FISCAL UPDATE October 30, 2000

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

Department of Education FY 2002 Budget Request

FY 2002

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**FY 2002 Budget Request** The Department of Education is requesting $299.4 million and 714.7 FTE positions for FY 2002. This is an increase of $79.9 million and 6.5 FTE positions compared to estimated FY 2001. The request includes:

* An increase of $597,000 for Iowa Public Television. The increase includes:

$264,000 and 1.0 FTE for digital television operations and statewide educational and outreach activities to increase public awareness and understanding of digital television.

$80,000 and 1.0 FTE position for initiatives to educate parents and child care providers in the appropriate use of IPTV children’s programming.

$253,000 and 2.0 FTE positions for television programming for new channels arising from the conversion to digital. Programming will include coverage of the Iowa General Assembly in session and other governmental activities.

Total funding requested for FY 2002 is $8.8 million.

* A decrease of $775,000 for the Beginning Teacher Mentoring Program. Funding for mentoring is in a request for new teacher compensation funding of $62.2 million (see below).
* A decrease of $1.4 million for National Certification Stipends. Funding for the stipends is included in a request for new teacher compensation funding of $62.2 million (see below).

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* An increase of $9.3 million for general aid for Merged Area Schools (Community Colleges). Total funding requested for FY 2002 is $156.9 million.



* An increase of $62.2 million for a new initiative to fund teacher compensation and professional development, which includes $2.2 million for the existing Beginning Teacher Induction ($755,000 in FY 2001) and National Board Certification Stipend ($1.4 million in FY 2001) Programs. No separate funding is requested for these two programs for FY 2002.
* An increase of $10.0 million for the Early Intervention Block Grant Program to reduce K-3 class sizes and improve basic skills. Total funding requested for FY 2002 is $30.0 million.
* An increase of 0.5 FTE position for an education program consultant for School to Work, to be paid by reallocating funds. No additional funding is requested.
* An increase of 2.0 FTE positions for federally mandated data collection on the quality of teacher preparation programs and standards for teacher licensure, to be paid from non-General Fund dollars.

**Standing Appropriation** Education Standing Appropriation - The Department of Education has requested an increase of $300,000 in the standing appropriation for Nonpublic School Transportation. Total funding requested for FY 2002 is $8.5 million.

STAFF CONTACT: Robin Madison (Ext. 15270)

Department of Cultural Affairs FY 2002 Budget Request

FY 2002

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**FY 2002 Budget Request** The Department of Cultural Affairs is requesting $6.8 million and 97.7 FTE positions for FY 2002. This is an increase of $490,000 and 5.0 FTE positions compared to estimated FY 2001. The increase includes:

* Iowa Arts Council

$45,000 and 1.0 FTE position to make the Folklife Programmer position State funded. The Folklife Programmer will be responsible for the traditional arts apprenticeship program, assist with a state/regional folklife festival, and provide arts assessment of new refugees/immigrants through the New Iowan Welcome Centers.



$75,000 to restore the Touring Arts Team program that was eliminated as part of budget cuts in the early 1990s. Multi-disciplinary teams of 6-7 artists will visit small communities (populations less than 5,000) for 2-3 days to conduct workshops, showcase their talents, and organize a showcase of community talent.

$35,000 to provide resources to underserved counties, communities, or urban areas to create local arts/heritage projects.

* State Historical Society

$75,000 to increase security at the State Historical Building to provide 24-hour coverage to better safeguard historic objects and would make the State museum eligible to borrow national traveling exhibitions.



$60,000 to develop Iowa history curriculum and assessment standards for use by local school districts. It would also provide State support for a statewide History Day competition for middle and high school students.

$140,000 and 3.0 FTE positions to provide care and treatment of the museum’s collections, catalog historic resources, and make them accessible to the public. One of the positions will provide technical support and maintenance of a database of cultural resources created through a grant from the Department of Transportation.

$60,000 and 1.0 FTE position to meet the demand for funding, programs, services, and technical assistance from communities and rural areas wishing to preserve and interpret existing cultural resources.

**No Change Requested** The Department is requesting no change in funding for administration, cultural grants, and historic sites.

STAFF CONTACT: Robin Madison (Ext. 15270)

IOWA WORKFORCE DEVELOPMENT FY 2002 BUDGET REQUEST

FY 2002

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**FY 2002 Budget Request** The Iowa Workforce Development is requesting $6.9 million from the General Fund and 934.70 FTE positions. This is an increase of $133,000 (2.0%) and 1.25 (0.1%) FTE positions compared to estimated FY 2001. The changes include:

* $$86,000 to add funding for equipment and materials used to conduct required inspections by elevator and boiler inspectors, and to add and replace equipment for the Industrial Hygienist relating to air sampling, carbon monoxide and heat stress monitoring.
* $200,000 and 0.5 FTE position to maintain and further develop the Internet-based program Making Connections, which is a clearinghouse of information about job shadowing, internships, and other work-based learning opportunities for students and educators. This was originally funded with a federal grant.
* An increase of 0.75 FTE position for the Labor Management Coordinator. The General Fund request remains the same as for FY 2000, but additional federal funds of $75,000 are anticipated for this position.
* A decrease of $153,000 for the Welfare to Work Match Program. This Program will end in FY 2003 and the appropriated funds should meet client needs. Approximately $980,000 in General Fund appropriations were carried forward to FY 2001.

