FISCAL UPDATE October 17, 2000

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REVENUE ESTIMATING CONFERENCE REVISES FY 2001 and ESTABLISHES FY 2002 REVENUE ESTIMATE

**REC Meeting** The Revenue Estimating Conference (REC) met October 12 to review FY 2001 estimated and establish FY 2002 General Fund revenue estimates.



**FY 2001 Estimate Increased** The REC revised upward the FY 2001 total General Fund tax and other receipts estimate established in August to $5.294 billion. Net receipts (total taxes, other receipts, and transfers, minus refunds) were revised upward from $4.861 billion to $4.866 billion, reflecting increased estimates for personal income tax and reduced estimates for sales tax. The REC action resulted in estimated FY 2001 net General Fund receipts growth of $247.9 million (5.4%) compared to actual FY 2000 net receipts.

**FY 2002 Estimate** The REC established the FY 2002 total tax and other receipts estimate of $5.522 billion, which is 4.3% over the FY 2001 estimate. Net receipts (total taxes, other receipts, and transfers, minus refunds) were set at $5.004 billion. The REC action resulted in estimated FY 2002 net General Fund receipts growth of $138.1 million (2.8%) compared to estimated FY 2001 net receipts. The significant difference in the estimated percentage growth in taxes and other receipts (4.3%) versus net receipts (2.8%) is due to the inclusion of $64.6 million in Tobacco Settlement funds in the estimated transfers for FY 2001.



**Gambling Revenue Estimates** The Conference also revised the FY 2001 estimate and established the FY 2002 estimate for Lottery profits transferred to the General Fund and gambling revenues transferred to three infrastructure funds. The Lottery estimate for FY 2001 remained at $34.5 million, and the estimate for FY 2002 was established at $32.5 million. Gambling proceeds to the General Fund are statutorily capped at $60.0 million, with the excess deposited to the Rebuild Iowa Infrastructure Fund, Vision Iowa Fund, and School Infrastructure Fund. The Conference set the estimated amount to be transferred at $134.3 million in FY 2001 and $142.8 million in FY 2001.

**Spreadsheet Format** At the October meeting, the REC modified the General Fund estimation procedure and the format of the reporting spreadsheet. The change relates to transfers to the General Fund. In the past, transfers, including items such as Lottery profits, indirect cost reimbursements, and excess funds from the Prison Infrastructure Fund have not been included in the net General Fund receipts estimate. The shaded subtotal line on the following spreadsheet labeled “Total Tax & Other Receipts” corresponds to the line labeled “Total Receipts” on previous reports. The new subtotal line, labeled “Total Receipts and Transfers” provides a more complete account of the General Fund receipts in a given year, as it includes transferred money for the year. The line labeled “Net General Fund Receipts” corresponds to the “Net Receipts” line in previous reports, but has been adjusted for transfers to the General Fund as well as tax refunds. This modification will provide a more complete picture of the change in net General Fund receipts available from one year to the next.



 **Estimates by Source** The spreadsheet on the following page details the latest REC estimates by source of revenue.



STAFF CONTACT: Jeff Robinson (Ext. 14614)

INSURANCE COMMITTEE MEETING

**Insurance Committee** The Insurance Committee met on October 11 to consider health insurance increases. The Wellmark Plan 3, the plan with the largest number of State employees, will increase premium costs by 21.6% for calendar year 2001. The increases for the managed care plans range form 6.1% to 30.9%.



**Estimated Cost** Employees under the Wellmark Plan 3 for families (the State pays the full cost for singles) will experience a 21.6% increase in their rates. State agencies paying the employer share will only pay 17% increase. The Department of Management is using insurance reserves to ‘buy down’ the employer share of the cost. It is estimated that this will cost over $6.0 million for the remaining six months of FY 2001.

**Rate Increase** This 17% rate increase for State agencies is in addition to the 17% increase implemented in July 2000. Starting in January, agencies will be paying approximately $130 more per month, for Wellmark Plan 3 family plan employees, than FY 2000 cost. This will be approximately $70 more per month, for Wellmark Plan 3 single plan employees.

STAFF CONTACT: Glen Dickinson (Ext. 14616) Ron Robinson (Ext. 16256)

Pooled Technology Account Project Funding

**Pooled Technology Account** Senate File 2433 created the Pooled Technology Account and provided for authorization for 28 technology projects. Four projects were established to receive a set amount of funding and the remaining 24 projects were set up in block grant fashion for the Information Technology Department (ITD) to establish funding levels.

**Funds Received** The Pooled Technology Account received $19.0 million for FY 2001 projects from a variety of sources:



Pooled Technology Account

* Funds remaining in the Reversion Incentive Program Fund for remediation of the Year 2000 computer programming problem; $.4 million.
* Funds remaining from the Reversion Technology Initiative Account allocation to the Department of General Services for a purchasing system; $2.3 million.
* Funds remaining from the Rebuild Iowa Infrastructure Fund appropriation to Information Technology Services Division for replacement of embedded computer chips that were not Year 2000 compliant; $2.1 million.
* Funds remaining in the No Further Action Fund (underground storage tanks); 11.1 million.
* General Fund reversions; $3.1 million.

