uses for agricultural products. The grant funding is for a two-year period and is entitled *Demonstration and Implementation of a Modular Crop-Base Grease Production System.*

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LOTTERY REVENUES AND EXPENDITURES THROUGH AUGUST



**August Rev./Exp.** Through August, FY 2001 Lottery game revenues increased $0.8 million from the FY 2000 level. Lottery prize expenses increased $0.9 million, operating expenses increased $0.5 million, and transfers to other State funds remained the same. The following table details revenues, expenditures, and balances of the State Lottery. Rows and columns may not add, due to rounding.

**Comparison to FY 2000** Fiscal year sales through August, compared to the same time period of FY 2000, were as follows:



* Instant ticket sales decreased $614,000 (4.4%).
* Iowa Lotto/Supercash/Pick 3 sales increased $29,000 (4.8%).
* Multi-State Powerball sales increased $1.5 million (27.7%).
* Multi-State Daily Millions/Cash 4 Life sales decreased $111,000 (20.2%).
* Daily Game sales decreased $61,000 (7.9%).
* Pull-tab sales decreased $131,000 (2.9%).

**Ticket Sales** Total Lottery sales through August were $26.5 million, an increase of $821,000 (3.2%) compared to August 1999. August 2000 sales for Powerball, Pull-tab, and Pick 3 were above sales for August 1999. In addition, Freeplay Replay, which was not offered until March of 2000, had sales through August of $0.2 million.

**Estimated Transfers** The August Revenue Estimating Conference (REC) projected FY 2001 Lottery profit transfers to the General Fund will total $34.5 million. Actual profit transfer for FY 2000 was $35.7 million. Therefore, the REC is currently estimating General Fund Lottery transfers will be $1.2 million lower in FY 2001 than in FY 2000. Through August, fiscal year transfers are $779,000 below FY 2000.

**Sales Tax** In addition to the amount transferred to the State as profits, the Lottery has transferred $1.3 million in sales tax during FY 2001.

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Board of Regents Lease Purchase



**ISU Lease Purchase** Iowa State University is entering into a lease purchase agreement for the purchase of housing units for the Lakeside Laboratories in Dickinson County. The University will purchase a portion of a motel complex in Spencer and move the units to the Lakeside Laboratories. The units will provide winterized housing at the Lakeside Laboratory complex.

**Project Cost** The total cost of the project is an estimated $170,000. This includes $127,000 in principal and $43,000 in interest at an estimated rate of 5.63% for a period of ten years. Annual payments will total approximately $17,000 and will be paid from room and board fees.

STAFF CONTACT: David Reynolds (Ext. 16934)

Auditor of State Lease Purchase



**Auditor Lease Purchase** The Auditor of State is entering into a lease purchase agreement for the purchase of remanufactured modular components for the Auditor’s Office. The components are needed as a result of the relocation of the Auditor of State staff to the second floor of the Lucas Building as part of Operation Bold Move.

**Project Cost** The total cost of the project is an estimated $209,000. This includes $181,000 in principal and $28,000 in interest at an estimated rate of 5.39% for a period of three years. Annual payments will total approximately $70,000.

STAFF CONTACT: David Reynolds (Ext. 16934)

Department of Public Safety Public Hearing

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Public Hearing

**Public Hearing** The Department of Public Safety held a public hearing on September 8. Mike Coveyou was the Rules Administrator for Public Safety. The following rules were heard:

* Fees for fire inspection; renewal of aboveground petroleum storage tanks registration
* Residential occupancies regarding bed and breakfast inns
* Sex Offender Registry
* Elevators in new apartment buildings
* Fire Service Training Bureau
* Firefighter certification
* Volunteer emergency services provider death benefits

**Administrative Rules** This public hearing was an opportunity for citizens to voice their concerns over the aforementioned rules prior to the rules being adopted by the Legislative Rules Committee.

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