**Other Funds** Other funds requests include an increase of $160,000 from the Penalty and Interest Fund to establish two additional Immigration Service Centers. Pilot projects are currently being established in Sioux City and Muscatine with Penalty and Interest Funds ($160,000) appropriated for FY 2000.

STAFF CONTACT: Alice Wisner (Ext. 1-4611)

State Board of Education Meeting



**Board Meeting** The State Board of Education met on October 19 and 20 at the office of the Department of Education. Among major issues discussed:

* The Board adopted rules for the Vision Iowa School Infrastructure Program, as authorized in 2000 Iowa Acts, Senate File 2447. The rules establish the procedures for local school districts to follow in applying for competitive infrastructure grants and establish the criteria to be used by the School Budget Review Committee and the Department of Education in awarding the grants.

**Recommendations**

* The Board received the report of the Iowa Council on Educator Quality, a task force charged by Governor Vilsack to develop specific recommendations in regard to teacher and administrator recruitment, preparation and licensure, hiring, placement, and professional development. Thomas J. Switzer, Dean of the College of Education at the University of Northern Iowa and chair of the Council, presented thirteen recommendations. Briefly, they are:

The Council supports the development and implementation of a professional growth and compensation system.

The Council supports the development and implementation of both early identification and non-traditional programs for the recruitment of young people and adults into the profession of teaching.

The Council supports the development and implementation of a State of Iowa coordinated recruitment, incentive, and professional respect effort to attract people to teaching as a profession and to facilitate their entry into teaching positions in Iowa.

The Council supports the development and implementation of a statewide system for the identification, education, and retention of administrators to lead the schools and school districts of Iowa.



The State of Iowa should develop and support an expanded statewide induction program to guarantee that a teacher employed in an initial assignment in an Iowa school district receives mentoring and support services during the first three years of teaching.

The State of Iowa should provide a Human Resources Management Training Program for school personnel responsible for hiring teachers, administrators, and other school personnel.

The State of Iowa should create an incentive program to attract people to education in Iowa.

The State of Iowa should require that school districts include in their school improvement plans a component that establishes a retention program for teachers and administrators.

The State of Iowa should provide financial support to school districts to increase the contractual days for teachers to 200.

The State of Iowa should develop and implement a statewide system for the preparation and certification of paraprofessionals to work in the schools of Iowa.

The State of Iowa should design and fund a system whereby National Board certified teachers can be associated with state approved teacher preparation programs and Area Educational Agencies to bring their expertise to the teacher education programs and to pre-service and in-service teachers.

Iowa institutions of higher education that offer graduate programs in education should design and deliver masters level programs reflecting the standards emphasized by the National Board for Professional Teaching Standards, the school improvement goals of participating schools or districts, and the career advancement needs of participating teachers.

School districts should include in their school improvement plans opportunities for teachers and administrators to participate in professional development activities outside the field of teaching.

* The Board reviewed the Department of Education’s budget request for FY 2002, the main features of which are requests for $62.2 million for teacher compensation and a $9.3 million increase in funding for the Community Colleges (see separate article in this Fiscal Update for details). The Board also discussed the most recent estimates of anticipated General Fund growth. Director Ted Stilwell noted that the presidents of the Community Colleges have been alerted to the possibility of limited new funding and have been asked to consider possible new sources of revenue.
* The Board also discussed paraeducator preparation programs, the AEA accreditation process, possible youth representation on the Board through the Youth Voice Initiative, and development of policy related to the concept of inclusive schools. The Board also met in an evening retreat on October 19 at the Downtown Holiday Inn to discuss the role of board members in building the case for teacher compensation reform.