**Project Funding** The table below shows the funding level of the Pooled Technology Account projects.

STAFF CONTACT: Glen Dickinson (Ext. 14616)

Tobacco Settlement Authority Meeting

**Authority Meeting** The Tobacco Settlement Authority met October 2 in the State Capitol Building. They selected Public Financial Management (PFM) as their financial advisor. PFM has a national reputation for providing financial advice to government and has a Des Moines office. PFM will provide financial expertise to the Tobacco Settlement Authority, in order for the Authority to create a program plan.

**Program Plan Due in Nov.** The Tobacco Settlement Authority discussed administrative policies and procedures for creating the program plan. They plan to issue the

 program plan by mid-November. The next meeting is scheduled for November 6 in Des Moines.

STAFF CONTACT: Beth Lenstra (Ext. 16301) Dennis Prouty (Ext. 13509)

Public Defender and Indigent Defense: FY 2002 Budget Request

FY 2002

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**FY 2002 Budget Request** The Department of Inspections and Appeals is requesting $38.2 million from the General Fund and 208.0 FTE positions for the Indigent Defense Program and the State Public Defender’s Office for FY 2002. This is an increase of $2.6 million (7.2%) and 7.0 (3.4%) FTE positions compared to estimated FY 2001. The change includes:

* Indigent Defense: An increase of $1.5 million (7.1%). Funds are requested to provide payments to all attorneys providing legal services to indigent persons.
* State Public Defender’s Office: An increase of $1.07 million (7.4%). Changes include:
* $764,000 to ensure that the costs are paid for such items as interpreters, depositions, and expert witnesses.
* $210,000 and 4.0 FTE positions to provide investigative services for attorneys who represent juveniles.
* $96,000 and 2.0 FTE positions to improve processing claims from court-appointed attorneys.
* 1.0 FTE position to convert a contract position to a State employee (Administrative Assistant).

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Board of Parole: FY 2002 Budget Request

FY 2002

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**FY 2002 Budget Request** The Board of Parole is requesting $1.1 million and 18.0 FTE positions from the General Fund for FY 2002. This is an increase of $65,000 and no change in FTE positions compared to estimated FY 2001. The change includes:

* $25,000 to provide 33 more days paid to Board members. This would permit the Board more meeting days to review the prison population for potential work release and parole.
* $40,000 for computer hardware and software.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Department of Justice: FY 2002 Budget Request

**FY 2002 Budget Request** The Department of Justice is requesting $14.9 million from the General Fund and 262.5 FTE positions for FY 2002. This is an increase of $400,000 (2.7%) and 3.0 (1.2%) FTE positions compared to estimated FY 2001. The change includes:

FY 2002

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* Office of the Attorney General: An increase of $146,000 (1.6%) and 3.0 (1.5%) FTE positions. Changes include:
* 1.0 FTE position to be reimbursed from the Department of Commerce, Alcoholic Beverages Division. This position provides enforcement of tobacco laws.
* $83,000 and 1.0 FTE position to investigate cyber crimes. This request complements the Department of Public Safety’s request for additional resources to investigate cyber crime.
* $62,400 and 1.0 FTE position for a criminal appeal attorney due to the rising caseload within the State and federal appellate courts.
* Legal Services Poverty Grant: An increase of $250,000 (35.7%) to provide funding at the FY 1995 level. The grant provides legal services to people in poverty, such as the elderly and working poor. Typical cases include legal matters related to housing, abusive sales practices, domestic abuse, farm foreclosure, and loss of disability benefits.
* No change in funding is requested for the following programs: Victim Assistance Grants, Prosecuting Attorney Training Program, Area GASA Prosecuting Attorneys Training and Coordination, Consumer Advocate, and Victim Compensation Fund.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Iowa Law Enforcement Academy FY 2002 Budget Request

FY 2002

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**FY 2002 Budget Request** The Iowa Law Enforcement Academy (ILEA) is requesting $1.6 million from the General Fund and 32.5 FTE positions. This is an increase of $198,000 (14%) and 2.5 (8.0%) FTE positions compared to estimated FY 2001. The change includes:

* $20,000 to provide continued training for Academy instructional staff.
* $75,000 to fund a study to validate current certification exams, minimum hiring standards, and physical training standards at the Academy.
* $77,000 and 1.50 FTE positions to allow the Academy to conduct its own suspension and decertification investigations.
* $27,000 and 1.00 FTE position for a full-time housekeeper.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Iowa Department of Public Defense: FY 2002 Budget Request

FY 2002

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**FY 2002 Budget Request** The Iowa Department of Public Defense Military Division is requesting $5.3 million and 263.8 FTE positions. This is an increase of $46,000 (.9%) and 7.0 (3.0%) FTE positions compared to estimated FY 2001. The change includes:

* 3.0 FTE positions to increase the Air Guard manning level in Des Moines and Sioux City due to increases in State and Federal funding. These positions would be funded with federal dollars.
* $5,000 and 1.0 FTE position to add a Senior Communications Technician to the Directorate of Information Management staff. The position is 90% federally funded.
* $21,000 and 1.0 FTE position to add a Communication Technician to the Directorate of Information Management staff. The position is 50% federally funded.
* $21,000 and 2.0 FTE positions for additional staff for Camp Dodge maintenance crew to maintain additional facilities and acres acquired through the use of Federal Funds.

**Emerg. Mgmt. Division** The Iowa Department of Public Defense Emergency Management Division is requesting $1.1 million and 25.0 FTE positions. This is an increase of $69,000 (6.0%) and no change in FTE positions. The change includes:

* $69,000 to provide additional funding to finish connecting Iowa’s counties to the Division’s Wide Area Network.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Department of Public Safety: FY 2002 Budget request

FY 2002

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**FY 2002 Budget Request** The Department of Public Safety is requesting $69.8 million in General Fund dollars and 1,043.4 FTE positions. This is an overall increase of $6.9 million (11.0%) and 74.0 (7.6%) FTE positions compared to estimated FY 2001. The following are division breakouts within the Department of Public Safety.

**Administration** The Department of Public Safety is requesting $2.8 million from the General Fund and 41.8 FTE positions for administration. This is an increase of $148,000 (5.6%) and 3.0 (7.7%) FTE positions compared to estimated FY 2001. The change includes:



* $118,000 and 1.00 FTE position to provide security for the law enforcement network as required by the National Crime Information Center.
* $45,000 to add 1.00 FTE position to reduce the backlog in processing Private Investigation, Private Security, and Bail Licensing applications. This position will be funded from fees generated through background checks.
* $18,000 to provide funding for additional help from the Attorney General’s staff.
* $500 to increase the fuel budget to $1.25 per gallon.
* $10,900 to increase depreciation for the current year to the level of need.

**DCI Investigation** The Department of Public Safety is requesting $14.1 million from the General Fund and 252.5 FTE positions for the Division of Criminal Investigation (DCI). This is an increase of $1.3 million (9.8%) and 17.0 (7.2%) FTE positions compared to estimated FY 2001. The change includes:

* $180,000 and 2.00 FTE positions to prevent crimes against the elderly. This will be funded through grants.
* $270,000 and 3.00 FTE positions to create a Cybercrime Unit in DCI. This will be funded through grants.
* $344,000 and 5.00 FTE positions to conduct risk assessment and investigations of sex offenders who have failed to register or notify of address change as required by law.
* $40,000 to provide funding for rental of office space in Cedar Rapids.
* $94,000 and 2.00 FTE positions to provide better enforcement coverage of gaming on riverboats.
* $250,000 and 5.00 FTE positions to reduce the turn-around time on all crime lab cases.
* $20,000 to increase the fuel budget to $1.25 per gallon.
* $510,000 to increase depreciation for the current year to the level of need.



**Narcotics Enforcement** The Department of Public Safety is requesting $5.1 million in General Fund dollars and 72.0 FTE positions for narcotics enforcement. This is an increase of $938,600 (22.3%) and 7.0 (10.8%) FTE positions compared to estimated FY 2001. The change includes:

* $660,000 and 6.00 FTE positions to expand current efforts to reduce the supply of illegal drugs.
* $31,000 and 1.00 FTE position to provide additional support staff to Narcotics Enforcement.
* $14,000 to increase the fuel budget to $1.25 per gallon.
* $348,000 to increase depreciation for the current year to the level of need.

**Fire Marshal** The Department of Public Safety is requesting $2.3 million in General Fund dollars and 42.8 FTE positions. This is an increase of $258,000 (12.9%) and 6.0 (16.3%) FTE positions. The changes include:



* $140,000 and 2.00 FTE positions to add Fire Inspectors for manufactured homes and assisted living facilities. These FTE positions will be funded from fees generated through inspections.
* $193,000 and 2.00 FTE positions to add a Special Agent for commercial explosive facilities and a Special Agent in Charge.
* $85,000 and 1.00 FTE positions to provide a supervisor to the Building Code Section of the Fire Marshall’s Office. This FTE position will be funded through fees.
* $40,000 and 1.00 FTE position for an accounting clerk for the Fire Marshal Division. This FTE position will be funded through fees.
* $7,000 to increase the fuel budget to $1.25 per gallon.
* $160,000 to increase depreciation for the current year to the level of need.

**Iowa State Patrol** The Department of Public Safety is requesting $43.6 million and 621.00 FTE positions. This is an increase of $4.1 million (10.4%) and 41.0 (7.1%) FTE positions. This change includes:



* $1.4 million and 27.00 FTE positions to transfer the Capitol Police Division to the State Patrol.
* $996,000 and 13.00 FTE positions to provide 10 new State Troopers and 3 Communications Operators for drug interdiction.
* $350,000 and 1.00 FTE position to provide cell phones for all officers in the State Patrol as well as a clerk to pay the claims.
* $249,700 to increase the fuel budget to $1.25 per gallon.
* $1.4 million to increase depreciation for the current year to the level of need.
* A decrease of $309,000 to transfer sick leave payout into a separate fund.

**AFIS System Maint.** The Department of Public Safety is requesting $300,000 in General Fund dollars and no FTE positions for AFIS System Maintenance. This is an increase of $31,000 (11.5%). This request if to provide parts and labor for central AFIS and Mugshot system at the current level of service.