**Next Meeting** The next Board of Education meeting is November 15-16.

STAFF CONTACT: Robin Madison (Ext. 15270)

Economic Development Board Meeting



**Board Meeting** The Economic Development Board met on October 19 at the Department of Economic Development (DED). The major topics discussed were:

* Community Economic Betterment Account (CEBA) – An award of $500,000 (half loan and half forgivable loan) was made to the City of West Des Moines for ADP, Inc., to provide the rapidly growing company with additional office space. The company markets health and welfare administrative services and data base solutions to large corporate customers. Two other applications were deferred.
* Enterprise Zones - Enterprise Zones were approved for Cass (two acres), Hardin (10 acres), and Scott (3,500 acres) counties. The Davenport, Scott County Enterprise Zone has 2,800 acres also qualifying as a federal enterprise zone.
* Tourism – The Marketing Committee discussed Welcome Centers and noted that tourism has become a $4.0 billion industry in Iowa.
* Administrative Rules

**Vision Iowa and Community Attraction and Tourism Programs.**  After much discussion, the Board voted to accept the Vision Iowa and Community Attraction and Tourism administrative rules contingent upon the removal of the wage threshold. Some Board members commented that the $7 or 120% of minimum wage (whichever is higher) was too high for some seasonal employment. Others commented that the amount would be treated as a standard and would be too low to provide a living wage. They agreed to remove the threshold and allow market forces to set the wages. This action sent the rules back to the Vision Iowa Board for modification.



**Other Rules** – Administrative rules were approved for the Certified School-to-Career Program, Brownfields Redevelopment Program, Accelerated Career Education (ACE) Program, Homeless Shelter Grant Program, and Emergency Shelters Grant Program.

* Targeted Small Business Program – The Board approved a contract with Drake University to provide marketing and technical assistance services to small disadvantaged businesses run by women, minorities, or persons with disabilities.

**Recruitment Consortium** Kay Snyder of the Human Resources Recruitment Consortium discussed how the organization is networking with businesses and persons interested in finding employment in Iowa and moving to the State.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

Vision Iowa Board Meeting



**Board Meeting** The Vision Iowa Board met on October 20 to address the contingent approval of the Vision Iowa and Community Attraction and Tourism Program administrative rules by the Economic Development Board. After discussing the wage threshold issue, the Board eliminated the threshold from the administrative rules. The Board then added a statement to the rules that the Board reserves the right to negotiate wage rates in addition to other aspects of the award contract.

**Applications** The administrative rules process will continue on schedule, and the Vision Iowa Board will be in position to begin processing applications early in calendar year 2001.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

Board of Regents Meeting



**Board Meeting** The Board of Regents met on October 18 and 19 at Iowa State University (ISU) in Ames. Significant agenda items included:

* Approved criteria for the ISU presidential search.
* Fall Enrollment Report – For Fall 2000, both headcount and FTE enrollment have increased at the Regent institutions. Total headcount enrollment increased from 68,509 in fall 1999 to 68,930 in fall of 2000. This is an increase of 421 students (0.6%). By institution, the increase or decrease is as follows:
* University of Iowa (SUI) – a decrease of 535 students (1.9%).



**Report**

* ISU – an increase of 735 students (2.8%)
* University of Northern Iowa (UNI) – an increase of 221 students (1.6%).
* Annual Salary Report – The Board of Regents received $18.2 million in State General Fund appropriations to pay salary increases for FY 2001. The institutional salary policies, which are based on the State salary policy and approved by the Board, provide faculty and professional and scientific staff with an average increase of 3.0% plus incremental steps which generally provide a 4.0% increase. Regent Merit System employees received increases of 2.6% plus step increases. In addition, eligible Merit System employees on Step 9 move to Step 10 on January 1, 2001. It is estimated that total increase to Merit System staff will be about 4.0%. Average salaries and average increases by institution are illustrated below:

|  |  |
| --- | --- |
| Faculty Salaries | P & S Salaries |
|  | AveragePercentIncrease | AverageFacultySalary | AveragePercentIncrease | Average P & SAnnualizedSalary |
| SUI | 4.2% | $ 71,237 | 3.9% | $ 44,933 |
| ISU | 3.8% | 67,716 | 3.9% | 46,893 |
| UNI | 4.0% | 54,090 | 4.0% | 44,396 |
| ISD | 4.4% | 41,035 | 4.2% | 45,641 |
| IBSSS | 5.5% | 41,209 | 4.0% | 41,996 |

* *Comprehensive Fiscal Report for FY 2000* – The Report compares actual revenues and expenditures with the Board-approved budgets, identifies significant variances, highlights strategic planning initiatives, summarizes the actual uses of funding increases, and discusses institutional accomplishments regarding measures to improve efficiency and effectiveness. General university fund fiscal information for all institutions for FY 2000 is illustrated below:

**Board of Regents Institutions**

**General University Fund – FY 2000**

(Dollars in millions)

|  | RevisedBudget | Actual | VarianceOver/(Under) | Actual as % of Budget |
| --- | --- | --- | --- | --- |
| REVENUES |  |  |  |  |
| Appropriations |  |  |  |  |
|  General | $672.9 | $672.9 | $0 | 100.0% |
|  Other | 0.4 | 0.4 | 0 | 100.0% |
| Resources |  |  |  |  |
|  Federal Support | 15.2 | 14.7 | (0.5) | 96.7% |
|  Interest | 2.7 | 2.6 | (0.1) | 96.3% |
|  Tuition and Fees | 246.7 | 246.1 | (0.6) | 99.8% |
|  Reimb. Indirect Costs | 43.0 | 43.1 | 0.1 | 100.2% |
|  Sales and Services | 407.5 | 407.3 | (0.2) | 99.9% |
|  Other Income | 2.8 | 2.7 | (0.1) | 96.4% |
| TOTAL REVENUES | 1,391.2 | 1,389.8 | (1.4) | 99.9% |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | RevisedBudget | Actual | VarianceOver/(Under) | Actual as % of Budget |
| EXPENDITURES |  |  |  |  |
| Salaries | 981.8 | 981.8 | 0.0 | 100.0% |
| Prof./Scientific Supplies | 235.7 | 247.0 | 11.3 | 104.8% |
| Library Acquisitions | 17.7 | 17.9 | 0.2 | 101.1% |
| Rentals | 6.7 | 6.9 | 0.2 | 103.0% |
| Utilities | 51.0 | 50.1 | (0.9) | 98.2% |
| Building Repairs | 27.0 | 23.6 | (3.4) | 87.4% |
| Auditor of State | 1.1 | 0.8 | (0.3) | 72.7% |
| Equipment | 27.1 | 19.8 | (7.3) | 73.1% |
| Aid to Individuals | 43.1 | 42.5 | (0.6) | 98.6% |
| TOTAL EXPENDITURES | 1,391.2 | 1,390.4 | (0.8) | 99.9% |

* *Final Approval of Tuition and Fees* – The Board approved the tuition and fees as recommended by the Board Office and institutions at the September meeting, with minor changes in the fee amounts. Tuition will increase by 7.2% at all three institutions, which is an increase of $210 in resident undergraduate tuition, from $2,906 to $3,116. When both tuition and fees are considered, the increases are as follows:

University of Iowa – 9.3%, an increase of $299, from $3,204 to $3,503.

Iowa State University – 9.9%, an increase of $310, from $3,132 to $3,442.

University of Northern Iowa – 9.9%, an increase of $310, from $3,130 to $3,440.

* *Annual Regent Merit System Report* – In FY 2000 there were 8,328 (head count) employees in the Regent Merit System. This is an increase of 113 employees (1.4%) compared to FY 1999. The average Regent Merit System employee salary for FY 2000 was $27,528 (excluding fringe benefits).

**Next Meeting** The next Board meeting is scheduled for November 15 and 16 at the University of Iowa in Iowa City.

STAFF CONTACT: Mary Shipman (Ext. 14617)

IOWA WORKFORCE DEVELOPMENT BOARD

**Board Meeting** The Iowa Workforce Development Board met on October 25 at the Hotel Fort Des Moines. The Board heard from the following presenters:



* Jack Hillyard, Director of Creative Employment Options. A pilot project to be funded with federal monies is being proposed to work toward employment of the currently unemployed disabled population by utilizing consumer cooperatives and employment networks. An additional aspect of this project would be establishing a Credit Union for this population to encourage asset accumulation through individual development accounts. While participating in this program, income support would be guaranteed and medical services would be continued. Currently there are no reliable figures reflecting how many disabled are unemployed. The grant, if funded, would be 30 months in duration, with the possibility of being extended to 5 years.
* Mike Harcourt, Iowa Director, Bureau of Apprenticeship and Training. October is Apprenticeship Awareness Month, and Mr. Harcourt briefed the Board on the program, which is funded with federal funds and by private industry. The goal of apprenticeship is to provide training for high skill, high wage occupations. As of September 30, 2000, there are 430 registered programs in Iowa serving 4,732 apprentices, with 1,418 employers participating. Of the apprentices, 215 (4.5%) were minority, and 153 (3.2%) were female. Concern was expressed regarding the low number of female apprentices. It was explained that most areas of apprenticeship are in male-traditional occupations, and a constant effort is put forth to promote these opportunities to the female population. It was mentioned that ten years ago, only 0.5% of apprentices were female, so some progress has been made. Mr. Harcourt also stated that expansion into more technological areas is happening.
* C. J. Niles, Director of the Iowa Department of Economic Development. Ms. Niles stated that there are seven aspects of the new economy:
1. People – a people-centered economy requires a need for life-long learning.
2. Infrastructure – while new items, such as broadband accessibility are important, we can’t forget the “old” infrastructure needs on which people depend.
3. Government must treat citizens as customers.
4. Regulation needs to be streamlined.
5. Entrepreneurship is essential.
6. High Technology Magnets will develop.
7. Quality of life remains a prime consideration for most people.
* Recruiting, retention, enhancing the workforce, and preparing youth are essential elements in cultivating Iowa’s future labor force. It was noted that 80% of growth comes from existing industries. The three main areas of expected growth in Iowa will include life sciences (particularly value added agriculture and biotechnology), advanced manufacturing, and information services. A suggestion was voiced that funds need to be appropriated for the Department of Economic Development, Iowa Workforce Development, and Department of Education to focus on working with schools to retain Iowa youth.
* Pam Wood, Iowa Workforce Development, and Dave Knock, Federal Mediation and Conciliation Service, presented information on the Labor-Management Coordinator Program. With an increase in federal funds available, the coordinator position is being expanded from a 0.25 FTE position to a 1.0 FTE position. The coordinator is charged with improving communications between labor, management, and government.