**Fire Fighter Training** The Department of Public Safety is requesting $815,000 in General Fund dollars and 1.0 FTE position for fire fighter training. This is an increase of $100,057 (14.0%) and no FTE position increases. The changes include:

* $100,000 to provide additional fire safety training.
* $57 to increase the fuel budget to $1.25 per gallon.

**Fire Service** The Department of Public Safety is requesting $654,000 in General Fund dollars and 12.0 FTE positions for fire service. This is an increase of $47,000 (7.7%) and no FTE positions. The change includes:

* $47,000 to provide travel costs for the newly formed Council and to pay rent to Iowa State University for facilities.

STAFF CONTACT: Jennifer Dean (Ext. 17846)

Corrections Board Meeting



**Board Meeting** The Board of Corrections met October 5 at the Pottawattamie Courthouse in Council Bluffs and attended the Drug Court Program. Clients are in the Drug Court Program for 18 months and are required to abstain from abusing drugs, be employed, pay restitution and court costs, and any other sanctions imposed by the Drug Court. The Drug Court Team is composed of the District Judge, a Probation\Parole Officer III, a Treatment Alternatives to Street Crimes (TASC) Officer, a public defender and a county attorney. The judge and attorneys volunteer their time to the Program. Substance abuse treatment is provided by Iowa’s managed care system. The Program targets non-violent, substance abuse addicts who have not committed forcible felonies. Their charges are dismissed upon successful completion of the Program.



**Drug Court Program** According to Deputy Director Jeanette Bucklew, the Second, Third, Fourth and Fifth Judicial District Departments of Correctional Services (Community Based Corrections – CBC) have Drug Court Programs while the First, Second, Sixth, Seventh and Eighth CBC District Departments are in the planning stages. The Fourth and Fifth CBC District Departments have implemented the judicial model, with the active participation of a judge. The Third and Second CBC District Departments have implemented a community panel system, where a judge authorizes trained volunteers to provide an alternative method of accountability oversight for drug court participants. The judge provides a list of sanctions the community panel can impose and administratively reviews the community panel’s decisions.

**Admin. Rules Approved** The Board reviewed and approved proposed administrative rules for utilization of offender labor in construction and visiting hours for the North Central Correctional Facility at Rockwell City. Facilities Engineer Mickel Edwards reviewed the Parks and Institutions Five-Year Road Use Plan, which is administered by the Department of Transportation (DOT). The Department of Corrections (DOC) will receive approximately $450,000 annually from the Road Use Tax Fund to maintain and improve roadways on DOC property. The roads are required to be public; that is, cannot be secured by a fence.

**Next Meeting** The Board of Corrections’ next meeting is scheduled for November 3 at the Anamosa State Penitentiary.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

State Soil Conservation Committee Meeting

**Committee Meeting** The State Soil Conservation Committee held a telephone meeting on October 5. Chairperson Mary Ann Drish called the meeting to order.

**Presentations** The following presentations were made:

** Soil**

Conservation Committee

* Jim Gillespie, Division of Soil Conservation, provided an update on the Buffer Strip Initiative. There are 104 applications received and approved. The amount of land enrolled is 325 acres of shallow water areas for wildlife, 383 acres of contour buffer strips, and seven acres of cross wind trap strips. There have been 73 districts that received grants for Option One and 28 districts that have received grants for Option Two. Option One provides a district with $500 for technical assistance and for promotion of the Buffer Strip Initiative. Option Two provides an additional $500 to a district, however, a dollar-for-dollar match is required.
* Bill McGill, Division of Soil Conservation, reported on the Financial Incentives and explained that his staff will participate in a Natural Resources Conservation Service Review to evaluate the conservation practices constructed with State funds.
* Jim Gulliford, Division of Soil Conservation, discussed the Conservation Reserve Enhancement Program and explained the Governor would be approving the final proposal within a week. The approved proposal would be presented to the United States Department of Agriculture. He also explained that the Watershed Task Force would be preparing a report to make recommendations to the Legislature.
* Bill Ehm, Department of Natural Resources, explained that an updated management plan for control of non-point source pollution would be approved by the Environmental Protection Agency within the next 30 days.

**Next Meeting** The next meeting will be November 2.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Natural Resource Commission Holds Meeting in Sidney

**Commission Meeting** The Natural Resource Commission toured the Sidney area on October 11. The tour included:

* Jerry Hudson discussed the impact on fish populations when stream stabilization projects are constructed. The tour stopped at the West Tarkio Creek to review a project that has been in place since 1994.
* Carl Priebe discussed the Riverton Refuge in Fremont County. A pump station was installed to flood the 1,400 acres for waterfowl hunting.
* Kevin Thorne provided a tour of Wabonsie State Park and explained the diversification of vegetation found in the park.