**Next Meeting** The next Board meeting will be held November 15 in Cedar Rapids, hosted by Kirkwood Community College.

STAFF CONTACT: Alice Wisner (Ext. 1-4611)

Environmental Protection Commission Holds Meeting



**Commission Meeting** The Environmental Protection Commission held their monthly meeting on October 16 in Des Moines. The following items were presented:

* Linda Hanson, Administrative Services Division, provided the Commission with a budget status report for FY 2000. The Department of Natural Resources reverted $1.2 million in General Fund money, $53,000 in the Park Ranger Retirement Appropriation, and $50,000 to the Fish and Wildlife Trust Fund.
* Liz Christiansen, Administrator of the Waste Management Division, asked the Commission to approve the Notice of Intended Action for changes to the Code of Iowa regarding comprehensive solid waste planning. The Notice was approved.



* Liz Christiansen asked the Commission to approve contracts for waste tire removal projects. The contracts included a zero-interest loan of $75,000 to Waste Tire Processors to remove waste tire bales in Charles City, a $140,000 zero-interest loan to Interstate Tire Company in Atlantic, and a $54,000 contract to Greenman Technologies to remove tires at the Lansing stockpile in Allamakee County. The contracts were approved.
* Liz Christiansen asked the Commission to approve an agreement with the Department of General Services to hire an environmental purchasing agent for the State of Iowa. The agreement was approved.
* Mel Pins provided the Commission with an update on the Waste Tire Management Program. The presentation included a video showing the reduction of tires at the Ervin stockpile in Ft. Dodge. The Ervin stockpile had over 1.5 million waste tires, and approximately 75% of these have been removed.
* Jennifer Ryan, East Central Iowa Council of Governments, updated the Commission on the Safe Chemical Management Pilot Project. The Project had received an $80,000 grant from the Solid Waste Alternatives Program.



* Jeff Maxted, Bluestem Solid Waste Agency, updated the Commission on the success of the Recycling at Public Events Project that was awarded to the Freedom Festival. The Project received a $20,000 grant from the Solid Waste Alternatives Program.
* Mike Valde, Administrator of the Environmental Protection Division, asked the Commission to approve an agreement with the Department of Economic Development for the Small Business Liaison for Air Quality. The agreement was approved.
* Mike Valde asked the Commission to approve the agreement with the University of Iowa Hygienic Laboratory for environmental monitoring. The agreement was approved.
* Mike Valde asked the Commission to approve the Proposed Rule on Chapter 65, Code of Iowa, regarding Animal Feeding Operations. The Commission advised the Department to hold four to six meetings around the State for public comment.

**Next Meeting** The next meeting will be held on November 20.

STAFF CONTACT: Deb Kozel (Ext. 16767)

Special Meeting of the Education Telecommunications Council

**Special Council Meeting** The Education Telecommunications Council held a special meeting on October 13 at Iowa Public Television and various other Iowa locations connected over the Iowa Communications Network. The purpose of the special meeting was to discuss the 21st Century Learning Infrastructure Project.



**21st Century Learning Project** The Council heard a presentation from Richard Gross of RDR Associates. The company has been hired to handle the 21st Century Learning Project. Working with the Education Telecommunications Council, Rural Telecommunications Councils, and other educational groups, RDR Associates will assess statewide educational needs and opportunities to develop a 21st Century learning environment.

**Project Goals** The goals of the project are to:

* Establish a shared vision of 21st Century learning needs among all stakeholders.
* Identify current and future technology infrastructure needs.
* Identify existing technologies and infrastructure.
* Identify new technologies that may be applicable in Iowa.
* Identify resource and funding needs and strategies.
* Determine priorities.
* Develop the necessary technical specifications.
* Prepare a report and solicit bids for the new technologies.

**Motion Adopted** The Education Telecommunications Council adopted a motion to facilitate the establishment of three committees of provide input, guidance, and review of the project.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

Utilities Board and Department of Economic Development Issue A Report on Internet Access



**Report Issued** The Utilities Board and the Department of Economic Development completed a study and issued a report entitled “Assessing High-Speed Internet Access in the State of Iowa”. The report was completed and submitted to the Legislative Oversight Committee in October.

**Conclusions** Based on a survey of all telecommunications companies in Iowa, the report concludes that:

* Deployment of high-speed Internet access technologies in Iowa appears to be reasonable based on industry representations.
* No major geographic digital divide will exist in Iowa if industry deployment projections are realized.
* Current access to the various digital subscriber line (xDSL) services is more likely in rural communities served by a small incumbent local exchange provider (ILEC) than in rural communities served by a large ILEC.
* Near-term deployment schedules for xDSL technologies are very aggressive for both large and small ILECs.
* Cable modem access to high-speed services is more readily available to non-rural communities.
* Wireless access to high-speed services is equally available to both rural and non-rural communities.
* Near-term deployment schedules for wireless access to high-speed services are aggressive, with 82 additional rural communities and 26 additional non-rural communities having access within the next 12 months.
* Demand for high-speed Internet access is considered “low” in most exchanges by most respondents.
* Competition in the provisioning of high-speed Internet access is minimal, with most communities served by only one provider.
* The affordability of high-speed Internet access technologies, particularly for low-income Iowans, remains questionable.

**Recommendations**

 The report recommends that:

* The Utilities Board conduct another assessment in the summer of 2001 to determine whether deployment schedules have been realized.
* The Utilities Board conduct two case studies to study the application of wireless technology in meeting the deployment goals for rural Iowa, particularly in unincorporated areas of the State where on-farm and agribusiness applications are rapidly evolving. The case studies will be submitted to the Legislative Oversight Committee no later that February 1, 2001.
* Any State policy concerning high-speed Internet access should concentrate on demand-side strategies that enhance, rather than interfere with, market activity.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

Risk Pool Board Meeting



**Board Meeting** The Risk Pool Board met October 19 to act on applications for the $2.0 million available from the Tobacco Settlement Fund in HF 2555 (2000 Tobacco Settlement Fund Appropriations Act). The appropriation was to provide assistance to counties with limited County Mental Health, Mental Retardation, and Developmental Disabilities Services Fund balances to pay reimbursement increases to certain service providers that have increased the compensation of their service staff in FY 2001. Certain criteria was set forth in statute and the Risk Pool Board had provided application forms to those counties applying for the assistance and meeting the deadlines specified within the legislation. The following approvals were made:

* Cerro Gordo County: $4,350
* Clay County: $8,452
* Howard County: $35,613
* Iowa County: $13,183
* Polk County: $ 68,454

**Admin. Rules Approved** In addition, the Board approved administrative rules relating to distribution of the funds. The Board also reviewed a draft of proposed changes to the Tobacco Settlement Fund appropriation, which the Board will request to be included in the required report from Department of Human Services Director Rasmussen to the General Assembly. Preliminary recommendations include:

* Possible increase in the appropriation from the Tobacco Settlement Fund in future years.
* Continuation into future fiscal years of the $130,052 provided to the five counties which received funds from the FY 2001 appropriation.
* Changes to county eligibility and elimination of some of the requirements to provide proof of salary increases.
* Administration by the Department of Human Services rather than the Risk Pool Board.
* Use of the same formula used for the Community Services Fund for distribution of the eligible counties.
* Restructuring of the mental health, mental retardation, and developmental disabilities service system.

**Proposed Changes** The Board reviewed draft language for proposed changes relating to the Risk Pool from the $2.0 million appropriation made within the annual Mental Health Allowable Growth appropriation. These preliminary proposed changes include:

* Changing the definition of “net expenditures” for the purpose of eligibility of the Risk Pool (mental health allowable growth funds) to reflect unexpected changes in revenues, either as a loss or gain.

Administrative Rules

* Providing counties eligibility at 101% projected net expenditure if a county has an ending balance of the County Mental Health, Mental Retardation, and Developmental Disabilities Services Fund of less than 10%, and retaining current statute of 105% of project net expenditure if a balance is 25% or more.
* Providing that a county which receives a loan rather than a grant and is required to pay back over a two-year period, that 50% is to be returned one year after the loan and 50% the second year following the loan. To date, no loans have been made by the Risk Pool Board.
* Requiring the Department of Human Services to provide periodic reports of the financial aspects of the appropriations available to the Risk Pool Board.

**November Meeting** The Board plans to meet via conference call in November to finalize recommendations relating to proposed changes to the Tobacco Settlement Fund to be forwarded to the DHS Director.

**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 October 23 to review:



Task Force

* License revocation proceedings.
* Sentencing options.
* Margin of error with OWI testing equipment.
* Jail space.
* Community service and fines.
* Independent tests.
* Out-of-state convictions.
* Definition of “reasonable grounds”.