**Presentations** The Natural Resource Commission met on October 12 in Sidney. Presentations included:

* Al Farris, Administrator of the Fish and Wildlife Division, presented the Resource Enhancement and Protection (REAP) Fund County Conservation Grant recommendations made by the review committee. There were 31 applications requesting a total of $5.4 million in funds. Four projects were recommended totaling $880,000. These projects were the Peterson Prairie addition in Lyon County, an addition to Pammel State Park in Madison County, the Black Hawk Creek Recreation Area in Grundy County, and the Raccoon River Greenbelt Acquisition in Dallas County. The Commission approved the recommended projects.
* Al Farris presented the REAP City Park and Open Space Grant recommendations to the Commission. There were 56 applications received totaling $4.4 million and total funding available was $1.7 million. The recommendations included six grants totaling $784,000 to large cities, six grants totaling $565,000 to medium cities, and seven grants totaling $378,000 to small cities.



REAP

* Al Farris asked the Commission to approve a Notice of Intended Action on General License Regulations. This updates the definitions of hunting and fishing licenses available using the electronic licensing system. The Commission approved the recommended projects.
* Al Farris asked the Commission to approve the establishment of an urban deer management unit in Iowa City and for the authorization to use sharpshooters beginning October 13, 2000, and ending on March 20, 2001. This practice was established last year and sharpshooters removed 360 deer. Of the deer removed, 215 were female and 145 were male. Of the 145 males removed, only 65 have visible antlers. The Commission recommended the Department suggest that bow hunting be incorporated into the long-range plan for deer management in Iowa City. The Commission approved the request.



* Linda Hanson, Administrator of the Administrative Services Division, requested the approval of three land acquisitions. Included were two acquisitions of land totaling 292 acres near Rice Lake and 50 acres of land near Skunk River. The land acquisitions were approved.



* Linda Hanson asked the Commission to approve changes to the five-year Capital Budget regarding projects funded from the Restore the Outdoors Fund. The original budget was $3.0 million and the revised budget is $2.8 million. The change was approved.
* Linda Hanson provided the Commission with a budget status report for FY 2000. The Department of Natural Resources reverted $1.25 in General Fund money, $53,000 in the Park Ranger Retirement Appropriation, and $48,000 to the Fish and Wildlife Trust Fund.
* Steve Pennington, Administrator of the Parks, Recreation, and Preserves Division, asked the Commission to approve a resolution and loan agreement for the State Revolving Loan Program for the construction and renovation of wastewater treatment projects at State Parks. The resolution covers the FY 2000 loan application totaling $1.6 million. The Commission approved the resolution and agreement.
* Steve Pennington asked the Commission to approve the REAP Public/Private Cost Sharing Grants. There were four applicants requesting a total of $487,000 in funds with $354,000 available. It was recommended to fully fund the Silver Lake Fen addition in Dickinson County, the Murray Hill addition in Harrison County, and partially fund an addition to the Boone Forks Wildlife Management Area in Webster County. The Commission approved the recommended projects.
* David Dahlquist, a consultant from Shive-Hattery, presented the findings from the first phase of the Destination State Park Study to the Commission. The report recommended Brushy Creek State Recreation Area and Honey Creek State Park as the first two sites for destination parks. The Commission approved the recommendations.

**Next Meeting** The next meeting will be held on November 9 in Des Moines.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Iowa Finance Authority Board Meeting

**Board Meeting** The Iowa Finance Authority (IFA) Board held its monthly meeting on October 4 at the Embassy Suites on the River in Des Moines. Major topics discussed included:



* Remarks by the Director and the monthly financial report. Mike Tramontina, Executive Director, reported that transferring contract employees to full-time FTE positions will be a budgetary issue for the upcoming legislative session.
* Economic Development Loan Program – The Board approved resolutions to proceed with issuance of revenue bonds for the following projects:
* Turning Point Ministries: $2.1 million in IFA Housing Revenue Bonds for acquisition and rehabilitation of a 48-unit apartment building for low- and moderate-income families located in downtown Des Moines. The Turning Point Ministries Foundation will receive a 30-year variable rate (4.0% to 7.0%) loan.
* Hampshire Pet Products: $10.0 million in IFA Industrial Development Revenue Bonds for the construction of the Hampshire Pet Food manufacturing plant in Maquoketa. The plant will produce dry dog and cat food for sale to retail markets and to farm and feed stores. The company will receive a 4.5% fixed-rate ten-year loan.



* Trinity Health Credit Group: $128.3 million in IFA Refunding and Variable Rate Refunding Revenue Bonds for improvements to and acquisition of equipment for Trinity Health’s Iowa medical centers. The company owns five medical centers and a nursing home in Clinton, New Hampton, Mason City, and Sioux City. The Trinity Health Credit Group will receive 30-year variable-rate (3.4% to 3.6%) and 5.8% fixed-rate loans.
* Integrated DNA Technologies: $4.1 million in IFA Industrial Development Revenue Bonds for plant expansion and equipment for the bio-tech manufacturing company in Coralville. The company will receive a seven-year variable-rate (2.5% to 5.8%) loan.
* Cedar Health Care, Inc.: $50.0 million in IFA Healthcare Facility Revenue Bonds for purchase and operation of 11 nursing homes, one assisted living facility, and one independent living facility across Iowa. The company will receive a 30-year fixed rate (9.0%) loan.
* New Financing Method – The Board approved continued investigation of a new financing arrangement with the Federal Home Loan Bank using loans rather than bonds.
* Housing Programs – The staff provided an update on the various housing programs.
* Most of the loans in Housing Assistance Fund (HAF) Loans in default are being resolved and new owners are taking over the projects.
* The transfer of the Section 8 Contract Administration from federal Housing and Urban Development (HUD) to IFA staff is continuing.
* Housing Policy – Loyd Ogle, Director of Policy and Governmental Affairs, provided an update on the Governor’s Housing Task Force and on federal Housing and Urban Development (HUD) activities.
* Low Income Housing Tax Credit Program Compliance Monitoring Manual received Board approval, incorporating the final administrative rule changes.
* Twenty-five Years of Operation – The Iowa Finance Authority began operations 25 years ago. Various activities recognizing the milestone are being planned.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