**License Revocation** Most license revocation hearings are held via telephone. There is a desire to provide the option of in-person hearings. However, most Administrative Law Judges (ALJ) are home-based, and costs could increase if the ALJ is required to hold in-person hearings.

**Discussion** The discussion targeted technical changes to clarify sentencing options for OWI convictions. Also discussed was the use of prescription drugs as an affirmative defense. The Task Force will review several options for proposed changes to the Code of Iowa at its next meeting.

**Controlled Substances** Only five controlled substances have a national standard for testing for operating while under the influence. The Department of Public Safety’s Criminal Laboratory builds in a 15.0% margin of error for all tests it conducts, in order to provide statistically valid testing.



**Inconsistent Sentencing** The mandatory 2-day and 7-day jail term for OWI is administered differently across the State. There is inconsistent sentencing for the following reasons:

* Lack of jail space, primarily in Linn and Polk Counties.
* Judicial discretion.
* Alternative revenue sources, such as the Federal Bureau of Prisons.
* Local prosecutors may not highlight the mandatory minimum sentence to the sentencing judge.
* Weekend stays. The Code of Iowa permits the defendant to schedule a weekend stay, while beds are more likely to be available on weekdays.
* Advance payment requirements. The Code of Iowa permits counties to charge defendants for the costs of housing. Certain counties require these charges to be paid in advance of serving the sentence.
* The Code of Iowa requires the sentence to be served in the county in which the crime occurred, rather than the county of residence.
* High bail bonds. Certain counties may have such high bonds that people cannot be released through the bond mechanism, which creates crowding conditions.

**“Alternative Jail” Sites** The Task Force discussed judicial discretion and language concerning the use of “alternative jail” sites.

**Community Service**  Community service sentencing works when a Probation/Parole Officer (PPO) supervises it. The Task Force expressed a willingness to review changing the sentencing options to include community service or jail time in lieu of fines. It is a concern that fines are too costly for OWI First Offense defendants to pay. However, a substantial portion of OWI First Offense convictions receive unsupervised probation. There may be a fiscal impact upon Community-Based Corrections if community service were to be supervised, since these are cases that are currently not supervised.

**Independent Testing** People arrested for OWI have the right to an independent test. This issue usually arises when there was a delay in administering the test within statutory time limits of the arrest. Concern was expressed that law enforcement officers need training in order to implement the statutory obligation of an independent test.

**Out-of-State Convictions** The court needs to determine if the state where an out-of-state conviction occurred has a statute similar to Iowa’s, in order for that conviction to be used at the time of sentencing. The Task Force discussed the current process, and decided to make no recommendations to change it.

**Reasonable Grounds** There is confusion surrounding “reasonable grounds” and “probable cause”. This may be a training issue for law enforcement personnel. For example, suspicion of OWI is reasonable grounds to conduct a breathalyzer test. However, probable cause is needed for search warrants. The Task Force will review language at its next meeting regarding the deletion of reasonable grounds language from the Code of Iowa. The next meeting is scheduled for December 4 in Des Moines.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Weekly Medical Assistance Expenditures for the Department of Human Services



**Medical Asst. Program** For the week ending October 23, 2000, FY 2001 General Fund expenditures for the Medical Assistance Program in the Department of Human Services were $10.6 million (65.7% of budget). This is $5.5 million below the weekly budget established by the Department. Year-to-date Medical Assistance General Fund expenditures are $106.6 million, which is $9.2 million (9.4%) above the amount budgeted for the fiscal year-to-date.

**Expenditures Monitored** The LFB will continue to monitor Medical Assistance Program expenditures and will provide regular updates to members of the General Assembly. More information is available from the Fiscal Bureau.

STAFF CONTACT: Deb Anderson (Ext. 16764)

LOTTERY REVENUES AND EXPENDITURES THROUGH SEPTEMBER



**September Rev./Exp.** Through September, FY 2001 Lottery game revenues increased $0.2 million from the FY 2000 level. Lottery prize expenses increased $0.4 million, operating expenses increased $1.0 million, and transfers to other State funds decreased $1.4 million. 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 September, compared to the same time period of FY 2000, were as follows:



* Instant ticket sales decreased $1.2 million (5.7%).
* Iowa Lotto/Supercash/Pick 3 sales increased $29,000 (3.2%).
* Multi-State Powerball sales increased $1.5 million (17.3%).
* Multi-State Daily Millions/Cash 4 Life sales decreased $328,000 (40.6%).
* Daily Game sales decreased $90,000 (7.9%).
* Pull-tab sales decreased $291,000 (4.4%).

**Ticket Sales** Total Lottery sales through September were $39.0 million, an increase of $168,000 (0.4%) compared to September 1999. September 2000 sales for Powerball and Pick 3 were above sales for September 1999. In addition, Freeplay Replay, which was not offered until March of 2000, had sales through September of $0.3 million, and Rolldown, which was not offered until September of 2000, had sales through September of $0.3 million.