Vision Iowa Board Meeting

**Vision Iowa Board** The Vision Iowa Board met on October 11 at the Department of Economic Development. Major topics discussed by the Board included:



* Intent to Apply – The Board will request that communities interested in applying for Vision Iowa awards send a letter stating their intent to apply and include a brief description of the project, cost, and expected application date.
* Vision Operating Guidelines – A reference document is being prepared that will include relevant sections of the Code of Iowa, administrative rules, executive orders, and other reference materials, including instructions for dealing with a conflict of interest.
* Vision Iowa and Community Attraction and Tourism Applications and Finalization of Administrative Rules – The Board reviewed issues raised during the public hearings and adopted modifications to the application forms and rules based on that input. Some specific items were:
* Staff was asked to prepare a recommendation for streamlining the Community Attraction and Tourism Application for small requests.
* A wage floor of 125.0% of minimum wage will be required for approved projects, excluding employees affected by TIF agreements.
* The Board will encourage use of an unspecified portion of a project’s funding for public art.
* Funds expended before SF 2447 (Vision Iowa Act) was signed by the Governor will not be eligible to be included in the local match.
* Awards will be for a specified amount and cost overruns will be the responsibility of the award recipient.
* State Treasurer Michael Fitzgerald discussed bonding issues and will present more information of financing options at the December meeting.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

Council on Human Services October Meeting

**Council Meeting** The Council on Human Services met October 11, and conducted the following business:



* Adopted administrative rules and placed other proposed rules on notice. A separate entry within this ***Fiscal Update*** provides additional detail.
* Approved two additional legislative proposals, in addition to the proposals approved at the September Council meeting. A separate entry within this ***Fiscal Update*** provides additional detail of all of the proposals. The Department of Human Services will submit the proposals to the Governor, who will determine which ones are proposed to the 2001 General Assembly.
* Discussed budgetary priorities with Lieutenant Governor Pederson. Discussion included but was not limited to:

The need to engage the public in support of human service concerns.

A proposed increase in the monthly grant of the Family Investment Program which has not been increased in many years.

Child care.

Medicaid.

Staffing increases for child protection.

Male clients at the Iowa Juvenile Home at Toledo.

Prevention services.

Volunteer service coordination.

 **Governor’s Interests** The Lieutenant Governor indicated that the Governor and her interests included:



* Child, domestic, elder, and substance abuse.
* Insurance coverage for mental health and substance abuse. Discussion included the impact of the federal Employee Retirement Income Security Act (ERISA) which exempts certain entities from any requirement for health insurance coverage mandated by State law.
* Increasing the number of staff for child protection issues.
* Domestic abuse statutory changes to change the definition of “immediate” danger to “imminent” danger.
* Training for recognition of abuse situations.
* Understanding that there are limited funding resources and the choices are going to be difficult.

**Director’s Discussion** Director Rasmussen discussed:

* The Senior Living Trust Fund with the most recent understanding that in addition to the $100 million in FY 2001, there will be two and one-half more years of funding, for an estimated total of $350 million.
* orts underway with the Department of Elder Affairs, the Department of Inspections and Appeals, and the Division of Criminal Investigation regarding adult abuse data collection.
* The plan to issue a request for information to providers which may be interested in providing care for the 30 males being served currently at the Iowa Juvenile Home at Toledo.
* Efforts being taken to alter the billing for residential treatment services due to concerns of the federal Health Care Finance Administration (HCFA).

**FIP** The Council received information from Deb Bingaman regarding the federal requirement for limitations on the number of months (60) that one can be eligible for the Family Investment Program (FIP). Estimates include that the State of Iowa will not be affected by the federal limitation of no more than 20.0% of the caseload receiving benefits from the Family Investment Program for five years until at least three years after January 2002. Ms. Bingaman predicted that in January 2002, less than 6.0% of the caseload would have been receiving benefits from the Program for five years. Although the State of Iowa is not yet affected, the Department plans to propose administrative rules for implementation of the federal 20.0% caseload limitation by January 2001.

**Native Americans** Three representatives of the Community Initiative for Native Children and Families, regarding services being provided currently and needs of the future for Native Americans within the State of Iowa. The Department has requested in the legislative package being submitted to the Governor that Iowa adopt the federal Indian Child Welfare Act. The fiscal impact has been requested.