**Estimated Transfers** The October 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 September, fiscal year transfers are $1.4 million below FY 2000.

**Sales Tax** In addition to the amount transferred to the State as profits, the Lottery has transferred $1.9 million in sales tax during FY 2001.

STAFF CONTACT: Ron Robinson (Ext. 16256)

College Tuition increases outpace inflation



**Tuition Increases & Inflation** A recent article in ***The Chronicle of Higher Education*** reported that average college and university tuition increases outpaced inflation for 1999-2000. According to the article, college tuition and fees rose 4.4% at four-year public institutions and 5.2 % at four-year private institutions last year. The rate of inflation, as measured by the Consumer Price Index (CPI) rose 3.4% during roughly the same period.

**Survey Data** Data for the ***Chronicle*** article came from a survey of tuition and fees by the College Board. The survey included 2,800 colleges and indicated this year’s average tuition costs as follows:

* $16,332 at four-year private colleges, an increase of $814 (5.2%). The previous year’s increase was 4.6%.
* $3,510 at four-year public institutions, an increase of $148 (4.4%). The previous year’s increase was 3.4%.
* $1,705 at two-year public institutions, an increase of $56 (3.4%). The previous year’s increase was 4.7%.
* $7,458 at two-year private institutions, an increase of $490 (7.0%). The previous year’s increase was 3.5%.

**Other Highlights** Other highlights of the article included:

* Loans continued to displace grants as the primary source of student aid. Borrowed money now represents 59.0% of all aid, compared with 41.0% in 1980.
* Average costs for room and board increased 4.2% at four-year private colleges, 5.1% at four-year public colleges, and 4.3% at two-year private colleges.

**Tuition Increases**

**Iowa’s Increases** For the period covered by the College Board survey referenced above, Iowa’s increases (resident undergraduate tuition and fees) were as follows:

* University of Iowa – 5.5%, an increase of $166, from $3,038 to $3,204.
* Iowa State University – 6.7%, an increase of $200, from $3,004 to $3,204.
* University of Northern Iowa – 7.2%, an increase of $216, from $2,988 to $3,204.

**Recent Increase Approved** Iowa’s Board of Regents recently approved an increase in base tuition at all three institutions of 7.2% for fall 2001. See the related article regarding the October Board of Regents meeting in this issue of the ***Fiscal Update***.

STAFF CONTACT: Mary Shipman (Ext. 14617)

Legislative Fiscal Committee

**Fiscal Committee** The Legislative Fiscal Committee is scheduled to meet on Wednesday, November 15 in the Speaker’s Conference Room of the State Capitol Building. The tentative agenda includes:

* Business and job training incentives.
* Teacher incentives – what other states are doing to attract and retain teachers.
* Various Human Services topics such as:

Senior Living Program.

Consultec - complaints about provider reimbursement.

Pharmaceutical rebates – drugs gong off patent.

Impact of the outreach efforts of Hawkeye on the Title XIX Medicaid Program.

Medical transportation and incentives to visit doctor's office rather than ER.

Health care through Medicaid vs. indigent care.

* Interdepartmental billings – update on project status.

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

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Governor’s Public Hearings For Budget Priorities

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**Public Hearing**

**Budget Priority Hearings** Listed below is the schedule of public hearings where department directors present their budget and legislative priorities to the Governor and Lieutenant Governor for considerations. There will be seven hearings at various locations in the State. Also at the public hearings the department directors are scheduled to present initiatives stemming from the Governor’s Strategic Planning Council Report.

| **Date** | **Topic** | **Time** | **Location** |
| --- | --- | --- | --- |
| November 12 | Accountable Government | 3:00 – 4:00 p.m. | Southeastern Iowa Community CollegeBuilding 400, Room 4061015 South Gear AvenueWest Burlington |
| November 21 | New Economy | 7:00 – 8:30 p.m. | Davenport Public Library321 Main StreetDavenport |
| November 27 | Education | 7:00 – 8:30 p.m. | St. Luke’s Hospital1023 A Avenue, NECedar Rapids |
| November 28 | Health Care | 7:00 – 8:30 p.m. | Sioux City Public Library529 Pierce StreetSioux City |
| December 4 | Safe Communities | 7:00 – 8:30 p.m. | Council Bluffs Public Library400 Willow AvenueCouncil Bluffs |
| December 6 | Environment | 7:00 – 8:30 p.m. | Mason City Public Library225 2nd Street, SEMason City |
| December 11 | General Hearing | 7:00 – 8:30 p.m. | Maytag AuditoriumIowa Public Television6450 Corporate DriveJohnston |

**Summaries** Staff of the Fiscal Bureau will attend the hearings and write brief summaries for a future edition of the ***Fiscal Update***.

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