**Status Report** The Council heard an update regarding childcare including a status report of the Governor’s Child Care and Early Education Task Force.

**Next Meeting** The next meeting of the Council on Human Services is scheduled for November 8, at the Mental Health Institute in Independence.

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

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

Administrative Rule Changes - October Council on Human Services Meeting

**Council Meeting** At the October 11 Council on Human Services meeting the following administrative rule changes were approved:



* Elimination of “deprivation” as eligibility for the Family Investment Program, and for Medicaid under the Family Medical Assistance Program and related coverage groups. Any savings are assumed to be utilized within the appropriation.
* Increases for one month (November) the per day rate in the maximum Residential Care Facility reimbursement by 19.76%, from $24.50 to $29.34 per day. This is in addition to the increase provided in August. This is necessary to comply with the federal pass-along requirement in calendar year 2000 for Iowa’s total State Supplementary Assistance expenditures which are required to be $19.6 million. This action is due to a lower than projected average cost per bed day for Residential Care Facility care. The action will result in State funding costs of $370,000 in FY 2001.
* Permits physicians to receive Medicaid payment for a topical fluoride varnish applied on teeth of children aged 0 to 36 months. The change is not expected to have a budgetary impact.
* Changes policies regarding the reimbursement for rural health centers and federally qualified health centers to incorporate the changes made by the 1999 General Assembly to provide reimbursement at 100 percent of the reasonable costs. The change is not expected to have a budgetary impact.
* Permits children in out-of-home placement where family reunification is not a goal to continue to receive rehabilitative treatment and support services without regard to income. The change is not expected to have a budgetary impact since the services are being provided with an exception to policy in most cases.

**Administrative Rules** The following administrative rule changes were reported to the Council as a Director’s Report of Notice Action (step 1 in the administrative rules process) and are scheduled to be adopted at a later meeting of the Council:

* Implementation of a new Medicaid service for rehabilitation services to adults with chronic mental illness. Counties are required to provide the non-federal share of the cost except for State Cases clients. For those individuals, the cost is expected to decrease for State Cases since Medicaid funding is not currently available to serve these individuals, however a cost estimate was not specified in the documentation.
* Providing an additional payment to critical access hospitals based upon reasonable cost of services provided to Medicaid Patients (Medicare rate). Information provided estimates that 45 hospitals could qualify to become a critical access hospital in the next five years, and as of August 31 there were 11. The General Assembly appropriated $250,000 from the Tobacco Settlement Funds to reimburse these hospitals at the same rates as Medicare. This is the cost to fund the first 13 of these hospitals.
* Updating policies for the requesting of information relating to dependent adult abuse. The change is not expected to have a budgetary impact.
* Updating policies for the transfer of assets to become eligible for Medicaid. The change is not expected to have a budgetary impact.

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

Department of Human Services Legislative Proposals

**Legislative Proposals** At the September and October meeting of the Council on Human Services, the Council approved the following proposed legislative changes:



* Include the proposed guardianship program within the foster care insurance package. Budgetary impact is not specified except for “small”.
* Eliminate language within the statutory provisions for psychiatric medical institutions for children to delete references regarding recovery of foster care funds, since foster care funds are not provided to psychiatric medical institutions for children. There is no budgetary impact.
* Removal of child care language relating to group child care providers caring for up to 11 children at one time, to permit allowing the care of up to 11 children as long as no more than four are under the age of two. There is no budgetary impact.
* Changes for juvenile delinquency hearings including:

Requesting that the court order authorizing shelter care include a determination regarding continuation in the home would be contrary to the child’s welfare.

Requesting that the court order authorizing detention care include a determination regarding continuation in the home would be contrary to the child’s welfare.

Requesting that the court order authorizing the transfer of legal custody of a child include a determination regarding continuation in the home would be contrary to the child’s welfare.

Permanency hearing timelines and action relating to the hearings.

The budgetary impact is specified as being “large” if not enacted and “small” if enacted. Additional information is being requested.

* Changes for Child in Need of Assistance (CINA) Proceedings including:



Requiring that the judicial determinations in a temporary removal of a child include documentation of continuation in the home being contrary to the child’s welfare and be made on a case-to-case basis.

Adds “relative caregiver” to the list of facilities and persons to whom a notice for a hearing to determine whether a child is in need of assistance.

Requiring that the court order after the hearing concerning temporary removal determine that continuation in the home being contrary to the child’s welfare, efforts to prevent removal, and efforts to finalize the permanency plan, and be made on case-to-case basis.

Requiring that the court order after the adjudicatory hearing if removal is ordered, determine that continuation in the home being contrary to the child’s welfare, efforts to prevent or eliminate removal, and efforts to finalize the permanency plan, and be made on a case-to-case basis. Specifies that when there is imminent danger to the child’s life or health, determinations of efforts are not to be a prerequisite to remove the child.

Eliminating a requirement to provide reasonable notice of a permanency hearing in a case of juvenile delinquency and follow the requirements for a dispositional hearing.

Eliminating long term foster care placement as an option after a permanency hearing and adding a reference to “another planned permanent living arrangement” as a last resort.

Requiring that the petition for termination of parental rights be filed by the end of the child’s fifteenth month in foster care.



The budgetary impact is specified as being “large” if not enacted and “small” if enacted. Additional information is being requested.

* Requiring that juvenile court orders relating to paternity, child support, or termination of parental rights be disclosed to the Child Support Recovery Unit of the Department of Human Services upon request. There is no budgetary impact.
* Updating the names of the various associations having representation on the Medical Assistance Advisory Council. Also eliminating the Iowa Osteopathic Hospital Association from membership since such Association no longer exists and eliminating the Iowa Psychiatric Nurse Managers Network, since most members of the Network are represented on the Council within other organizations. There is no budgetary impact.
* Including the federal Indian Child Welfare Act (P.L. 95-608) into Iowa statute. The budgetary impact is not provided.
* Reducing the waiting periods regarding adjustment of child support orders, effective February 1, 2002. The budgetary impact is concluded of the cost absorbed in FY 2002, but details were not provided.
* Eliminating the transaction fee paid to retailers for the use of their point-of-sale equipment. The first year impact would be a savings of $222,000 of State funds and $222,000 of federal funds. With full implementation of electronic benefit transfer, the annual savings would be $315,000 of State funds and $315,000 of federal funds.
* Including another optional group under the federal Ticket to Work and Work Incentives Improvement Act to the optional Medicaid buy-in process. Budgetary impact is indicated as minimal in regards to the number of eligibles and the billing system cost has yet to be determined.



* Changing the Healthy and Well Kids in Iowa (HAWK-I) Program to:

Delete the requirement regarding the sliding fee schedule.

Require the Department of Human Services rather than the HAWK-I Board to perform random reviews to ensure compliance.

Eliminate the State-wide media campaign requirement for outreach efforts.

Require the HAWK-I Board to development a functional health assessment form.

Require the Committee on Children with Special Health Care needs to make recommendations on an annual basis.

Eliminate several of the reasons allowed for approval for the Program when insurance coverage ended less than six months prior to determination of eligibility for the Program.

Eliminate the requirement that participating insurers submit a marketing plan.

Eliminate the requirement that the administrative contractor forward names who appear to be eligible for health insurance coverage to local offices of the Department of Human Services.

Eliminates the requirement for the administrative contractor to make applications available to various local sites.

There is to be no budgetary impact.

* Transfer the statutory responsibility for the institutional county billing and receipts from the Department of Revenue and Finance to the Department of Human Services. There is not to be a budgetary impact.
* Codify the current practice of the Child Support Recovery Unit regarding child support orders for an absent parent to pay for time when the child was supported by the Family Investment Program. A possible loss of $750,000 in annual child support collections is the budgetary impact if statutory changes are not made to reflect current practice.

**Proposals Submitted** The Department of Human Services will submit the proposals to the Governor, who will determine which ones are proposed to the 2001 General Assembly.

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*Issue Review* - Iowa’s Teacher Salaries

***Issue Review***  The LFB recently released an ***Issue Review*** concerning past legislation that has increased teacher pay in Iowa and makes comparisons based on teacher salaries.



**Teacher’s Salaries** There has been discussion during the interim concerning the State’s public teachers’ salaries. The ***Issue Review*** looks at the State’s average teachers’ salaries and compares it to other states and occupations. Average salaries by school district and enrollment categories are also listed. Some alternatives and their budget implications are highlighted.

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

STAFF CONTACT: Shawn Snyder (Ext. 17799) Robin Madison (Ext. 15459)

*issue review* - Proposed Administative Rules to Recover Costs Associated with the Administration of Local Option Sales and Service Taxes

***Issue Review*** The Department of Revenue and Finance has passed a rule that would allow the Department to charge all jurisdictions imposing Local Option Sales and Service Taxes an administrative fee effective July 1, 2000.

**Contents** The ***Issue Review*** addresses:



* Legislation authorizing the fee.
* How fees will be determined.
* History of the Local Option Sales and Services Tax.
* How the Department of Revenue and Finance administers the tax.
* Distribution of the tax collected.
* The timing of tax collections.
* The cost of program administration.
* Interest going to the State General Fund during distribution of the tax collected.
* Alternatives available for addressing the proposed fee.

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

**Rule Delayed Till Session** The Administrative Rules review Committee approved a session delay for the proposed rules at its October 2 meeting.

STAFF CONTACT: Ron Robinson (Ext. 16256)



Audit Report -- Iowa Sheep and Wool Promotion Board

**Audit Report** The State Auditor issued the FY 1999 Audit Report for the Iowa Sheep and Wool Promotion Board on September 6, 2000.

**Background**  The purpose of the Iowa Sheep and Wool Promotion Board is to create and promote a more efficient production and marketing of sheep wool products.

**Reportable Conditions**The Report indicated there was one reportable condition regarding segregation of duties. There is one contract employee that is authorized to approve expenditures, issue checks, post accounting transactions, prepared deposits, and reconcile bank statements. It was recommended that the Board review their operating procedures to obtain maximum internal control. The Board responded that steps have been taken to increase internal control. The response was accepted.



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

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